



FOR IMMEDIATE RELEASE

January 15, 2007

**PERGO'S BOARD OF DIRECTORS RECOMMENDS CASH OFFER BY
PFLEIDERER AG AND PROVIDES TRADING UPDATE**

Trelleborg – January 15, 2007. The Board of Directors of Pergo AB (“Pergo” or “the Company”) (PERG), a leading international flooring company, today announced that it has received a formal public cash offer (the “Offer”) for all of Pergo’s 53,569,685 shares. The Offer, which is being made to all Pergo shareholders, has been announced by MDAX-listed Pflleiderer AG through its indirectly wholly owned subsidiary Pflleiderer Sweden AB, (“Pflleiderer”) which is one of Europe’s leading system providers for engineered wood products and melamine faced chipboard. Pergo is also providing a trading update today.

SUMMARY

- Offer price of SEK 51 in cash per Pergo share, which values the Offer at SEK 2,732 million
- Pergo’s Board of Directors unanimously recommends the Offer
- Laxey Partners Ltd, M2 Capital Management LP, and Nove Capital Fund, which together represent 41.9% of Pergo’s share capital and voting rights, have irrevocably and unconditionally committed to tender their shares to Pflleiderer. In addition, Nordea Fonder, representing 6.9% of the share capital and voting rights has communicated that it supports the offer
- The Board of Directors of Pergo has permitted Pflleiderer to perform a due diligence process prior to the announcement of the public tender offer. Pflleiderer has been provided with certain non-public information, which is summarized in this announcement
- Pergo’s net sales for the twelve months ended December 31, 2006 are expected to be SEK 2,939 million (SEK 3,015 million), which is below the previously announced full year guidance of 2-4% year on year sales growth. The Company’s operating margin for the period is expected to be 2.6%, which is below the previously announced 3-5% guidance range. The Company’s anticipated return on capital employed will therefore be below the previous full year guidance level of 12-15%

- The Board of Directors reiterates its previously issued 2007 full year guidance for year on year sales growth to be in line with, or exceed, the projected 9-14% laminate flooring industry growth in North America and 2-4% growth in Europe; and for the Company to achieve an 8% operating (EBIT) margin.

“The Board of Directors has recommended Pfeiderers offer based on its opinion that it represents a good value to Pergo’s shareholders and at the same time secures Pergo’s possibilities to maintain or even improve its leading position in the on-going consolidation of the global laminate flooring industry. Pfeiderer, as a strategic owner, will give Pergo the resources and opportunities it deserves to develop its business to the benefit of Pergo’s customers, employees and future partners.” says Bertil Villard Chairman of the Board of Directors of Pergo.

“We view Pfeiderer as a great source to help leverage Pergo’s leading brand and retail position by providing a superior technological and cost competitive manufacturing base. The combination would truly result in a vertically integrated global manufacturing and marketing powerhouse”, says Tony Sturuss, CEO of Pergo.

BACKGROUND

The flooring industry is undergoing consolidation, as evidenced by the recent mergers and acquisitions activity in the sector. Pergo received several approaches from third parties during the latter half of 2005 and first half of 2006, with a view to initiating merger talks. These approaches did not lead to any formalized proposals but did lead the the Board of Directors to initiate a formal process for evaluating approaches received from third parties and a proactive process to consider the strategic alternatives open to Pergo in the context of a consolidating industry. The Board of Directors consequently appointed ABG Sundal Collier as its independent financial advisor to assist with these processes. Pfeiderer subsequently expressed interest in a potential acquisition of Pergo and the Board of Directors has therefore allowed Pfeiderer to perform a due diligence process.

Following this process, Pfeiderer has today, through its indirectly wholly owned Swedish subsidiary Pfeiderer Sweden AB, announced a public cash offer for all of Pergo’s shares. According to today’s announcement by Pfeiderer, Pergo’s shareholders are being offered SEK 51 per share in cash to tender their shares to Pfeiderer. The acceptance period for the Offer is expected to begin during the week commencing on January 29, 2007 and run for about four weeks. One of the conditions of the Offer is that Pfeiderer secures 90 per cent or more of Pergo’s fully diluted share capital.

