



# Klopotek and Global Merger

## Frequently Asked Questions (FAQ)'s

### Whom should I contact to answer any immediate questions relating to this announcement?

We encourage you to continue to use your existing primary contacts for support and for answers to any questions you might have. Both Global and Klopotek organizations and support staff will remain intact.

Below is a quick reference list of key executives who would be happy to answer any specific questions about the merger.

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Klopotek AG, the global market leader in standard publishing software, is pleased to announce that it has agreed to acquire Global Turnkey Systems, Inc. (GTS), a leading US supplier of publishing solutions and services. GTS will operate as a division of Klopotek North America, a wholly owned subsidiary of Klopotek AG.

Throughout the transitional process of merging Klopotek's North American organizations, we plan to communicate the latest information and to provide our staff, customers and business partners with answers to important questions, which will be posted on our website.

Our goal is to keep everyone informed and abreast of the new opportunities that will continually emerge from this integration. We hope the following FAQ section will answer many of your questions.

### Why is Kloptek acquiring Global? Why now? And what is the ultimate goal of the integration?

The acquisition of Global is part of Klopotek's strategy to position themselves as the leading supplier of publishing software in all major international markets.

For most of the 1990's, Klopotek focused on establishing a strong base for their standard software in Germany. Starting in the late 90's, there was rapid development within the international publishing marketplace and it became obvious that all major publishers would need to invest in software which could be operated internationally, based on a single integrated database and supporting standardized business processes.

In order to fulfill this demand, Klopotek developed their strategy to become an international organization with offices in major European publishing centers and ultimately in North America to support an existing base of publishers in the US. After being in partnership agreements in the Netherlands and the United Kingdom for several years, both partnerships were acquired in 2005 and became totally owned subsidiaries of Klopotek AG.

As the publishing industry continues to evolve into an increasingly electronic future, publishers will need software suppliers who can deliver solutions within all major internatio-

nal marketplaces and who can support both their physical and online product development and distribution.

Klopotek has for some time been developing global networks of internal staff and external publishing executives who are focused on defining the system requirements for supporting the evolving production, editorial and distribution processes. The need for sophisticated production management, global contracts, rights and royalties and online integration capabilities within the context of physical and online distribution of both book and journal products, requires an organization large enough to support these areas. We believe that publishers will increasingly demand that software suppliers deliver these capabilities, not only in the key geographic regions of the world, but also utilizing up-to-date technology to support increasingly complex applications and business models.

Many of the traditional system suppliers will simply not be able to support this transition since their organizations are small and their underlying technology is neither standard nor solid. In most cases, our competitor's applications would need to be rewritten from scratch in order to support the rapidly evolving needs of the international publishing market and this is not a financially viable option.

As a result of the acquisition of Global, Klopotek will be able to provide a more robust organization in North America, serving the largest worldwide marketplace and will benefit from Global's experience and expertise in servicing that marketplace.

The two companies have an unparalleled level of combined expertise and skills, with Klopotek specializing in the provision of standard software applications while Global specializes in the implementation of ERP type solutions for publishers in North America.

The ultimate goal of this merger is to be able to provide our publishing customers with the most innovative products and comprehensive solutions. We believe that by capitalizing on individual and mutual strengths, Klopotek and Global can deliver a combined platform that will provide a compelling value proposition to a publisher of any size to manage their ongoing information technology needs.

Our desire to expand our international customer base and solidify our North American operations convinced us that now is the right time to make this acquisition.

### **Is the acquisition completed?**

Yes. Binding and final agreements were signed by the Chief Executive Officers of both corporations and have been approved by their respective boards.

### **What is the structure of the deal?**

All of the outstanding shares of GTS have been purchased by Klopotek North America in a cash transaction.

### **What is the timeline for physically integrating the two companies? How does the acquisition affect company locations and offices?**

A transition team of senior executives from both companies has been established and is integrating the two organizations and their respective products. We expect to complete the first phase of integration work during 2007. We will be integrating staff from both organizations into the Klopotek standard software process as well as involving staff from both companies on projects. There will be no changes to the office locations as a result of the merger. However, we expect to substantially increase the number of staff and will need additional space to accommodate this growth. Uli Klopotek and John Wicker will have offices at Global's office in Parsippany.

