

FOR IMMEDIATE RELEASE

PENGUIN GROUP MAKES A GOOD START IN 2005

Sales Up 5% and Profits Up 22%

Penguin Group Reports 2005 First Half Operating Results

New York, New York, July 25, 2005...The Penguin Group, part of Pearson (FTSE: PSON; NYSE: PSO), the international media company, today reported its operating results for the first half of 2005. Sales for the first six months were up five percent over 2004 at the mid-point and profits were up 22 percent over last year's first half performance.

John Makinson, Penguin Group Chairman and CEO, commented, "Penguin has made a fine start to the year, scaling the heights of the bestseller lists in English language markets around the world. Our fall publishing list is guaranteed to excite and entertain our readers wherever they are."

Penguin U.S. Market Overview

In the U.S. we are performing well, helped by a record first half bestseller performance spread across adult hardcover, trade paperback and young readers categories. During the first half of 2005, Penguin Group (USA) had a total of 79 titles (36 adult hardcover, 29 adult paperback and 14 young readers) on *The New York Times* bestseller list – four titles ahead of last year's record pace.

Penguin Group (USA) Racks Up Prestigious Awards and Honors

Penguin Group (USA) was recognized with a number of important national awards and honors in the first half of 2005, including the following: Steve Coll's *Ghost Wars* was the winner of the 2005 Pulitzer Prize in General Nonfiction. Penguin Group (USA) won two of the top honors at this year's National Book Critics Circle Awards: the general nonfiction award – *The Reformation: A History* by Diarmaid MacCulloch, and the criticism award – *Where You're At: Notes From the Frontline of a Hip-Hop Planet* by Patrick Neate. The 2005 J. Anthony Lukas Book Prize, awarded by the Columbia Graduate School of Journalism and the Nieman Foundation at Harvard University went to Evan Wright's *Generation Kill: Devil Dogs, Iceman, Captain America, and the New Face of American War*.

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New Mass Market Initiatives

Penguin Group (USA) this month launched Penguin Premium, a new, up-market paperback format that offers the reader hardcover values at a paperback price (\$9.99), higher quality paper, more white space both in the margins and between the lines of text, and a larger font size throughout. Penguin successfully tested the format in December 2004 with the Berkley paperback original *Disordered Minds* by Minette Walters. **The first Penguin Premium title, *Nights of Rain and Stars* by Maeve Binchy, hit *The New York Times* paperback fiction bestseller list.** Upcoming in the second half of 2005 are Penguin Premium titles from such perennial bestselling authors as Clive Cussler, Nora Roberts, Catherine Coulter and Stuart Woods.

As a part of Penguin Group (USA)'s new mass market strategy, Berkley will also be introducing this fall Hot Shots – a new line of paperbacks (most around 100 pages in length) by such authors as Nora Roberts, J.D. Robb and Christine Feehan as well as new writers. There are plans to launch another wave of titles in early 2006 and this should further invigorate the mass market category.

The Emergence of Multi-Million Bestsellers: Homegrown Authors Lead Next Generation of Writers

The #1 *New York Times* paperback fiction bestseller, *The Kite Runner* by Khaled Hosseini, now has more than 2.2 million copies in print and has been on *The New York Times* bestseller list for more than 45 weeks. Sue Monk Kidd's *The Secret Life of Bees*, which has close to 4 million copies in print, has been on *The New York Times* paperback fiction list for more than 90 weeks. Her current bestseller, *The Mermaid Chair*, has been on *The New York Times* hardcover fiction bestseller list for 15 weeks, reached #1 and has more than 800,000 copies in print. Spencer Johnson, whose blockbuster bestseller *Who Moved My Cheese?* was first published by Putnam in 1998, now has 7.2 million copies in print.

Penguin Group (USA) Imprints Reach New Levels of Success

Several Penguin Group (USA) imprints, including Viking, Riverhead and The Penguin Press, achieved exceptional success stories in the first half of 2005. Viking's *Collapse: How Societies Choose to Fail or Succeed* by Jared Diamond, the follow-up to Diamond's Pulitzer prize-winning, million-copy selling last book, *Guns, Germs and Steel*, has been on *The New York Times* hardcover nonfiction bestseller list for 26 weeks and counting.

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Viking also scored a #1 *New York Times* bestseller with *The Mermaid Chair* by Sue Monk Kidd and had a breakout *New York Times* bestseller with *Smashed* by first-time author Koren Zailckas. Among Viking's highly anticipated Fall 2005 titles are *Light From Heaven* by Jan Karon, *Slow Man* by J.M. Coetzee, *Remembering John Paul* by Peggy Noonan and *Talking Back* by Andrea Mitchell.

