



Ad-hoc announcement of the Neschen AG – December 21st, 2006

Neschen AG wins Bear Stearns International Limited for company recapitalisation

Neschen AG intends to place the majority of the authorised capital (total €4,375 Mio.) as an increase in capital on the German stock market within the next few months. The shareholders will be able to exercise their legal subscription rights. The exact details of the planned transaction will be made public in the near future.

If not all the shares are subscribed, an investor group, comprising of the US investment bank Bear Stearns together with associated companies of Värde Partners, Inc. („Värde“), will, as agreed in the recapitalisation agreement signed on 21.12.06, purchase up to a maximum of three million of the unsubscribed shares. In addition, it has been agreed that the investor group will acquire the loans of approx. €65 Mio. from the German pool banks and replace this with a loan to the company of €50 Mio. A significant portion of this loan difference will be assigned to Neschen as extraordinary income leading to an increase in the company's equity

The executive board of Neschen AG believe that the 2006 end of year results will change significantly due to the debt waiver. The refinancing and the improvement in equity will give the company the foundation to ensure that it can direct all its attention and energy to customers, products and markets. In 2006 the consolidated turnover is expected to be approx. €130 Mio. and the EBIT, excluding restructuring costs and one-time-effects, is expected to be at least €5 Mio. This comes after an EBIT of €4 Mio. in 2005 and of €-1.9 Mio. in 2004.

Bear Stearns is the fifth largest US investment bank, specialising in financing companies that are being or have been restructured. Värde is a leading Alternative Asset Management company in USA and Europe, managing approx. USD 2.8 billion in assets.

Summing up, the board is pleased to announce that in addition to the operational restructuring, the overall restructuring, including the financial restructuring of the group, is completed. The executive board underline that the strategic partnership on the basis of the recapitalisation agreement with Bear Stearns and Värde, will ensure that the organisation can direct more attention towards customers, product innovation and markets. The board sees the improved financial status, created through the involvement of the investment group, as a foundation upon which the company can grow profitably in the coming years.

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