### **What are the revenues of the combined company?**

Pro forma results indicate combined annual revenues of over USD 23 million (EUR 18.5 M).

### **What will be the new organization?**

Klopotek North America is a wholly owned subsidiary of Klopotek AG. Global will operate as a wholly owned subsidiary of Klopotek North America, reporting to John Wicker, CEO of Klopotek North America.

A North American Management Board has been established consisting of:

- John Wicker, CEO of Klopotek North America
- Carl Mann, Executive Vice President of Klopotek North America
- Al Alteslane, CEO of Global Turnkey Systems
- Gregor Wolf, CTO of Klopotek North America
- Martin Huber, CFO of Klopotek North America
- Uli Klopotek, CEO of Klopotek AG

Uli Klopotek has relocated to the United States for about 50% of his time in order to support the integration of these two organizations and to solidify Klopotek's North American operations. All existing staff of Global will continue to report to Al Alteslane, who has agreed to a long term contract and will remain CEO of Global.

We do not anticipate any material change to the Global organization except in so far as the merger of the two organizations will provide career opportunities for existing Global staff.

### **Will there be any changes to the Supervisory Board of Klopotek AG?**

No.

### **What will be the new organizational structure of Klopotek North America?**

John Wicker has been appointed as the Chief Executive Officer of Klopotek North America. Reporting directly to John will be Al Alteslane, Chief Executive Officer of Global, Carl Mann, Executive Vice President of Klopotek North America and Anna Roe, Marketing Manager of Klopotek North America. John has been appointed to the Executive Board of Klopotek AG and will report to Uli Klopotek. The organization of Global will remain unchanged.

### **How will Global fit into the Klopotek North America organization?**

Global will operate as a division of Klopotek North America. Selective Global staff will be trained in the appropriate Klopotek processes and procedures in compliance with Klopotek standards. The customer service, software and implementation functions will ultimately be merged to capitalize on the strengths of both organizations. Finance and administration will also be integrated into the Klopotek organization. The two organizations will, as a result of the activities of the transition team, implement the most effective structure to maximize the joint opportunities the companies have identified and continue to service our joint North American customer base.

### **Will the Global name change?**

No. The Global company identity will be retained and Global will operate as a division of Klopotek North America.

### **Do you anticipate any staff reductions as a result of the acquisition?**

No. This merger is geared to support the growth of Klopotek North America's business and is not predicated on cost savings. Continual growth is expected and we are committed to retention of all our employees.

We have also met with all the Global staff and they are enthusiastic about the career opportunities that will be made available to them over time. The capabilities, experience and skills of Global's employees were a key factor in the decision to acquire the company.

### **Will there be any additional mergers or acquisitions in North America or by Klopotek AG in the near future?**

In the near term, Klopotek's North American divisions will focus on integration and delivering the existing solutions to the marketplace.

We are open to discussions with any complementary organizations or any competitor that faces a need to replace its underlying technology. Klopotek is committed to achieving and maintaining the position as the number one supplier of publishing solutions in North America and throughout the world. We expect to work closely with all of our existing partner organizations and indeed to expand our partner network to improve our ability to better service all of the information technology needs of the publishing industry.

Klopotek AG is continuously evaluating opportunities for mergers and acquisitions that fit our current strategy and would benefit our shareholders and customers and create additional opportunities for our staff.

Internal and external investments are a key component of our growth strategy and enable us to create innovative products and cost synergies, as well as build our overall revenue which, in turn, allows us to increase investment in product development efforts. These investments to support production, editorial and distribution functions can only be strengthened by working with partners who can complement our existing expertise in these areas.

Klopotek has established global networks in production, contracts, rights and royalties and online business where staff, external consultants and industry executives come together to debate industry trends and identify future requirements. We believe that this strategy of building global networks differentiates Klopotek in the marketplace today and ensures that our customers will always remain at the forefront of industry trends and that our products will always be able to support national and international publisher's requirements.

We welcome both customers and non-customers to participate in these networks and would be pleased to provide specific information to interested parties.

