



RANDOM HOUSE

BERTELSMANN

MADELINE McINTOSH
PRESIDENT
SALES, OPERATIONS AND DIGITAL

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TO EVERYONE AT RANDOM HOUSE, INC.

Since returning to Random House in December, I have had the great experience of re-engaging with many of my former colleagues in Sales and Operations. I've been gratified to learn more about the ways in which the teams led by **ANDREW WEBER**, Senior V.P., Director, Operations and Technology, **JOAN DEMAYO**, Senior V.P., Director, Children's Sales, and **JACI UPDIKE**, Senior V.P., Director, Adult Sales, have risen to the various marketplace challenges presented in the last few years. Of those, one of the greatest has been to create new systems, policies and programs to harness the opportunities presented by the explosive growth of the digital channel.

While everyone in my group has played a part in "managing digital" over the last year, the time has come to be more explicit regarding those individuals to whom we will look for digital business leadership in the future. The great news is that, in working with Andrew, Joan and Jaci to map out our needs for our digital and physical businesses, we have found that the people we need are already here at Random House: we have been able to realign our group to provide the resources required to ensure healthy digital growth while also continuing to invest in maintaining our leadership position in the print marketplace.

It is in this context that I'm delighted to announce the new leadership structure for Random House Sales, Operations and Digital. Andrew, Jaci and Joan continue in their current roles. Joining them as my direct reports are: **NINA VON MOLTKE, V.P., Digital Publishing Development**; **AMANDA CLOSE, V.P., Digital Sales and Business Development**; and **PETE MCCARTHY, V.P., Online and Digital Marketing**. Their new roles and departments are detailed below. A number of related changes within Andrew, Joan and Jaci's departments are described in a following memo.

Digital Publishing Development

As **V.P., Digital Publishing Development**, **NINA VON MOLTKE** will have two key areas of responsibility: partnering with our publishing divisions to help accelerate and broaden their own digital programs, and oversight for those Random House, Inc. publishing lists for which digital distribution and web-enabled commerce are already the core business.

Reporting to Nina will be **ANDREA SHEEHAN**, formerly V.P. & Director, Digital Strategy and Business Development at the Random House Publishing Group, now in the newly created position of V.P., Digital Publishing and Product Development, which she will take on upon her return from maternity leave. In Andrea's time in the Random House Publishing Group, she has provided critical leadership in the area of digital product innovation: together with her team, Andrea has spearheaded various initiatives around e-book format development, e-only content, IP development, redesign of online presences and mobile applications for major brands and authors, and innovations in digital marketing tools.

A Random House hallmark and point of pride has always been our decentralized approach to publishing entrepreneurship, and that will not change for our expanded digital mandate. By acting as facilitators and catalysts, Nina and her team's role will be to help each publishing division bring its own unique vision to market as successfully as possible. Initial examples of services to be provided by this team include: strategic support in driving digital growth for key content categories; expertise in alternative business models (such as serializations, subscriptions, and advertising), content bundling or disaggregation; and start-up support for original digital publishing programs. The team will also be responsible for the ongoing backlist conversion project.

Also reporting to Nina will be **AMANDA D'ACIERNO**, V.P., Publisher, Random House Audio, Books on Tape and Living Language; **TIM JARRELL**, V.P., Publisher, Fodor's Travel Publishing; **FABRIZIO LAROCCA**, V.P., Creative Director; and **SUSAN LIVINGSTON**, newly appointed as Director, Digital Business Management and Planning. All four are crucial "digital veterans" who will now be able to share their expertise more broadly.

To ensure that our digital efforts receive the appropriate publicity support and that we communicate effectively to our internal and industry stakeholders, **SHEILA O'SHEA** is named Director of Publicity, Digital Initiatives, reporting to Nina. She will work closely with the publicity departments across the divisions, as well as coordinate publicity efforts for the Fodor's Travel group. Stuart Applebaum will continue to be our main media contact for any major corporate announcements and inquiries.

Digital Sales and Business Development

AMANDA CLOSE, currently V.P., Group Sales Director, Crown Publishing Group, will now become our **V.P., Digital Sales and Business Development**. Amanda earlier served as our V.P., Online Sales, and she stepped in with great agility when Jaci and I asked her to coordinate the cross-functional team evaluating Apple's new e-book program. Her expertise, infectious enthusiasm, and astute analytical, technological, and product instincts will be invaluable in maintaining our position as the market leader in digital sales.