Pfeiderer’s Offer announcement states that the acquisition of Pergo will enhance Pfeiderer’s position in the North American laminate flooring market and accelerate Pfeiderer’s development in the European laminate flooring market. Pfeiderer states that the combination with Pergo will enable Pfeiderer to drive the consolidation of the North American market and provide a platform for further organic expansion. According to the

Offer announcement, the acquisition would bring together Pergo's European laminate flooring production base and Pfleiderer's HDF production capabilities in Europe, which is expected to generate production efficiencies and cost savings, while also providing a platform for expansion in fast growing Eastern European markets. Pfleiderer also states that it is not making the Offer with a view to closing down any of Pergo's facilities, and that the Pergo employees will continue to be of great importance to the successful development of the combined entity. Pfleiderer further states its intention to work with the Pergo management team to continue to develop Pergo's operations following the completion of the Offer.

For further details regarding the Offer, please see Pfleiderers Offer announcement.

Laxey Partners Ltd, M2 Capital Management LP, and Nove Capital Fund, which together represent 41.9% of Pergo's share capital and voting rights have informed Pergo's Board of Directors that they have irrevocably and unconditionally committed to tender their shares to Pfleiderer according to the terms of the Offer. In addition, the aforementioned shareholders have granted irrevocable options to Pfleiderer to acquire Pergo shares for a price equal to the Offer price per share. Such options can be exercised by Pfleiderer Sweden AB at any time after the termination of the Offer period and up to 30 March 2007. In addition, Nordea Fonder, representing 6.9% of the share capital and voting rights has communicated that it supports the Offer.

RECOMMENDATION BY THE BOARD OF DIRECTORS¹

The Board of Directors unanimously recommends Pergo's shareholders to accept the Offer². The Board's recommendation is based on an evaluation of the relevant factors and considerations, which include, but are not limited to, Pergo's current and estimated forward operating and financial performance in a highly competitive environment; Pergo's position in the consolidating flooring industry; the commercial benefits of the proposed merger; and Pergo's potential to make the necessary investments to increase market shares and generate enhanced shareholder value on a stand-alone basis. It is the opinion of the Board of Directors, based on the stated strategy and objectives set forth in Pfleiderer's Offer announcement, that the combination of the two companies will create a strong, competitive and stable global platform for the further development of the Pergo business. The merger will provide Pergo Europe with a secure source for the key raw material to produce laminate flooring, and will provide Pergo North America with a vertically integrated manufacturing base and other market opportunities arising from a multiple brand strategy.

Pergo's Board of Directors has been assisted in its deliberations by financial and other advisors in relation to the evaluation of the Offer. ABG Sundal Collier has submitted a

¹ This statement shall in all respects be governed and construed in accordance with Swedish law. Any dispute arising out of or in connection with this statement shall be settled exclusively by Swedish courts.

² The members of the Board of Directors include Roger Buehler, David Marcus and Theodor Dalenson associated with Laxey Partners Ltd, M2 Capital Management and Nove Capital Fund, respectively, which shareholders have irrevocably and unconditionally committed to tender their shares to Pfleiderer according to the terms of the Offer.

fairness opinion to the Board of Directors to the effect that the Offer, from a financial point of view, is fair and reasonable for all Pergo shareholders.

TRADING UPDATE

Pergo has also today provided a trading update for the twelve months ended December 31, 2006. The Company's total full year sales are now expected to be approximately SEK 2,939 million (SEK 3,015 million) and to comprise sales of SEK 1,061 million (SEK 1,064 million) in Europe, SEK 1,800 million (SEK 1,847 million) in North America, and SEK 78 million (SEK 104 million) for Asia and Other. The Company is also expected to report an operating profit (EBIT) of approximately SEK 75 million (SEK 174 million) for the period. Pergo's financial results for the fourth quarter and full year ended December 31, 2006 will be released on February 20, 2007.

