

Esmertec Extends Convertible Bond Repayment

Shareholders invited to grant endorsement at AGM

DUEBENDORF-ZURICH, Switzerland – March 29, 2007 – Esmertec™ (SWX: ESMN), a focused provider of software and services to communications device manufacturers and mobile telecom operators, today invited its shareholders to its AGM held on April 19, 2007 at the Novotel, Zurich-Airport.

At this occasion, Esmertec is pleased to inform its shareholders that it expects to conclude favorable amendments of terms and conditions with investors in its convertible bonds due in September 2008 and September 2009 allowing for delayed repayments of the bonds and hence increasing the company's financial flexibility. Confirmation of investors representing 91% of convertible bond principal is expected in the next days.

According to new terms and conditions, conversion price, maturity date and non-conversion premium will be amended as follows:

- For one third of the bond principal, the conversion price is reduced from CHF 16.20 to CHF 13.00 in exchange for the maturity being extended by one year and non-conversion premium is increased from 18.5% to 23.5% such that overall yield on the instrument remains unchanged.
- For one third of the bond principal, the conversion price is reduced from CHF 16.20 to CHF 11.00 in exchange for the maturity being extended by two years and non-conversion premium is increased from 18.5% to 28.5% such that overall yield on the instrument remains unchanged.
- For the last third of the bond principal, conversion price, maturity and non-conversion premium remain unchanged.

In order to meet the reduced conversion prices, a maximum capital increase of 496,040 new shares or less than 3% of total issued ordinary capital is needed. In agenda item 5.1, shareholders will be asked to vote on creating new conditional capital of 496,040 shares. However, to maintain the same overall potential dilution to issued ordinary capital, the Board of Directors is proposing in agenda item 5.2 to reduce authorized capital by 496,040 shares. The remaining 154,983 shares of authorized capital are expected to be used primarily in connection with the final earn-out payment to the sellers of Cellicium.

Furthermore, shareholders are invited to re-elect board members. The Board of Directors proposes that Hans-Ulrich Müller, Jean Schmitt and Ulrich Schumacher be re-elected for an additional one-year term of office. Roland Manger, Bernd Pfister and Tony Reis whose terms of office expire at this General Meeting do not stand for reelection, and Chase Bailey has resigned effective this General Meeting. Thereafter, Esmertec's Board of Directors is expected to consist of seven members.

As of today, the Annual Report of Esmertec AG is available for inspection at the Company's registered office (Esmertec AG, Lagerstrasse 14, 8600 Dübendorf) or can be downloaded from the Company's website

(www.esmertec.com/investor_relations/reports.shtml).

This communication contains forward-looking statements based on current expectations and assumptions of the company's management, and involve certain risks and uncertainties. The forward-looking statements contained herein could be substantially impacted by risks and influences that are not foreseeable at present, so that actual results may vary materially from those anticipated, expected or projected.

About Esmertec

Esmertec is a focused provider of software and services to communications device manufacturers and mobile telecom operators. The company provides software platforms that enable the deployment of content and applications in devices and over servers. Customers include mobile telecom operators and manufacturers of mobile handsets, set-top boxes and interactive televisions. Esmertec's software and service capabilities excel with its reliability as well as fast and local execution. Founded in 1999, Esmertec is headquartered in Zurich-Switzerland with subsidiaries in China, France, South Korea, and the USA, and offices in Taiwan and the UK. Since 2005, Esmertec has been listed on the SWX Swiss Exchange (ESMN). www.esmertec.com

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