

Press Release



FOR IMMEDIATE RELEASE

PENGUIN GROUP REPORTS 2003 FIRST HALF OPERATING RESULTS

New York, New York, July 28, 2003... The Penguin Group, part of Pearson (FTSE: PSON; NYSE: PSO), the international media company, today reported its operating results for the first half of 2003.

The Penguin Group's revenues and profits declined, as expected, in the first half of the year, as the schedule of U.S. frontlist titles was strongly weighted to the second half. However, we are on plan and expect to hit our targets for the full year. By year's end, we expect to be ahead of 2002's results.

In the U.S., Penguin Group first half sales were in line with the overall U.S. consumer publishing industry. The war in Iraq dampened consumer spending in general and backlist sales in particular in April and May. We have seen a pick-up in June and July.

Penguin Group (USA) is already making an excellent start to the second half of the year. Penguin's *East of Eden* by John Steinbeck was the first selection for the re-launch of Oprah's Book Club in June and the title debuted at #1 on the *New York Times* paperback fiction list – a position it has held for five weeks running. There are now more than 1.5 million copies of the *East of Eden* Centennial Edition in print. In addition, *Kate Remembered*, Pulitzer Prize-winning author A. Scott Berg's memoir of 20 years of intimate conversations with Katharine Hepburn, hit #1 on the *New York Times* hardcover nonfiction list. Currently in its sixth printing, there are now 745,000 copies of *Kate Remembered* in print and by mid-week it is expected to be at 770,000 in print. And Sue Monk Kidd's *The Secret Life of Bees*, on the *New York Times* paperback fiction list for 25 weeks, is now in its ninth printing, with more than 1.3 million copies in print.

Penguin Group's second half publishing list is its strongest ever. The forthcoming schedule is significantly stronger than the same period last year. Many of our most popular and consistent bestselling authors have major books scheduled for publication in the fall. In the U.S., they include hardcover fiction titles from Tom Clancy, Patricia Cornwell, Eric Jerome Dickey, Jan Karon, Terry McMillan, Nora Roberts and John Sandford, among others. We also have an incredible fall hardcover nonfiction list, including titles from Caroline Alexander, Al Franken, Betty Ford, Arthur Gelb, T.D. Jakes, Nathaniel Philbrick and Amy Tan. In paperback, Penguin Group (USA) will be releasing fiction titles from such best selling authors as Tracy Chevalier, Tom Clancy, Catherine Coulter, Clive Cussler, Tim O'Brien and William Trevor, among others. Our fall nonfiction paperback list includes bestselling titles by Kurt Cobain, Daniel Ellsberg, Nick Hornby and Stephen Pinker, among others. In September, *The English Roses*, the first of Madonna's five illustrated children's books, will be published in 42 language editions in 100 countries. Penguin Group is the distributor in the U.S. and publisher in other English language markets worldwide.

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John Makinson, Penguin Group Chairman and CEO, commented, “I’m very pleased with the overall strength of our publishing programs around the world. Penguin Group has already made an excellent start to the second half, and in both the U.S. and the U.K. we have one of our strongest lists ever. Despite sluggish consumer spending in a weakened economy, we expect to hit our targets for the full year.”

Penguin Group (USA) Inc. is the U.S. member of the internationally renowned Penguin Group. Penguin Group (USA) is one of the leading U.S. adult and children’s trade book publishers, owning a wide range of imprints and trademarks, including Berkley Books, Dutton, Frederick Warne, G.P. Putnam’s Sons, Grosset & Dunlap, New American Library, Penguin, Philomel, Plume, Puffin, Riverhead Books, and Viking, among others. The Penguin Group is part of Pearson plc, the international media company.

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