

Bertelsmann becomes sole owner of French media club France Loisirs

DirectGroup takes over Vivendi's 50 percent holding

Paris/Gütersloh, July 13, 2001 (ots) - Effective July 1, DirectGroup Bertelsmann has taken over the 50-percent share of the media club France Loisirs that formerly belonged to the Vivendi Universal Publishing, part of the French media conglomerate Vivendi. This means that Bertelsmann is now the sole owner of the French book club. France Loisirs is the market leader among French club businesses. By taking this step, Bertelsmann is ensuring the continuity of its Club business in France.

The French media club France Loisirs has been a 50:50 joint venture between Bertelsmann and Vivendi Universal Publishing, for which Bertelsmann has always provided the management, currently headed by CEO Marc-Oliver Sommer. France Loisirs also does business in Belgium (Belgique Loisirs), Switzerland (Suisse Loisirs) and in Canada (Quebec Loisirs).

"The takeover underscores the central meaning Bertelsmann assigns to media clubs in the worldwide distribution of media products. It is hard to imagine a more valuable customer in media business than a registered Club member. Our 100% takeover of France Loisirs is a fantastic opportunity to continue strengthening our position in media distribution. We will do so by resolutely interweaving the various distribution paths, i.e. the Internet, stores and catalogs, and by aligning the businesses to target audiences with specific interests. The takeover of all shares in France Loisirs gives us free rein for all management decisions," declares Dr. Klaus Eierhoff, DirectGroup CEO and Bertelsmann Board Member.

With over 3.8 million members, France Loisirs Paris is not only the market leader among media clubs in France. France Loisirs is also the No. 2 DirectGroup Bertelsmann club business in terms of membership, second only to Bookspan in the US (11 million). Each year, the French media club sells some 26 million books. In FY 00/01, it generated revenues of DM 839m. The club with its approximately 200 stores has been profitable for years, and is one of the leading multi-channel providers in the distribution of media products.

In addition to selling books, music, videos and games, France Loisirs offers added services such as magazine subscriptions, photo processing, travel ("Voyages Loisirs"), financial services and an event service. Exclusive Club premieres in the fiction segment further enhance France Loisirs' appeal. One current example of this is Nicci French's novel "Feu de Glace," which tops the charts at 500,000 copies sold.

As part of the negotiations with Vivendi surrounding the takeover of the 50% share in France Loisirs, it was agreed to discontinue the BOL service. In the medium term, an Internet-based bookfinder service for France Loisirs members will be installed in France. Most BOL employees will find continued employment with Vivendi or Bertelsmann subsidiaries.

"France is one of Europe's most important book and media distribution markets. France Loisirs is a powerful brand with great popular appeal. Its nearly 5 million members make it the biggest French-speaking book community. That is why we are extending our Club business by expanding the services, launching a special-interest club and modernizing the chain stores. Alongside the universal club approach, we will be positioning France Loisirs as an offline- and online-driven segment- and community-based vendor," emphasizes Marc-Oliver Sommer, CEO of France Loisirs and DirectGroup Bertelsmann Division Board Member in charge of Clubs/BOL in Western and Southern Europe.

DirectGroup Bertelsmann:

DirectGroup Bertelsmann has been in charge of Bertelsmann AG's direct-to-customer businesses since July 2000. DirectGroup comprises the worldwide book and music clubs as well as the global e-commerce businesses, and altogether represents a total of roughly 60 million customers and members all over the world. Bertelsmann is the global market leader among media clubs and, with BOL, CDNow and BN.com, is the worldwide No.2 in terms of media e-commerce activities. The DirectGroup is one of the three supporting pillars in Bertelsmann's overall strategy, alongside Content and Services. Dr. Klaus Eierhoff heads the Group, whose total revenues for fiscal year 2000/01 are projected to be approximately DM 7bn. The division does business in 22 countries, has 15,000 employees, and contributes a great deal to the internationality of the Bertelsmann Group.

About the France Loisirs media club:

France Loisirs is a wholly owned Bertelsmann subsidiary. The company has nearly 5 million French-speaking members, and leads the book and recreational products market in France, Belgium, Switzerland, and Quebec. It is also the leading book club in France, where one in 5 households is a member in the club (3.8 million members). France Loisirs is also the leading multi-channel distributor in France (200 stores, a website etc.). Marc-Oliver Sommer is CEO of the France Loisirs group, which employs a staff of 3,500 and had revenues of 472.6m EUR in 2000.

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