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NAJAFI COMPANIES ENTERS NUTRITIONAL SUPPLEMENTS INDUSTRY

Acquires M.D. Labs, One of Arizona's Largest Supplement Makers

Phoenix, Arizona (Dec. 20, 2004) – Double-digit growth in the \$19.8 billion nutritional supplements industry prompted Phoenix-based Najafi Companies to acquire M.D. Labs, one of Arizona's largest makers of health food products. As part of the transaction, the company has been renamed Wellements.

"The aging of the Baby-Boomer generation, rising health care costs and the increasing focus on fitness are driving the growth of the nutritional supplement industry," said Jahm Najafi, chief executive officer of Najafi Companies. "By acquiring M.D. Labs and re-branding it as Wellements, we have a solid platform for future growth in this exciting and fast-changing industry."

"The timing for this acquisition is perfect," said Wellements President Keyvan Taheri. "While we have been very successful with our products, the company is ready to move to the next level in terms of research and development, product diversification, marketing and distribution. The resources of Najafi Companies will allow us to continue to grow as a company and capture a larger part of the market."

The purchase price was not disclosed.

Phoenix-based Wellements produces more than 60 products that are sold through major retailers including Costco Wholesale, Vitamin Shoppe, GNC, Hi-Health, as well as domestic and international specialty health food chains, and through the company's Web site at www.wellements.com. Its products include protein powder, fiber products, extracts and 100 percent organic herbal teas.

"The name change is part of our new marketing strategy designed to rebrand all products under a single umbrella name and build brand loyalty," Najafi said. "We've also added a tagline to the new name of the company: Wellements, the elements of well being."

While other consumer products are dominated by two or three companies, the nutritional supplements industry is highly fragmented with no single company accounting for more than 7 percent of total retail sales in 2003, according to Nutrition Business Journal.

"It's not enough to produce products made with the purest ingredients and backed by double-blind studies that show effectiveness," Najafi said. "With competition growing daily, we need to let people know why our products are superior, give them convenient opportunities to purchase them and then earn the brand loyalty of our customers."

"Over the coming year, we'll be working with Mr. Taheri and his management team to broaden Wellements base of distribution and launch a marketing campaign to build customer loyalty," Najafi added.

New product development also is vital to the company's growth, Taheri said. "Our products are customer driven and our research and development is guided by a panel of nutritionists. We receive constant feedback from our clients, both at the retail and consumer level, which helps us determine our product mix."

For example, the company has received many requests for a flavored protein drink that is more convenient, lighter in weight and has a longer storage life than other packaged protein drinks on the market, Taheri said. "As a result, we're launching Wellements' first product: a flavored protein shake sold in single-serve containers that requires only water and shaking."

Gross sales for Wellements are expected to exceed \$50 million in 2005, Najafi said.

Last year, Najafi Companies acquired Network Solutions, a leading Internet services company and the world's largest domain name registrar with more than 8 million domain names under management.

Najafi Companies is a provider of equity for middle-market corporate acquisitions, recapitalizations of turnaround and under-performing companies, as well as growth capital financings primarily in telecommunications, energy, manufacturing, consumer products and leisure industries.

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