### **What will happen to the current projects in progress?**

All existing contract terms and conditions will be honored. Project staffing and customer service levels will remain the same for both Global and Klopotek. Klopotek and Global executives will be meeting with Global customers at the earliest opportunity to discuss the additional software and support benefits resulting from this merger. We hope that all Global customers will be able to attend the annual Unison User Meeting which will be held in New Jersey this October.

In particular, Klopotek's PPM module, which includes an ONIX compliant bibliographic database, production management and contract, rights and royalties provides capabilities to better support metadata management, production and editorial processes. We look forward to welcoming many of the Global customers into the Klopotek network, while at the same time, protecting the investment these customers have made in their current solutions.

### **What product and technology synergies do you hope to achieve by this acquisition?**

At present, no vendor of technology services is specifically set up to deliver standard software solutions on a truly international basis to the publishing industry. Traditional 'tier 1' software vendors are not organized to address the specific requirements of the publishing industry and lack the detailed functionality and staff skills to successfully deploy such industry specific solutions. This makes any attempt at implementation with a 'tier 1' software vendor risky, expensive and often leads to a failure to achieve the original objectives.

Klopotek and Global's merged organization overcomes these limitations with the provision of world class publishing specific solutions and an experienced team of software and publishing professionals.

Global has many years experience helping publishers with the management and distribution of published products, while Klopotek has substantial experience in helping publishers increase their revenues and profit through providing standard systems that support the entire publishing value chain. Global and Klopotek have independently recognized that publishers want organizations who are able to support the entire value chain both nationally and internationally.

### **What is the plan for product support in the short term? ( For example, will you continue to support all versions of software?)**

Both organizations will continue to support existing products and continue with existing programs for notification to customers with regard to new products and upgrades. Both companies will continue to deliver the support specified in their software maintenance agreements.

### **What is the plan for product support in the longer term?**

Klopotek will enhance their standard software based on Global's US market experience and will deliver this version as a standard platform for the industry. Klopotek will provide each customer using Global's Unison solution the opportunity to migrate to Klopotek's standard publishing solution.

### **How do you plan to integrate the staff, the products and their respective technologies?**

We conducted in depth analyses of both company's applications and technologies as part of the due diligence processes. We are currently in the process of merging the two organizations and are immediately able to

deliver integrated solutions.

To optimize the efficiency of our combined operations, we will leverage our collective "best practices" to enhance the delivery and support for our applications. We will be integrating any features of the Global solution that are not currently supported by the standard Klopotek software so that we can better support Global's existing customers with all of the capabilities of the combined solution.

Integration of Global functionalities within the Klopotek software suite will ensure that all customers can benefit from the most comprehensive application set for the North American marketplace and capitalize on the latest standards based technologies. This migration option will be available to all Global's customers in the event Global's existing customers elect to migrate to the integrated Klopotek system in the future.

Klopotek has also developed detailed training programs to support all of its software products and organizational processes. We are implementing a comprehensive training program to certify Global staff in Klopotek products and services. This will enable the Global staff to support the delivery of Klopotek products and contribute to their development.

The addition of the Global team to Klopotek North America will provide a more robust capability to support the expansion of Klopotek in North America. The significant product and organizational synergies and the unparalleled depths of staff, skills and publishing industry knowledge will make Klopotek the preferred solution for growing publishers in North America.

This integration will also be a significant benefit to Klopotek's European customers as new functionalities will become part of the standard solution and ensure Klopotek's software continues to be the most feature rich and effective solution available.

### **How do you think customers will react to the news?**

We believe customers of both organizations throughout the world will look very favorably on this news, because Klopotek will be a stronger organization, able to more rapidly develop solutions and more capable of deploying them internationally.

In North America, Klopotek will have a more efficient organization with an improved solution set and will be better able to meet the needs of the publishing marketplace.

Internationally, Klopotek's customers will benefit from the addition of new functionalities to the standard Klopotek solution, which will not only support the specific needs of the North American marketplace, but will also capitalize on Global's expertise in online business and subscription processing.

