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Embargoed For Release Until December 4, 2002, at 11 A.M. ET

RANDOM HOUSE, INC. & ROSETTABOOKS, LLC SETTLE LITIGATION & SET E-BOOK LICENSING ALLIANCE

(New York, December 4, 2002)-RosettaBooks LLC, a leading publisher of electronic books, and Random House, Inc., the largest English-language trade book publisher, announced today that they have settled the pending litigation filed by Random House last year over RosettaBooks' publication of e-book editions of several Random House, Inc. titles.

With no financial payment being made by either party, both sides agreed to settle their differences by partnering in further developing the e-book market through a collaborative endeavor that will expand both RosettaBooks' already substantial e-book library and the quantity of major Random House, Inc. titles available to consumers as secure electronic downloads.

Under the settlement, the parties have agreed to enter into licensing agreements in which Random House will grant to RosettaBooks the exclusive rights to publish e-book editions of mutually agreed-upon titles. Several dozen highly regarded recently published and backlist works of fiction and nonfiction by major authors drawn from all Random House, Inc. imprints have been selected by RosettaBooks for its program. For each of the titles it publishes, RosettaBooks will pay an advance and a royalty to the authors and the publisher, much as a paperback publisher or audio book publisher compensates these parties for a license. Each electronic license will be for three years, with RosettaBooks having the option to renew for an additional three years.

Random House, Inc. presently offers more than one thousand of its newly published and backlist titles in electronic editions, with additional titles forthcoming monthly as part of its vigorous, wide-ranging e-book program. RosettaBooks currently offers more than 100 titles and has gained international prominence for the quality and marketing of its e-book list, which includes works by Agatha Christie, Winston Churchill, Aldous Huxley, George Orwell and Virginia Woolf. RosettaBooks will announce the titles it has acquired upon completion of the licensing process which will get underway immediately. Electronic editions of the two William Styron, one Robert B. Parker, and five Kurt Vonnegut works of fiction, which were the subject of the litigation, will continue to be offered by RosettaBooks.

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"We are very glad to be able to put our differences behind us and to now work collaboratively rather than combatively to enhance RosettaBooks' and our commitment to electronic publishing," said Katherine J. Trager, Senior Vice President, General Counsel, Random House, Inc. "Our alliance through this licensing arrangement will complement each of our individual publisher's scheduling and strategy for the format by accelerating the availability of many of our titles as e-books. We are very supportive of this initiative, which we believe has the potential to increase sales and readership for the books RosettaBooks has chosen."

Arthur Klebanoff, Chief Executive Officer of RosettaBooks said, "We are delighted by this very productive new alliance we have established with Random House, Inc. and its positive ramifications for Rosetta and the electronic publishing business. This licensing program is a win for authors, publishers, and the growing audience for e-book reading. We expect this relationship will set the model for the entire trade publishing industry."

RosettaBooks publishes electronic editions of many of the enduring works of the twentieth century (www.rosettabooks.com). RosettaBooks LLC was founded in 2000 by Arthur Klebanoff and is backed by an investor group led by the private equity affiliate of Sonenshine Pastor & Co. LLC, the New York investment banking firm. Chief Executive Officer Arthur Klebanoff is also the owner of the fifty-five-year-old Scott Meredith Literary Agency and the author of "The Agent" (Texere, 2002). RosettaBooks is based in New York City.

Random House, Inc., the world's largest English-language trade book publisher, publishes many of the foremost and most popular fiction and nonfiction authors in hardcover, trade and mass market paperback, audio, electronic, digital, and other formats. (www.randomhouse.com). Random House, Inc. is the U.S. division of Random House, the book division of Bertelsmann AG, one of the world's leading media companies. Books published by Random House, Inc. have won the most major awards of any publishing company, including the Nobel Prize, the Pulitzer Prize, the National Book Award, and the Newbery Medal. Among the dozens of Random House, Inc. publishing divisions and imprints in the U.S. are Ballantine Books, the Bantam Dell Publishing Group, the Crown Publishing Group, the Doubleday Broadway Publishing Group, the Knopf Publishing Group, Fodor's Travel Guides, Random House Children's Books, the Random House Trade Group, and the Random House Audio Publishing Group. Random House's publishing companies in Canada, the United Kingdom, Germany, Spain, Latin America, Australia, New Zealand, and South Africa are publishing leaders in their territories.

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