

THE PENGUIN GROUP HOLDS STEADY ON SALES AND PROFITS IN THE FIRST HALF OF 2002 WITH DK BREAKING EVEN.

Sales: £394m
Operating profit: £38m

London, 29 July 2002, The Penguin Group's sales and profits for the first six months of the year are broadly level with the same period in 2001. In both the US and UK the company's publishing schedule is heavily weighted towards the second half. Dorling Kindersley's performance in the first half has been very strong in all markets, achieving break even on sales of £71m, which is 8% up on last year.

In the UK, Penguin has had an excellent frontlist first half but suffered from soft backlist sales. Thirty-eight titles reached the Bookseller Top15 bestseller chart *, an increase of 20% on the same period last year. Bestselling hardback titles have included the number one bestseller Berlin by Antony Beevor, Head Over Heels in the Dales by Gervase Phinn, The Art of Travel by Alain de Botton, The Secret State by Peter Hennessy, Embers by Sandor Marai and in paperback Nick Hornby's two novels How to be Good and About a Boy, Fast Food Nation by Eric Schlosser, Babyville by Jane Green and The Nanny Diaries, a first novel by Emma McLaughlin and Nicola Kraus. At Puffin, Artemis Fowl in paperback has performed strongly and Eoin Colfer's follow-up Artemis Fowl: The Arctic Incident has done even better, reaching number one. In addition several Monsters, Inc tie-in titles have performed very strongly for Puffin, Ladybird and DK.

The Peter Rabbit Centenary celebrations began in March and have generated a great uplift in revenue for the Warne division. Peter Rabbit book sales are up 20% in the UK and promotions of Peter Rabbit product are taking place in every market in the world throughout the year.

At DK, all territories have contributed to the first half success. US sales, which represents 45 % of all revenue are up 7% on the same period last year thanks to the full integration of the sales team into Penguin Putnam's sales operation. There has been growth both in backlist, with DK travel guides holding up in a tough marketplace, and frontlist sales. DK's film tie-in titles have sold strongly: Spiderman and Star Wars titles have achieved combined sales of over a million copies.

Dorling Kindersley has set up a dedicated unit – DK Designs – to work with Pearson Education, bringing DK images and design expertise to textbooks. There are currently twelve publishing projects underway for different imprints within Pearson Education in the UK and US, including a US high school science book to be published by Scott Foresman next year and an international reading programme to be launched around the world in November 2003.

In May this year Penguin, which has held a majority share holding in Rough Guides since 1996, purchased the remaining shares outright. Rough Guides had a good first half with its Rough Guide to the World Cup hitting the bestseller list.

Looking ahead to the autumn, both Penguin and DK have numerous big titles for the Christmas season, including Roy Keane: The Autobiography, Kurt Cobain's Journals and Taking on the World by Ellen McArthur. There is a new Jamie Oliver book, Jamie's Kitchen, new non-fiction hardbacks from Jeremy Paxman, Orlando Figes and Steven Pinker and new fiction from our top selling novelists Tom Clancy, Marian Keyes, Sue Townsend and Zadie Smith. In Puffin there is an early Eoin Colfer novel, The Wishlist, and The Magical Worlds of Lord of the Rings, a follow-up to last year's bestseller, The Magical Worlds of Harry Potter. At DK, there are several backlist initiatives scheduled, such as the paperback repackaging of the multi-million selling children's Eyewitness series. The strong frontlist programme continues with Judith Miller's brand new, full-colour Antiques Price Guide 2003, the first in a branded range of books on antiques, Robot Warrior Kit – the follow-up to last year's hugely successful Ultimate Robot Kit, and of course, Rolling with the Stones, the definitive visual history of the Rolling Stones by Bill Wyman.

John Makinson, CEO of the Penguin Group commented, *"This has been an excellent six months everywhere in the Group. DK has now reached break even and is poised to deliver the huge value which we all know is there. But the real excitement for 2002 lies ahead. Autumn lists are extraordinarily strong - maybe the most dazzling ever - on both sides of the Atlantic and should push both sales and profits to record levels for the year. Our goals are ambitious but they have every right to be."*

Ends

* Bestsellers are defined by the Nielsen BookScan figures that appear weekly in The Bookseller.

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To read the full Pearson Interim Results press release please go to www.pearson.com