

Press release

Kardex to merge with Tuxedo Invest

Disengagement of the shareholders of IC Cham, Kardex and Tuxedo

Kardex AG is merging with investment company Tuxedo Invest AG, whereby equity amounting to approximately CHF 61 million will flow into Kardex. Industrieholding Cham AG will focus on special papers and real estate.

Cham/Zug/Zurich, 19 March 2004. Two years ago and within the scope of its ten-point plan, Industrieholding Cham AG set itself the medium-term target of concentrating its business activities more narrowly and simplifying its investment structure to ensure best-possible future development of all units. Industrieholding Cham AG is now able to announce that a decisive step in this focusing process has been taken. Industrieholding Cham, as the current controlling shareholder, will withdraw from Kardex AG and concentrate on the special paper and real estate business. Together with the management of Kardex and Tuxedo Invest AG, presently the principal shareholder of Industrieholding Cham, a solution has been found that allows Kardex and Industrieholding Cham, as well as the current Tuxedo shareholders, to emerge from the process strengthened. The companies have agreed on the following steps:

- ❑ Industrieholding Cham will acquire from Tuxedo by way of exchange against 70,000 Kardex shares and payment of CHF 4.6 million roughly 78,000 IC shares. The transactions are based on a value of CHF 191.50 per Kardex share and CHF 230 per IC share.
- ❑ Following the streamlining of its investment portfolio, Tuxedo will, prior to the merger, reduce its equity through payouts to its shareholders to CHF 61 million / CHF 37.70 per share.
- ❑ To prepare for the merger with Tuxedo, Kardex will by way of participation certificate conversion introduce the standard share and split the bearer share 1:5.
- ❑ Tuxedo will merge with Kardex. The exchange ratio after the Kardex share split will be 1:1.

As a result of the planned share exchange, Tuxedo shareholders will become shareholders of Kardex. The latter company will, as a result of the merger, receive roughly CHF 61 million new equity and thus become a well-capitalised and autonomous company. Following the transaction Industrieholding Cham will still hold approximately 12 per cent of Kardex. BURU Holding AG will then become the new majority shareholder of Kardex with a stake of roughly 16 per cent, this as a consequence of its existing interest in Kardex and Tuxedo and additional purchases. The transaction requires the approval of the extraordinary general meeting of Tuxedo Invest on 10 May 2004 and of the general meeting of Kardex on 17 May 2004.

The disengagement of the companies will be thoroughly implemented, not only on a financial but also on the board level. Heinrich Spoerry, chairman of the board of directors of Industrieholding Cham, will resign his seat on the Kardex board. Ernst Meiss will resign from his position with Kardex on the occasion of the general meeting 2004. To replace them, Philipp Buhofer, president and delegate of BURU Holding, and Leo Steiner, CEO of Komax AG, will be proposed for election at the general meeting. Philipp Buhofer will also be proposed for election as additional member of the board of directors of Industrieholding Cham AG. Peter Isler will not stand for re-election to the board of directors of Industrieholding Cham; he will however remain member of the Kardex board.

The transaction leading to deconcentration of the three companies and hence to two independent and attractive listed companies will generate a number of benefits. Both listed securities will become independent of one another, and will hence be more attractive for investors.

Industrieholding Cham will streamline its strategic fields of activity as planned, will focus on special papers (Cham Paper Group) and real estate (Hammer Retex), will regain financial elbow-room and will be able to boost the development of its two remaining divisions from a position of strength. As a result of the transaction, Industrieholding Cham will stabilise its shareholder structure, whereby BURU Holding will become the new principal shareholder with a stake of roughly 16 per cent.

On its part, **Kardex** will, as a consequence of the merger, be furnished with substantial own resources. Moreover, the company will – thanks to the previously mentioned creation of a standard share and the envisaged significantly higher free float of approximately 70 per cent – become an independent and attractive investment vehicle. Profitability will be enhanced already

in the short term by way of well-targeted exploitation of its newly attained scope. Opportunities will also emerge for dynamic internal growth and the development of new markets.

Tuxedo will discontinue its activities as a investment company and invest the capital in entrepreneurial activities. The existing shareholders will receive an attractive direct stake in place of their current mixed portfolio, and Tuxedo will be able to eliminate the discrepancy between net worth and market price and ensure equity utilisation that is favourable from a tax viewpoint.

Heinrich Spoerry, chairman of the Industrieholding Cham board, is delighted with the outcome of the negotiations: "Within the planned time frame we have been able to implement the desired deconcentration and refocusing measures for the companies of the IC group. The investment structure has been streamlined, Kardex has been given a new and good foundation for future development, and the shareholder structures of the two listed companies have been stabilised, thanks also to the stake held by BURU Holding. Now that the relevant prerequisites have been met, we can propose to the general meeting of Industrieholding Cham the abolishment of the current share transfer restrictions."

The involved companies will provide information on the transaction at the media breakfast scheduled for today, Friday 19 March 2004, 09:00 at the Storchen hotel in Zurich.

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The provisional schedule is as follows:

18.03.2004	Merger agreement
03.05.2004	Distribution to Tuxedo shareholders
05.05.2004	Declaration of the balance sheet as per date of merger
10.05.2004	Extraordinary GM of Tuxedo Invest
13.05.2004	Execution of share exchange and share purchases and remaining Tuxedo distribution
17.05.2004	GM Kardex
21.05.2004	Distribution of dividends to current Kardex shareholders / participation certificate holders
03.06.2004	First trading day for the split Kardex shares Delisting of the Tuxedo shares