Cologne, Germany (December 21, 2010) – KHD Humboldt Wedag International AG ("KHD") (Frankfurt Stock Exchange symbol: KWG) (OTC Pinksheets symbol: KHDHF), a global engineering, equipment and service company in the cement industry, announced today that it has entered into a strategic partnership with Beijing-based CATIC Beijing Co., Ltd. ("CATIC"), a subsidiary of China’s state-owned CATIC International Holdings Ltd., to capitalize on the rapidly expanding international market for the construction of cement plants. KHD’s Director Jouni Salo said that KHD and CATIC combined will be able to bid on a wider range of projects, including large turnkey projects, and penetrate the most important cement markets including – China itself, the largest single market in the world, and other countries and regions as KHD and CATIC see fit.

The strategy behind the exclusive partnership includes:

- Leverage CATIC resources within China to win project awards
- Leverage the proven technological expertise of KHD
- Combine CATIC representation in more than 30 countries and 56 overseas subsidiaries with the traditional strength of KHD in India, EMEA, the Americas and countries of the former Soviet Union
- Penetrate or further strengthen our position in fast-growing emerging economies, including India, Brazil, Turkey and the petroleum-producing countries
- More effectively tap into the need of customers to manufacture cement locally, closer to its intended uses.

Highlights:

- Agreement with CATIC for KHD to be their exclusive cement process technology and equipment supplier.
- Agreement for KHD to have CATIC as their exclusive EPC (turnkey) contractor.
- Investment in KHD by a CATIC controlled Hong Kong company ("MGI") in the range between EUR 37 and EUR 45 million.
- MGI will own 20% of the share capital in KHD.
- Method of purchase - Subscription from existing and unutilized subscription rights (in North America, it would be like a non-transferrable rights issue)
• Subscription offer expected to be published on January 5, 2011 with the record date then being January 4, 2011.
• Price - €4.53 per share
• All shares purchased by MGI will be locked in, and not be available on the market, for a 29 month period.
• MGI and CATIC Group will also be prohibited from buying shares in excess of 29 percent of KHD for 12 months.
• CATIC to have representation on the Supervisory Board and contribute to KHD operations with a management representative.
• KHD to co-invest with CATIC in China’s design and manufacturing resources for the Chinese and export markets.
• Closing to occur as soon as practical but no later than March 08, 2011
• In the United States shares will be made available to accredited or qualified investors by way of a private placement. It is not the intentions to burden the company with the costs of compliance of Sarbanes-Oxley Act and the cost of continuous US registration.

“This is a defining moment for both companies, as we partner to unite KHD’s century and a half of experience and its unmatched library of intellectual property with the extraordinary reach and power of CATIC,” Salo further stated that “KHD and CATIC are already cooperating and jointly preparing several large turnkey RFPs and responding to the needs of new geographies, including China itself.”

Salo continued, “Our global network of Customer Service Centers, combined with the branch office networks of both companies, gives us a launch pad for a broader global business. We believe that together we can now compete effectively with the largest companies in our industry.”

KHD has now expanded its business horizons considerably following its refocusing two years ago to concentrate on the cement industry. At that time, KHD sold most of its non-cement operations, established its Customer Service Centers, and announced plans to conserve and grow its substantial cash reserves. With that now accomplished, and with KHD’s strong market presence in Russia, central Asia, India and the Middle East once again in place, KHD moved its headquarters to its historic center in Cologne, and started trading of its common stock at the Regulated Market segment on the Frankfurt Stock Exchange.

Mr. Salo concluded, “With a protective eye on our strong financial asset base and a keen appreciation of our unique historical legacy, we believe that we are in a strong position to expand, to build our revenue base, and to contribute to the economies of the countries and regions we serve. New jobs will be created and cleaner and greener technologies and designs will help forward-looking governments achieve international goals regarding energy savings, pollutant emissions, clean air and clean water.”

