

Marilyn Ducksworth  
Senior Vice President, Corporate Communications  
212-366-2564

Bob Cavosi  
Manager, Corporate Communications  
212-366-2687

**FOR IMMEDIATE RELEASE**

**PENGUIN GROUP REPORTS 2001 FIRST HALF OPERATING RESULTS**

**- Underlying Revenue and Underlying Profit Both Up by 7 Percent In the 2001 First Half Versus a Year Ago -**

New York, New York – July 30, 2001 – The Penguin Group today reported underlying revenue and operating profit growth in the first half of 2001 versus the first six months of 2000.

Underlying revenue in the 2001 first half (excluding the impact of Dorling Kindersley, acquired in May 2000, and foreign exchange) improved by 7 percent compared to the similar period a year ago. Underlying profit (excluding Dorling Kindersley and foreign exchange) also improved 7 percent, primarily driven by the company's exceptionally strong frontlist performance worldwide -- which was significantly improved over last year's record performance, overall reductions in overhead expenses globally, and improved operating efficiencies.

Total net sales in the first half of 2001, including DK, were \$575 million, compared to \$509 million (this includes DK for the May-June 2000 period). Total operating profit group-wide was \$53.3 million, versus \$50.7 million in the first half of 2000.

Penguin Putnam in the U. S. had an exceptionally strong bestseller performance in the 2001 first half, with a total of 59 adult *New York Times* bestsellers, up from 47 *New York Times* bestsellers in the first six months last year -- an increase of 26 percent. Penguin Putnam's number of adult *New York Times* paperback bestsellers increased 31 percent over last year; its number of adult *New York Times* hardcover bestsellers increased by 19 percent versus a year ago.

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Penguin Putnam had an unprecedented thirteen #1 adult hardcover and paperback bestsellers in the first half, including works by Tom Clancy, Clive Cussler, Debbie Ford, Sue Grafton, Spencer Johnson, Jan Karon, Terry McMillan, Joyce Carol Oates, Nora Roberts (2 titles), John Sandford (2 titles), and Dava Sobel. This represents approximately 22 percent of Penguin Putnam's total of 59 adult *New York Times* bestsellers. Penguin Putnam had a total of 16 *New York Times* children's bestsellers in the first half.

In the U. K., Penguin's adult and children's frontlist performance was very strong, with 31 Booktrack bestsellers in the first half including titles by Jamie Oliver, Darren Gough, Zadie Smith, Matthew Kneale, Marian Keyes and Annie Hawes, to name a few. Puffin has also had an excellent first half, dominating the children's nonfiction bestseller lists.

Looking ahead to the 2001 second half in the U. S. Penguin Putnam has new hardcover titles from bestselling authors including Sylvia Browne, Robin Cook, Patricia Cornwell, Catherine Coulter, Clive Cussler, Ken Follett, Alice Hoffman, Nick Hornby, Jan Karon, Garrison Keillor, and Suze Orman, among others. In paperback Penguin Putnam will be releasing titles from bestselling authors Tom Clancy, Brian Jacques, Jayne Ann Krentz, Robert Parker, and John Sandford, among others.

David Wan, Penguin Group's President, commented, "It was another strong reporting period for The Penguin Group, as our frontlist performance across the globe continued its remarkable run. We benefited from a particularly strong frontlist publishing program in the 2001 first half, as many of our big brand name global authors released new titles. This is on the heels of back-to-back bestseller records we achieved over the last two years."

Wan added, "We are pleased with the Group's overall performance. We've experienced a couple of challenges at Dorling Kindersley -- including higher returns following last year's closure of DK Family Learning and a general softness in backlist sales. We continue to invest in revitalizing Dorling Kindersley's frontlist, and overall, our integration is proceeding according to plan. We have taken numerous steps over the last several months to ensure that we meet our future performance targets."

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