



RANDOM HOUSE

BERTELSMANN

Embargoed for release until Thursday, November 3rd @ 2p.m. ET

RANDOM HOUSE, INC. ANNOUNCES BUSINESS MODEL FOR ONLINE VIEWING OF BOOKS

(New York, November 3, 2005)—Random House Inc., the world’s largest trade book publisher, announced today its intent to work with online booksellers, search engines, entertainment portals and other appropriate vendors to offer the contents of its books to consumers for online viewing on a pay-per-page-view basis. Random House recognizes that digital search, display, and distribution will be increasingly important for books over time, and that while readers will want digital access in various formats, publishers and authors must be properly compensated and protected as such markets develop.

Random House, Inc. will negotiate separate agreements with vendors in this arena, but has outlined some key components for each deal:

- Books will be available for full indexing, search and display
- No downloading, printing or copying will be permitted
- A publisher-determined “free sample” of page views up to a typical threshold of 5% of a book’s total length will be permitted
- For the initial range of fiction and narrative non-fiction titles, \$.04 per page will be paid to Random House, Inc. by vendors for every page beyond the free sample
- Vendors will establish pricing to consumers; for example, \$.99 for 20 pages could represent an attractive introductory consumer offer
- As selection increases and technology improves, different types of content will have different consumer and publisher prices -- for example, a cookbook might cost 25 cents per page view--or \$.99 for four pages--and have a different sampling threshold
- Payments may be collected by vendors through any appropriate means (such as a customer-by-customer micropayment process, or in aggregate by an institution or enterprise on behalf of its clientele) so long as the proper title-by-title reporting is provided to Random House, Inc. to ensure accurate accounting to authors
- Random House, Inc. will treat the pay-per-page-view usage as a digital permission during the introductory stages of this new business model, sharing revenues with authors accordingly
- Vendors that do not already sell books will provide title-specific “buy-the-book” links to online booksellers on each display page
- Encryption and security measures must be applied to ensure protection of the digital content and compliance with the prescribed usage rules and territorial limitations

Richard Sarnoff, President of the Random House, Inc., Corporate Development Group, said that Random House will respect the wishes of any author who does not want his or her work included in pay-per-page-view programs. Sarnoff also stated that Random House, Inc. could—for technical expedience—eventually decide to host and serve pages in-house, working with vendors to create a seamless consumer experience.

Sarnoff said, “We believe that it is important for publishers to be innovative in providing digital options for consumers to access our content, especially in light of the emergence of ubiquitous internet access and improved display technologies that can support sustained reading.” He added, “As technology enables new opportunities, Random House, Inc. is working to construct long-term business models that reflect the high quality and strong value of our content, in both print and digital formats.”