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A New Player in a Growing Market

The global demand for cement continues to grow, as developing economies expand and need to augment their infrastructures. As with many commodity-driven industries, among the largest consumers of cement are the fastest-growing emerging economies, such as China, India, Brazil, the petroleum-producing countries, Turkey and the countries of the former Soviet Union. Global cement demand is forecast to rise by more than 4.1% per year to 3.5 billion tonnes, or US$ 246 billion, in 2013, according to the latest report by US-based research company The Freedonia Group. The report, *World Cement*, said the rise will be driven by growing investments in infrastructure among developing countries, driven by economic growth and increasing *per capita* income levels.

The cement industry around the world is extremely diverse, comprising traditional manufacturing and sales companies such as Cemex, Lafarge, Ultratech and Holcim, as well as many government-guided or government-owned cement companies, typically in more centralized economies. Three aspects of cement as a commodity are that it is (1) relatively inexpensive as compared to steel, copper and other materials needed for infrastructure expansion; (2) an ancient building material that can be compounded in a variety of different ways depending on local raw materials availability; and (3) heavy. These three aspects have led the industry to be geographically and technologically diverse, and to establish an economic need to manufacture cement in relatively close proximity to its intended use, since transportation costs for a heavy commodity can negatively impact the cost at which it can be sold.

According to the Freedonia report cited above, India, the world's second largest cement market, will also see "some of the most rapid advances of any country in the world." Other fast-growing markets include the Philippines, Taiwan and Vietnam, all with growth rates exceeding 6% per year, and Turkey, whose growth rate was recently reported at higher than 10% per annum. In Western Europe, improvement in construction activity will fuel a turnaround in the region's three largest cement markets, Spain, Italy and Germany. Similarly, a modest rise in construction spending in Japan will drive increases in cement consumption after a long period of decline.

As demand for locally produced cement grows, the opportunities for KHD and CATIC increase, because the capabilities that the pair of companies offer are not commonly available. Most cement plants in the world are designed and erected by one of a handful of specialized engineering and construction companies, including KHD and CATIC. Cement plants are a market niche that is difficult for non-specialists to enter, because companies such
as KHD has large libraries of intellectual property that may be difficult to circumvent. The processes used in making cement are rather specific to the industry, in spite of the fact that a variety of different raw materials may be used. For example, KHD’s trove of intellectual property has been in continuous development for over 150 years.

The largest contracts for cement plant design and construction are typically awarded on a turnkey basis, with the EPC company handling all aspects engineering, procurement and construction (EPC), and then handing the completed and ready-to-operate plant to the buyer. KHD has in the past not concentrated on this area of the business, but has become one of the most notable companies in the world with regard to the technologies, equipment and services involved in cement-making. For the most part, the largest of these turnkey contracts have tended to be the domain of just two companies -- Denmark’s FL Smidth and China’s Sinoma. The strategic partnership of KHD and CATIC has now created a third option for buyers, one that combines the impressive portfolio of KHD’s intellectual property with the strength and formidable turnkey experience of CATIC.

**KHD HISTORY**

KHD has a long, rich history. KHD Humboldt Wedag International AG traces its origins back to 1856. Today KHD is one of the leading global cement plant and equipment suppliers, and has built over 480 plants worldwide. The company employs more than 750 people worldwide, with its headquarters in Koln. KHD operates worldwide via four Customer Service Centers. These are located in India, the Americas, Europe the Middle East and Africa (EMEA) and Russia/CIS. KHD also has operations in Asia Pacific, China and Australia.

In addition KHD provides services such as designing and engineering, project management and supply, as well as supervision of erection and commission of cement plants and equipment. Customer services such as supply of replacements parts, plant optimization and training of plant personnel complement KHD’s services.

KHD’s core equipment includes a wide range of grinding and pyro-process technologies. KHD’s grinding technologies are utilized in raw material and clinker grinding and include crushing, grinding and separation equipment, while KHD’s pyro-process equipment includes pre-heaters, calciner systems, kilns, burners and clinker coolers. KHD also has developed a range of systems automation products, including process control systems and equipment optimization products.