Riverhead is on a record-setting pace in 2005, with five *New York Times* bestsellers so far – more than double its half-year total for 2004. Nick Hornby's *A Long Way Down*, with more than 200,000 copies in print, debuted at #5 on *The New York Times* hardcover fiction list, his highest *New York Times* debut ranking ever. *Perfect Madness: Motherhood In the Age of Anxiety* by Judith Warner was a cover story in *Newsweek*, was the cover review in *The New York Times Sunday Book Review*, and was on *The New York Times* bestseller list for several weeks. *Plan B: Further Thoughts on Faith* by Anne Lamott, on *The New York Times* bestseller list for six weeks, received major attention from media, booksellers and readers across the country. *New York Times* bestseller *The Money Book for The Young, Fabulous and Broke* by Suze Orman, the world's most trusted expert on personal finance, reached a whole new audience of readers looking for financial information. *My Friend Leonard* by James Frey also hit *The New York Times* bestseller list. And two Riverhead titles appeared on *The New York Times* extended list: *Bono: In Conversation with Michka Assayas* and *Everything Bad Is Good For You* by Steven Johnson. With the fall publication of such titles as Harold Bloom's *Jesus and Yahweh* and *Crash Course* by visionary educator Chris Whittle, Riverhead looks to continue its remarkable bestseller run.

The Penguin Press has already had four *New York Times* bestsellers this year, including *Garlic and Sapphires* by Ruth Reichl, *Oh the Glory of It All* by Sean Wilsey and *The End of Poverty* by Jeffrey D. Sachs, which was featured on the cover of *Time* magazine in March. Six Penguin Press books hit *The New York Times* extended list. And, as mentioned earlier, Steve Coll's *Ghost Wars* won the Pulitzer Prize. With the publication of John Berendt's *The City Of Falling Angels* and Zadie Smith's *On Beauty*, Fall 2006 promises to be an equally successful season.

Penguin Group (USA) Publishes Close to 150 First-Time Authors in First Half of 2005, Including 31 Debut Novelists

Supporting and developing new and emerging writing talent continues to be an important part of Penguin Group (USA)'s ongoing publishing strategy. In the first half of 2005, the company published titles by close to 150 first-time writers – 31 fiction, 92 nonfiction and 26 Young Readers. This is more than double the number of first-time authors we published in the first half of 2004.

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The Group's Brand Name Authors Continue to Dominate National Bestseller Lists

Penguin Group (USA) is home to a prestigious list of perennial brand name, award-winning, bestselling authors. Among our *New York Times* bestselling authors that hit the list with new hardcover bestsellers in the first half of 2005: John Sandford, Suze Orman, Anne Lamott, Jared Diamond, Harlan Coben, W.E.B. Griffin, Daniel Silva, Robert B. Parker, Eric Jerome Dickey, J.D. Robb, Stuart Woods, Nick Hornby, Ruth Reichl and Randy Wayne White.

Penguin Young Readers' Star Power

Penguin Young Readers Group had 14 *New York Times* bestsellers in the first half of 2005, up six titles from last year's mid-year total of eight. Two Penguin Young Readers titles were among the 2005 honorees when the American Library Association (ALA) announced the most prestigious awards in U.S. children's literature. Gennifer Choldenko, author of *Al Capone Does My Shirts*, was named a Newbery Honor recipient; and E.B. Lewis, illustrator of *Coming On Home Soon*, written by Jacqueline Woodson was named a Caldecott Honor recipient. *In Darkness, Death* by Dorothy and Thomas Hoobler (Philomel Books) won the 2005 Edgar® Award in the Best Young Adult category.

The Young Readers Group is also continuing to develop bestselling brands and licenses, including *Charlie and the Chocolate Factory*, *The Little Engine That Could*, *Miss Spider* and *Atomic Betty*.

Penguin Young Readers Group's second half schedule includes the first children's book from Paul McCartney, a new edition of the children's classic, *The Little Engine That Could*, as well as new titles from such award-winning, bestselling authors as Jan Brett, Brian Jacques, David Kirk and T.A. Barron, among others.

Looking Ahead

Penguin Group (USA) will benefit from another strong publishing schedule in the second half, which includes major books from many of our award-winning bestselling authors, including Patricia Cornwell, Nora Roberts, Jan Karon, Amy Tan, Peggy Noonan, Maureen Dowd, John Berendt, J.M. Coetzee, Terry McMillan, Zadie Smith, and Billy Graham, among others.

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