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RANDOM HOUSE TO LAUNCH CLIENT PUBLISHER DISTRIBUTION SERVICE VENTURE

(May 27, 2003, New York)—Offering the largest distribution capability in trade book publishing, together with state-of-the-art technology and a highly experienced distribution management team, Random House, Inc. today announced its intention to reenter the business of distribution of outside book publishers, while continuing to service and support its own publishing divisions. The publisher has formed Random House Distribution Services, a new division within Random House, Inc., to implement the venture.

Random House Distribution Services will debut its business presentations at Book Expo America, the book industry's annual national convention, in Los Angeles the weekend of May 30th. Prospective large and small client publishers will have the opportunity to discuss and to retain a variety of service levels, including a core service of all-encompassing supply chain support, starting with the receipt of books from the printer, through physical fulfillment and shipment, to returns processing and billing. Among the services available are warehousing, customer service, order fulfillment, special handling, shipping, collections, customer credit management, sales reporting and inventory control.

In the past several years Random House, Inc. has invested more than forty million dollars in the enhancement of its distribution capacities and capabilities, including the implementation of integrated technologies such as MARC, IRISTA, and SAP to automate workflows. "Our state-of-the-art facilities, cutting edge technologies, and consummate supply chain expertise are second to none," said Don Weisberg, Random House's Executive Vice President, Chief Operating Officer North America, who will oversee the venture.

Future Random House Distribution Services client publishers will have the benefit of the identical highly flexible operating capabilities with which the company supports nearly one hundred of its own imprints publishing frontlist and backlist fiction and nonfiction in hardcover, trade and mass paperback, audio, and electronic formats. "Our staff, systems, and facilities are more than capable of delivering these services for our clients as we simultaneously continue our unsurpassed operating performance on behalf of our own publishing divisions," Mr. Weisberg observed.

Among the unique components Random House Distribution Services will offer are:

- ▶ Average 48-hour turnaround time between order receipt and freight out
- ▶ 33 million order lines each year with over 99% picking accuracy
- ▶ 40,000+ picking locations and space to build more
- ▶ Shipments to over 15,000 locations at least once a week
- ▶ Over 1.8 million square feet total operating capacity
- ▶ Storage for 190 million units
- ▶ Over 285 years of combined industry experience among our distribution management team
- ▶ Print-on-Demand capabilities within its Westminster, MD facility

- more -

To run the venture, Mr. Weisberg has appointed Josh Wright President, Random House Distribution Services, reporting to Andrew Weber, Senior Vice President, Operations and Technology. Mr. Wright also continues his current Random House, Inc. duties as Vice President, Publishing Operations. Reporting to him in his new capacity will be John Groton, Vice President, Client Relations. Mr. Groton was previously Vice President, Sales Director, Random House Trade Group.

The Random House, Inc. announcement marks the recommitment of the world's largest trade book publisher to third-party distribution, which they all but discontinued in 1999 after the merger of Random House and Bantam Doubleday Dell. In the past few years, the company's focus was on the implementation of the Random House, Inc. publisher and sales integration and on its industry-leading facilities expansion and systems upgrade programs. "With our investments and our expansion now successfully completed and our customer service resources constantly deemed exceptional by even the most demanding booksellers, we believe this is the right time for us to reenter the client publisher book distribution business," Mr. Weisberg said.

Random House, Inc. is the U.S. company of Random House, the trade book publishing division of Random House, a division of Bertelsmann AG.

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