Reporting to Amanda will be **JEFF WEBER**, formerly Associate Sales Director, Amazon, now Director, Digital Sales; **RANDI ROSENKRANZ**, Senior Manager, Digital Channel Development; and **LILLY KIM**, Account Manager, Digital Sales.

This team's responsibilities will include: establishing strategy, terms, policy and programs relative to new business models; identifying and prioritizing new opportunities for sales or licensing; connecting potential partners with the appropriate internal stakeholders; developing expertise in activities in other media categories that might apply to our own; and crafting programmatic merchandising support for our publishers' new lists of original digital content.

They also will manage the overall digital relationships with our existing partners, including Amazon, Audible, Barnes & Noble, Google, Ingram Digital, Overdrive and Sony. Selling and merchandising our publishers' lists will continue to reside within Jaci and Joan's existing Online Sales departments, thus providing our publishers and accounts with sole points of contact at the product level. By focusing entirely on the opportunities and challenges of the digital channel, Amanda's team will ensure we are maximizing volume and profitability, embracing innovation, and learning from our experience.

Online and Digital Marketing

PETE MCCARTHY, V.P., Online Marketing has been leading Random House's corporate consumer online marketing efforts for the past two and a half years. During this time, he and his team have partnered with divisional marketers and with Chris Hart's Applications Development group to create increasingly innovative approaches to reaching consumers online. While his department was originally created to explore direct-to-consumer sales, they have found their greatest success in driving consumers directly to retailers' shopping carts – whether on the web or in bricks & mortar. Their recent work with Doubleday on the "second wave" campaign for Dan Brown's *The Lost Symbol* is an excellent example of the sales magic that can be created by combining corporate technology and analytics expertise with the publisher's stellar creative campaign.

To be successful in connecting our books with the largest audience possible, it is exactly this type of innovative, retailer-aligned approach that we believe will help to set Random House ahead of our competition. Therefore, we are now formally repositioning and expanding this department. As a member of our digital senior management team, Pete's mission will be to partner with our sales reps, our publishers, and our retailers to ensure we're maximizing our ability to convert consumer interest to incremental purchases.

Newly reporting to Pete will be **CHRISTINE MCNAMARA**, currently our V.P., Director, Adult Sales, Borders Group and Books-a-Million. Taking on the newly-created role of **V.P., Partnership Development**, she will be fully dedicated to integrating our online marketing efforts with those of our retailers and vice versa. We can look forward to having her bring her deep understanding of sales and publishing (as well as her excellent sense of humor) to bear in these new efforts.

Continuing to report directly to Pete is **CHELSEA VAUGHN, Director, Online Marketing Operations**. Chelsea will oversee the project management and analytics components of the campaigns in which her highly creative team, which includes Senior Managers Erica Curtis and Joanne Korn, is involved and ensure the dissemination to marketers throughout the company of any new techniques or tools created or discovered at the corporate level. Her team has continually helped us improve our ability to precisely and efficiently spur frontlist and backlist sales.

Pete's department will continue to have oversight for randomhouse.com, corporately-managed e-mail marketing lists, and our activity on Facebook, Twitter, and elsewhere on the web. They will be working to further develop category-based online communities such as suvudu.com, the highly successful science fiction & fantasy site launched last year. Making all these efforts possible are **CAMILLE COLLETT**, Director, Web Production and **JINNY KWON**, Creative Director, newly transferring from Crown online marketing.

As with Nina von Moltke's digital publishing department, Pete's team will act as incubators and catalysts, adding extra creativity and support to the excellent title and category marketing programs that will continue to be anchored at the divisional level.

As you may already know, **Matt Shatz**, until now V.P., Digital, has accepted an exciting new opportunity as Head of Strategic Content Relationships at Nokia, where he will be working to develop and grow Nokia's digital content business. Matt has been instrumental in advancing the Random House digital strategy and initiatives since 2007. While all of us are very sorry to see him go, we do take comfort in the fact that we'll be able to work with him as a partner as he establishes Nokia's publishing related initiatives.

Please join Andrew, Jaci, Joan and me in congratulating Nina, Pete, Amanda and their teams on their exciting new responsibilities as we expand and advance our digital-publishing opportunities.