KHD’s strategic approach to the market has been to be the leading supplier of innovative,
environmentally friendly and energy efficient technologies focused on reduced operating and maintenance costs.

CATIC TODAY

Revenue for the entire CATIC group with holdings was over 18 billion Euro in 2009. Please visit the CATIC website at http://www.caticbj.cn

By using its well-established sales network of 56 overseas subsidiaries and representative offices in over 30 countries and regions around the world, and close working relationships with a range of design institutes, suppliers and manufacturers both in China and abroad, CATIC has a strong history of achievements and is committed to be a capable and competent contractor to serve the cement industry for turn-key projects.

CATIC has formed a highly experienced project team covering procurement, project management, quality control and assurance, programming and planning, logistics, training, supervising and other technical service, marketing and finance to offer complete services on EPC basis for the cement industry.

About KHD Humboldt Wedag International AG

KHD Humboldt Wedag International AG operates internationally in the industrial plant technology, equipment and service industry, and specializes in the cement industry. To obtain further information about KHD, please visit the KHD website at: http://www.khd.com

KHD Products

Cement plants operate with robust and durable machines. These create the basis for regular modernization measures using the company’s highly developed technology. KHD’s plants and technology increase production, cut specific power consumption, and reduce pollutant emissions. As a result, not only do KHD’s longstanding business partners profit, but also the new clients in the growth markets of today and tomorrow.

Burning Technology: KHD offers the whole range of products required for the burning process of industrial cement production including preheaters, calciners, bypass systems, kilns, burners, coolers and fans. KHD burning technology aims to be high efficient, fuel variable, with high recuperation efficiency, high availability and stable operation and high specific throughput rates, reduced emissions as well as with flexibility to raw materials.
Grinding Technology: KHD is a leading expert in grinding technology, offering crushers, roller presses and tube mills as well as separators. Combining KHD roller press and separation technology in one hybrid system COMFLEX® KHD concentrates grinding effectiveness and efficiency in narrow space. Grinding technology is used for raw material processing as well as for clinker processing.

Process Automation: KHD has 150 years experience in process know-how, and over 35 years experience in cement plant automation. KHD offers the complete spectrum of cement plant automation including plant engineering of electrical packages and implementation of particular process control systems (PRODUX® PLUS), training simulators for cement plants (SIMULEX®), quality control systems (ROMIX®), kiln shell scanners (SCANEX®), advanced control systems for kiln (PYROEXPERT®) and for grinding process (MILLEXPERT®).

Services: In addition to equipment, KHD offers global plant services to its customers thru its Customer Service Centers. Spare parts supply, training, plant audits, erection and commissioning advisory services and operation and maintenance services all form important solutions for the customers. Spare parts supply ensure for optimal plant operations. Training and plant audits aid customers in identifying potential issues and provide for recommendations for better plant performance in maintenance, production and efficiency. KHD’s expert erection and commissioning advisory services assures proper installation and operation of the equipment in the plant. Likewise, full operation and maintenance of a plant by KHD is possible should the customer require these services.

Disclaimer for Forward-Looking Information

Certain statements in this release are forward-looking statements, which reflect the expectations of management regarding Forward-looking statements consist of statements that are not purely historical, including any statements regarding beliefs, plans, expectations or intentions regarding the future. No assurance can be given that any of the events anticipated by the forward-looking statements will occur or, if they do occur, what benefits the Company will obtain from them. These forward-looking statements reflect management’s current views, expectations and estimates and are based on certain assumptions.

This release is neither an offer to sell, nor solicitation of an offer to buy any securities and shell not constitute an offer, solicitation nor sale in any jurisdiction in which such offer, solicitation or sale is unlawful. This press release does not constitute or form part of an offer or solicitation to purchase or subscribe for securities in the United States. The securities referred to herein may not be sold in the United States absent registration or an exemption from registration under the U.S. Securities Act of 1933, as amended. (KHD) does not intend to register any portion of the offering of the securities in the United States or to conduct a public offering of the securities in the United States. Copies of this announcement should not
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