

Press Release

Najafi Companies to Acquire Direct Marketing Unit from Bertelsmann

- **Direct Group North America is home to household brands such as “Book-of-the-Month Club” and “Columbia House”**

Phoenix, Arizona; Gütersloh, July 11, 2008 – Najafi Companies, a Phoenix, Arizona-based private investment company, has agreed to acquire the direct-to-consumer business, Direct Group North America, from Bertelsmann AG the two companies announced today. The sale agreement, which was entered into earlier this week, is expected to close in the third quarter of 2008. Financial terms between the parties, both privately held, were not disclosed.

Direct Group North America is one of the largest direct marketers of books, DVD's, and recorded music in the U.S. and Canada. Its many well-known consumer brands, such as “Book-of-the-Month Club” and “Columbia House”, serve millions of members through their club catalogs and online.

“We are very excited to enter the direct-to-consumer business and to work closely with Direct Group North America’s management team to ensure the future success and growth of the company,” said Najafi Companies CEO Jahm Najafi. “We believe that the winning combination of great brands and dedicated employees signals an exciting new chapter in this company’s story.”

“We are pleased to announce the sale of Direct Group North America to Najafi Companies, whose past investments have demonstrated an ability to nurture and grow successful companies. Bertelsmann is committed to the US market and will redirect resources to other business opportunities,” said Thomas Rabe, CFO of Bertelsmann AG, who oversees Direct Group North America business on the Executive Board. Bertelsmann announced the intention to sell Direct Group North America at its Annual Press Conference in March of this year as part of a worldwide strategic review.

About Bertelsmann AG

Bertelsmann is an international media company encompassing television (RTL Group), book publishing (Random House), magazine publishing (Gruner + Jahr), music (BMG), 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.

About Najafi Companies

Najafi Companies is a private investment firm based in Phoenix, Arizona. The firm makes highly-selective investments up to \$1 billion in size in companies with strong management teams across a variety of industries, and often in industries out of popular favor. The firm takes a long-term view on its investments and focuses its efforts to create value through growth and superior performance. Najafi Companies funds investments with internally generated capital, not through a fund. Free from the restrictions of a fund, the firm is able to move quickly and decisively when investing, and with no requirements to return capital to outside partners, Najafi Companies is able to make investments that create maximum value for the long term. For more information about Najafi Companies, visit www.najafi.com.

About Direct Group North America

Direct Group North America is one of the largest direct-to-consumer distributors of media products in the U.S. The company is home to such marketing-leading book, DVD and music club brands as Doubleday Book Club, Book-of-the-Month Club, Mystery Guild, Black Expressions and Columbia House. The company serves millions of members in the U.S. and Canada through its various club catalogs and online. Direct Group North America has offices in New York, Pennsylvania, Indiana, South Carolina and Toronto, Canada.

For further questions, please contact:

Bertelsmann AG

Tobias Riepe
Vice President Media Relations
Phone: +49 – 5241 – 80 77 69
tobias.riepe@bertelsmann.de

Najafi Companies

The Lavidge Company
Phone: +1 – 480 – 998 – 26 00
Anne Robertson
arobertson@lavidge.com
Greg Sexton
gsexton@lavidge.com