The weaker than anticipated sales performance in the fourth quarter mainly reflects the impact of continued delays to scheduled new product roll-outs, lower inventory restocking commitments, and softer consumer demand in North America. The full year result will also be impacted by approximately SEK -22 million (SEK 15 million) of currency translation effects, due to the weakness of the US dollar against the Swedish Krona reporting currency over the period. Full year 2006 sales for the North American operations are consequently expected to be down by 2.5% year on year, which will result in significantly reduced profitability for the operations as well as a significantly lower return on capital employed than previously anticipated. Pergo's European operations are, however, expected to generate a substantially higher margin for the full year 2006, despite a flat year on year sales development.

The restructuring program that Pergo initiated in 2005 is estimated to have delivered year on year cost savings of approximately SEK 120 million in 2006. The Company's net debt position is expected to be approximately SEK 248 million as at December 31, 2006.

Tony Sturuss, CEO of Pergo, commented: "The fourth quarter results for our North American operations were more adversely affected by the delayed roll-outs and retailer inventory reductions than previously anticipated and communicated. These conditions, coupled with softening consumer demand, were the primary contributors to the disappointing quarter. We fully expect the new product roll-outs by our key North American customers to be completed by the end of the first half of 2007. We view the setback in our sales development as temporary and continue to believe in the underlying strength of our business. We therefore maintain a positive outlook for 2007 and beyond. The substantial investments that we have made in the past year, to expand our existing major retailer relationships and develop new channel and account relationships, position us well to regain sales and profit momentum in 2007."

The Board of Directors has reiterated its previously issued 2007 full year guidance for year on year sales growth to be in line with, or exceed, the projected 9-14% laminate

flooring industry growth in North America and 2-4% growth in Europe; and for the Company to achieve an 8% operating (EBIT) margin.

NON-PUBLIC INFORMATION DISCLOSED DURING DUE DILIGENCE PROCESS

As part of the due diligence conducted by Pfleiderer, the Board of Directors of Pergo has provided Pfleiderer with access to Pergo's internal budgets for 2007, in order to enable Pfleiderer to verify the Company's publicly communicated full year 2007 guidance.

The information below constitutes Pergo's internal budget and should not be seen as new or revised guidance. The Board of Directors has confidence in the budget, but is mindful of uncertain demand patterns in Pergo's North American business unit, as well as currency translation volatility. The Board of Directors has therefore taken a cautious approach and reiterated, but not raised, its 2007 net sales guidance.

Pfleiderer has been provided with details regarding the Company's budget for the full year 2007, which are in line with the Board of Director's previously issued 2007 guidance of an 8% EBIT margin and year on year net sales growth in line with, or exceeding, industry growth levels. The budget provided to Pfleiderer includes net sales projections of SEK 1,151 million for Europe, SEK 2,437 million for North America and SEK 84 million for Asia and Other. Total Company net sales for the twelve months ended December 31, 2007 are therefore projected at SEK 3,672 million. The Company's estimated operating income (EBIT) for the full year period has been estimated at SEK 107 million for Europe, SEK 269 million for North America, and SEK -77 million for Asia and Other. Total Company operating income for the period is therefore budgeted at SEK 299 million.

Pfleiderer was also provided with the following underlying key assumptions. The 2007 budget assumes moderate GDP growth, stable interest and currency exchange rates, an improving US housing market in the second half of 2007, positive consumer confidence levels, no price deflation, normal promotion schedules by key customers, and completion of the delayed product roll-outs by a key US customer in April 2007.

The US market place is highly competitive and challenging. The budget assumes an unchanged or improved position with the major US accounts and specialty retail, new account developments such as that announced with Sam's Club in Mexico and others in Canada, and the ongoing support of the brand extension to hardwood and Pergo's patented 4in1 mouldings. Furthermore, Home Depot, Lowe's and Sam's Club have all announced further expansion and new store roll-outs. In addition, Pergo North America has agreed prices for key components in the manufacturing of products for 2007, which gives visibility to and confidence in the forward cost projections.

