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**BERTELSMANN ACQUIRES DIGITAL MEDIA AGENCY SMASHING IDEAS
FOR RANDOM HOUSE, INC.**

(New York, May 5, 2011)—Bertelsmann AG has acquired cutting-edge digital media agency Smashing Ideas, Inc. for its Random House, Inc. division, the world’s largest English-language trade book publisher. The purchase was announced today by Markus Dohle, Chairman and CEO of Random House and Member of the Executive Board of Bertelsmann AG, and Stephen Jackson, President and CEO of Smashing Ideas, Inc.

The acquisition adds significantly to the set of Random House capabilities and further signals the intention of Random House and its parent company to be leaders in digital content creation, and demonstrates their commitment to expanding revenues from mobile and interactive online products and services.

The transaction closed on May 2. The terms of the acquisition are not being made public.

The fifteen-year-old Seattle-based Smashing Ideas is renowned for offering strategic marketing solutions and creating immersive, interactive content experiences, from games to branded sites to story-based applications, across multiple digital distribution channels, including online, smartphones, tablet devices, and iTV. They serve a roster of prominent clients such as Mattel, Nickelodeon, PBS, Cartoon Network, and Disney. Last year alone, Smashing Ideas generated 500 million game plays and half a billion page views for its clients. Smashing Ideas added an ePublishing unit last year, coinciding with the arrival of tablet devices in the marketplace.

Smashing Ideas will continue to operate independently out of their Seattle headquarters, as well as their U.K. office, primarily focusing on its current and future client businesses.

Last September, Random House, Inc. established a partnership with Smashing Ideas to develop first-rate mobile applications for selected titles. The first two apps, developed with the Random House Children’s Books division, *Wild About Books* and *Pat the Bunny*, both climbed to #1 in the books category in the Apple App store.

“Bertelsmann, Random House, and Smashing Ideas are a great fit creatively and culturally, as our recently begun partnership has demonstrated to us. We are driven to create value for authors, brands, and clients, and the opportunity to do so together, through broad-based digital development of innovative and interactive engagement with consumers and readers, is enormously appealing to us,” says Markus Dohle. “We intend to provide our new Smashing Ideas colleagues with abundant resources to help them grow as a profit center, as well as a creative force.”

“We are thrilled by both the opportunity to be part of the Bertelsmann and Random House organizations and by their belief in our company. We’re delighted to be a part of their publishing future. We look forward to collaborating on the building of next-generation digital businesses while we continue to build the Smashing Ideas clients base,” says Stephen Jackson. “Being part of one of the world’s great publishing companies will give the Smashing Ideas team access to new global customers within the publishing world and also in many other business categories as we extend our leadership position across all digital platforms around the world.”

Smashing Ideas will become an even stronger partner for Random House’s digital content initiatives, concentrating on the company’s development of fun and meaningful digital product and branding solutions. Within Random House, Smashing Ideas will be focused particularly in the children’s, educational, lifestyle, and reference areas, as well as on working with Random House publishers to develop new content solutions for the mobile and online marketplaces.

About Bertelsmann AG

Bertelsmann is an international media company encompassing television (RTL Group), book publishing (Random House), magazine publishing (Gruner + Jahr), media services (Arvato), and media clubs (Direct Group) in more than 50 countries. Bertelsmann’s claim is to inspire people around the world with first-class media and communications offerings – entertainment, information and services – and occupy leading positions in its respective markets. The foundation of Bertelsmann’s success is a corporate culture based on partnership, entrepreneurial spirit, creativity, and corporate responsibility. The company strives to bring creative new ideas to market and create value.

Random House is the world’s trade-book market leader, a commercial and literary powerhouse publishing 10,000 new hardcovers, paperbacks, audio, and electronic books annually in the local languages of 16 countries, and selling 400 million books a year. More than 25,000 English- German- and Spanish-language titles are available as Random House e-books. Random House is home to many of the world’s most popular and culturally admired adult and children’s authors, including Nobel laureates and international leaders. It is a company of people who love books and who are passionate supporters of their authors, booksellers, and readers. (www.randomhouse.com)

Smashing Ideas (www.smashingideas.com), founded in 1996, has become one of the leading digital media agencies for the youth market by creating immersive, interactive content that transforms consumer-driven brand experiences in a digital world. Cartoon Network, Disney, GE, Hasbro, Nickelodeon, Microsoft, Ericsson, Verizon Wireless and more have called upon the company to develop engaging, online, iTV and mobile experience for their audiences. Smashing Ideas is based in Seattle, with offices in the U.K.

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