In addition, Global's customers will have the assurance of continuing support over the long term from a large international player and will benefit from the introduction of attractive new products from a vendor they know and trust.

### **How have the staff reacted to this news?**

Very positively. Several members of the Global team have participated in numerous workshops in conjunction with Klopotek management and staff. The interaction between these groups has been very positive.

Global staff will have increased career opportunities as a result of being part of a larger, international organization and will be trained in Klopotek processes and procedures so that they can be fully integrated into the Klopotek organization in North America and internationally.

Klopotek's staff will have increased opportunities to work in international projects and where appropriate, some may even relocate to North America. Both organizations are fortunate to have a very dedicated and loyal workforce who understand that the merger of these organizations will not only be beneficial for the individual employees, but also to the entire publishing community.

### **If a customer has a problem with a Global product, whom should he/she call?**

Global customers should continue to call the Global customer support line or contact their account manager for issues related to Global products. Any changes in support procedures will be communicated to all customers in advance of its effect.

### **Will Klopotek honor Global's support policy?**

Absolutely. We do not expect any changes to customer service agreements in the near term, although the availability of new systems may ultimately impact agreements.

### **Do you anticipate any changes in the Global support structure?**

No. However, we will be examining opportunities to provide enhanced support services particularly on an international basis.

### **If a Global customer has been dealing with his/her Global account manager, will this change?**

No. Global customers can continue to call their Global account manager for Global information. Over time we will train staff from both companies to be able to articulate the capabilities and benefits of all our solutions.

### **If a customer is currently reviewing a quote from a Global account manager, will the pricing remain the same?**

Yes, open quotes are valid according to their stated terms and conditions.

### **Will there be disruptions of any kind if my company is using Global software?**

Not that we can foresee at this time. We believe that this merger will prove to be very beneficial to all Global's customers.

### **Will there be any additional services offered?**

We plan to integrate unique aspects of the Global solution into the Klopotek standard software over time. This will allow us to give customers a choice of which platform and technology they would prefer. Specifics of service offerings and alternatives will be discussed with individual customers.

### **Are there any companies currently using software products from both companies?**

Yes. Springer's New York operations utilize Global software for distribution and Klopotek software for managing production and editorial processes. The two solutions are integrated and have been operating successfully for over four years.

### **Will there be any pressure to upgrade to Klopotek's software?**

Not as a result of the merger, however, technological advances may necessitate upgrades over time.

We anticipate that the first phase of necessary changes to the standard Klopotek software to support existing Global customers will be completed during 2007. Existing Klopotek solutions, which support the production and editorial processes, can be immediately integrated with the Global distribution systems for those customers who are looking for ways to improve corporate performance in these areas.

### **If a Global customer decides to upgrade to Klopotek's software, how will the rates be affected?**

Our current expectation is that any existing Global customer who wishes to migrate to a Klopotek solution would be treated as if they had chosen to upgrade to a new Global version. In the final analysis, this can only be determined on a case by case basis. Klopotek executives will meet with all Global customers as soon as possible to determine their specific needs and to discuss options that are available to them with regard to new products and migration to Klopotek's solution.

### **What are the plans for the recently announced Unison user interface project?**

We will be assessing the best approach based on the new options available. The expertise and best practices gained during phase 1 of the Unison project will benefit our combined future development efforts.

### **Will Global still market and support Unison?**

Global will continue to market and support Unison to both new and existing clients. However, as a result of the merger, Global will now have the addition of Klopotek's full product line that will be available to both new and existing Global clients. This allows Global to offer the best solution to meet a particular clients requirements.

### **Will Uli Klopotek's relocation to the US have any impact on Klopotek's European operations?**

No. The European operating divisions are independently managed by Klopotek directors with outstanding abilities and track records. In today's world of efficient global communications, it is possible to manage an international corporation from anywhere in the world. Uli will spend part of every month in Europe.

### **Do you anticipate any near term operational changes?**

No. All customer and support agreements will remain in place and continue as at present. Over time, as we integrate the organizations, there will be opportunities to benefit from the "best practices" of each organization to deliver superior service to customers worldwide.

For more information: [www.klopotek.com](http://www.klopotek.com)