The European market place is also highly competitive and challenging. The budget assumes the addition of new home center customers in countries including Denmark and

Spain; business expansion in the commercial segment in countries including Spain and France and the retail segment in countries including Germany and Poland; as well as an increased focus in the remaining regions. Furthermore, Pergo expects to launch hardwood flooring in Europe in the second quarter of 2007. Pergo Europe has agreed prices for key components in the manufacturing of products for 2007, excluding HDF, which also gives visibility to and confidence in the forward cost projections.

Pergo has now established a 90 day review plan for each of the key markets in Asia, with the objective of either delivering profitability in each market in 2007 or executing an exit strategy for each market. Pergo also intends to investigate market opportunities in Taiwan and Japan.

Pergo's budget also indicates a net cash position of approximately SEK 89 million as at December 31, 2007.

TRANSACTION COSTS

Total transaction costs, excluding social security charges (which vary by country), for Pergo in relation to the Offer are estimated to amount to approximately SEK 74 million, provided that the Offer is completed. These costs include, but are not limited to, change in control agreements for key employees, as well as advisor costs. 16 key employees have been incentivised with change of control agreements. The total costs, excluding social security charges, associated with the change in control agreements are payable within 30 days of a change of control and total approximately SEK 61 million. SEK 24 million of that amount is payable to the Company's CEO and SEK 32 million is payable to the other four members of the Group Management team.

The Company also has retention bonus agreements with 11 key employees, which are payable in instalments within 12 months of a change of control, provided that the employees do not terminate their employments. The retention bonuses are equivalent in value to between 2 and 24 months' salary. The CEO is entitled to a retention bonus equivalent to 24 months' salary. The total costs, excluding social security charges, for such retention bonuses are approximately SEK 24 million.

EMPLOYEE OPTIONS

The Board of Directors has decided that employee options issued in accordance with the decision by the Annual General Meeting of shareholders on April 18, 2005, and amended by a resolution of the Extraordinary General Meeting of shareholders on August 17, 2005, shall vest upon the closing of a public tender offer. The employees will therefore be given the choice to either exercise their vested employee options or an equivalent cash settlement from the Company. The projected cost to the Company for the redemption of such options, should all employees choose the cash settlement option, will not exceed SEK 52 million, excluding social security charges.

The Company will participate in a Pfeiderer press conference to be held today, Monday January 15, 2007 at 11.00 (CET) at the offices of ABN AMRO at Birger Jarlsgatan 7 in the centre of Stockholm. It will be possible to listen in to this press conference via telephone (in listen-only mode) on the following numbers:

UK: +44 (0)20 7162 0125

Sweden: +46 (0)8 5052 0114

Further information materials will be published on Pfeiderer's website at www.pfeiderer.com.

Pergo will also host a conference call today at 14.30 Stockholm local time, 13.30 London local time, and 08.30 New York local time to present and discuss the Offer and trading update. The call may be accessed by dialling the following numbers:

Sweden: +46 (0)8 5352 6456

International: +44 (0)20 7365 1828

US: +1 718 354 1158

A replay facility will be available for seven days following the call and may be accessed by dialling the following numbers:

Sweden: +46 (0)8 5876 9441

International: +44 (0)20 7806 1970

US: +1 718 354 1112

Passcode: 8795491#

For further information, please visit www.pergo.com or contact:

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Pergo is a leading international flooring company with established market positions in Europe and the USA. Pergo generated net sales of over SEK 3 billion in 2005 and employs over 600 people. Pergo developed laminate flooring at the end of the 1970s and

launched its product in Europe during the 1980s. The Company began selling its products in the US in 1994, in Asia in 1995, and in Latin America in 1997. The Company's products have been marketed under the PERGO® brand since 1989 and under the SimpleSolutions brand since 2005.

The Company's shares are listed in the Mid Cap Industrials sector of the Nordic Stock Exchange under the symbol 'PERG'.