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For Immediate Release

Citigroup Venture Capital and Existing Senior Management to Acquire IWCO Direct

New York and Chanhassen, MN (February 3, 2005) — Citigroup Venture Capital Equity Partners L.P. (CVC) and IWCO Direct, the nation's leading provider of integrated direct mail production services and solutions, encompassing print, envelope, plastic, mailing and data services, announced today that CVC and the company's existing senior management team will acquire IWCO Direct from its current shareholders.

The current management team, led by Jim Andersen (President and CEO), Tom Wicka (Executive Vice President – Marketing & Sales) and Pete Karle (Executive Vice President and CFO) will continue to operate the company. IWCO Direct founder Frank Beddor will retire as company chairman. "Frank Beddor's legacy as an entrepreneur in our industry is clearly established. IWCO Direct could not have achieved its role as a leader in direct mail without Frank's vision, wisdom, and support over the past 35 years," said Jim Andersen, President and CEO. "His imprint will remain on our business as we move into the next phase of development with a new business partner. We are equally excited about the prospect of our partnership with CVC and the opportunity to accelerate our growth and scale in the market."

"Thanks to the leadership of Jim, Pete and Tom and the concerted efforts of our 1,100 employees, IWCO Direct's integrated total package direct mail service is now well executed and well regarded by North America's leading direct marketers," said Frank Beddor. "In the 35-year history of IWCO Direct, this team has done an outstanding job as evidenced by new records for both sales and efficiencies. I can retire knowing that the company is in the strongest position in its history, and with such a powerful new partner as CVC, I have no doubt that this team will take the company to a much higher level very quickly."

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Commenting on the acquisition, Mike Delaney, Managing Partner of CVC said: "IWCO Direct has all of the qualities which are hallmarks of CVC investments, including strong growth prospects, a superior management team, and consistent and repeatable performance. We believe that IWCO Direct's integrated "total package" supply chain management solution is unique in its industry and provides a strong value proposition to its blue chip customer base of preeminent direct marketers."

Delaney continued, "We look forward to supporting Jim Andersen and the rest of the company's world class management team as they build upon their impressive performance to date. In particular, we hope to help the Company accelerate its growth through geographic expansion of its production capability to the East Coast of the United States."

Andersen added: "We feel very fortunate to have enjoyed strong direct mail trends over the past few years. In this environment, our integrated "total package" business approach has resonated with clients and has allowed us to form partnerships with some of the most prominent direct marketers in the world. Our partnership with CVC enhances our ability to add capacity and new services so that we can better serve our customers and take our business to a new level of market leadership."

Houlihan Lokey Howard & Zukin ("Houlihan Lokey") served as exclusive financial adviser and initiated, structured and negotiated the transaction on behalf of IWCO Direct. Houlihan Lokey's Minneapolis-based transaction team was led by Scott Richardson and Reed Anderson.

IWCO Direct, headquartered in Chanhassen, Minn., has served the needs of North American direct marketers for more than 35 years. IWCO Direct provides direct mail like no one else by seamlessly providing all direct mail production services – printing, plastics, envelope conversion and mailing and data services – in an integrated "total package" supply chain solution. IWCO Direct's industry experience and technology along with proprietary P.O.S.T. (Postal Optimization Strategy and Technologies) and RideShare™ commingling and logistics management programs provide its customers with dramatic postage savings and faster time to market.

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Citigroup Venture Capital (CVC), one of the world's oldest and largest private equity firms, currently managing a \$2.6 billion in private equity partnerships with major institutional investors and its parent company, Citigroup. Founded in 1968, CVC has been a lead investor in over 200 transactions over the last two decades including numerous LBOs and IPOs for a broad range of industries.

Houlihan Lokey Howard & Zukin, an international investment bank established in 1970, provides a wide range of services, including mergers and acquisitions, financing, financial opinions and advisory services, and financial restructuring. The firm has over 600 employees in nine offices in the United States and the United Kingdom. It annually serves more than 1,000 clients ranging from closely held companies to Global 500 corporations. For more information, visit Houlihan Lokey's Web site at www.hlhz.com.

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