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NET PERCEPTIONS INC  
Form 425  
January 21, 2004

Filed by Obsidian Enterprises, Inc.  
Pursuant to Rule 425  
under the Securities Act of 1933

Subject Company: Net Perceptions, Inc.  
Registration Statement No. 333-111191

Date: January 21, 2004

FOR IMMEDIATE RELEASE  
JANUARY 21, 2004

OBSIDIAN ENTERPRISES SUBMITS PROPOSAL TO NET PERCEPTIONS

Obsidian Proposal Reduces Uncertainty, Offers Superior Alternative to the Company's Plan of Liquidation

INDIANAPOLIS, January 21, 2004 -- Obsidian Enterprises, Inc. (OTCBB: OBSD), a holding company headquartered in Indianapolis, announced today that it has formally submitted a proposal to acquire all of the equity of Net Perceptions, Inc. (Nasdaq: NETP) in accordance with Net Perception's publicly announced procedures for submission of best and final acquisition proposals. The text of the letter sent to the Board of Directors of Net Perceptions follows:

Pursuant to the press release issued by Net Perceptions, Inc. ("NETP" or the "Company") on January 9, 2004, Obsidian Enterprises, Inc. ("Obsidian") is pleased to submit this proposal to acquire all of the outstanding equity of the Company.

For your consideration, enclosed you will find a form of proposed Merger Agreement, the highlights of which are as follows:

Transaction Structure: Merger.

Consideration: Two shares of Obsidian common stock (subject to adjustment for the pending reverse stock split) for each share of NETP common stock.

Conditions: Customary closing conditions for transactions of this type, including a "minimum cash" requirement.

Termination/Break Up Fee: None.

Purchase Price Adjustment/Minimum Cash: We will require additional information to insert the appropriate numbers in this portion of the Agreement, but based on NETP's most recent filings (and assuming consummation of the asset and licensing agreements previously announced by the Company), we believe the appropriate number for Section 2.1(d) of our proposed form of Merger Agreement is approximately \$10.0 million and the appropriate number for Section 6.1(b) is approximately \$7.0 million.

Timing: Obsidian is prepared to promptly respond to any questions, negotiate any aspects of our proposal, and consider any comments you, your counsel or your financial advisor may have (and in this regard, and to avoid any miscommunications, we request that all such communications to Obsidian from NETP be in writing and addressed to Obsidian, its legal counsel and its strategic advisor). Obsidian is prepared to finalize and execute the enclosed merger agreement promptly.

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After reviewing the disclosure contained in NETP's 14D-9 (including the recently filed amendment), and to clear up some apparent confusion on the part of Mr. Donnelly and, as a result of his misunderstandings, any misunderstandings that the Board of Directors may have, please be advised that Obsidian is prepared to provide NETP and its financial advisors with any information regarding Obsidian that may be requested by NETP. Among other things, the "fairness opinion" delivered by Candlewood would certainly be more valuable to you if it were based on information that we have previously offered to make available to you and Candlewood.

With respect to Obsidian's due diligence review of NETP, as we have indicated to your representatives on previous occasions, Obsidian is prepared to rely on the public filings of NETP to complete its due diligence.

In the event that you fail to respond to this proposal in a manner deemed timely by Obsidian, Obsidian will continue to evaluate its alternatives, including: (i) continuing with or terminating its previously announced tender offer and (ii) taking appropriate steps to commence a solicitation in opposition to NETP's plan of liquidation or any alternative transaction that may be proposed by NETP.

After engaging in a process that apparently is now well into its second year and that has delivered little in the way of value for the long suffering NETP shareholders, we hope that you will take this opportunity to make an informed decision and move expeditiously to consummate a transaction with Obsidian.

Timothy S. Durham, Chairman and CEO of Obsidian, stated, "We have commenced our exchange offer and dedicated significant time and financial resources to pursuing the acquisition of Net Perceptions. We remain prepared to make information available to Net Perceptions, discuss our proposal with Net Perceptions and deliver what we believe is a far superior alternative to the Net Perceptions shareholders relative to the uncertain pay out announced by Net Perceptions under its proposed plan of liquidation. Our proposal permits Net Perceptions to accept a superior proposal. We believe it is time for Net Perceptions to remove its poison pill and let the shareholders who have the most at stake here to determine their own destiny."

Obsidian filed a Registration Statement on Form S-4 and a Tender Offer Statement with the Securities and Exchange Commission on December 15, 2003 and an amendment to each on December 17, 2003.

The offer is scheduled to expire at 5:00 PM, New York City time, on February 20, 2004, unless the offer is extended. The offer is subject to certain conditions, including that:

- o Net Perceptions take appropriate action to cause their poison pill to not be applicable to the offer;
- o Obsidian be satisfied that Section 203 of the Delaware General Corporation Law will not be applicable to the contemplated second-step merger; and
- o stockholders tender at least 51% of the outstanding shares of common stock of Net Perceptions.

The Exchange Agent for the exchange offer is StockTrans, Inc., 44 West Lancaster Avenue, Ardmore, Pennsylvania 19003. The Information Agent for the exchange offer is Innisfree M&A Incorporated, 501 Madison Avenue, 20th Floor, New York,

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New York 10022.

Obsidian is a holding company headquartered in Indianapolis, Indiana. It conducts business through its subsidiaries: Pyramid Coach, Inc., a leading provider of corporate and celebrity entertainer coach leases; United Trailers, Inc., and its division, Southwest Trailers, manufacturers of steel-framed cargo, racing ATV and specialty trailers; U.S. Rubber Reclaiming, Inc., a butyl-rubber reclaiming operation; and Danzer Industries, Inc., a manufacturer of service and utility truck bodies and steel-framed cargo trailers.

This press release is provided for informational purposes only and is neither an offer to purchase nor a solicitation of an offer to sell shares of Net Perceptions, Inc. or Obsidian Enterprises, Inc. Obsidian has filed with the Securities and Exchange Commission a registration statement and exchange offer documents with respect to the proposed transaction. Investors and security holders are advised to read those documents because they include important information. Investors and security holders may obtain a free copy of any documents filed by Obsidian with the SEC at the SEC's website at [www.sec.gov](http://www.sec.gov). The exchange offer, registration statement and the other documents may also be obtained free of charge by directing a request by mail to Innisfree M&A Incorporated, 501 Madison Avenue, 20th Floor, New York, New York 10022, or by calling toll-free (888) 750-5834, and may also be obtained from Obsidian Enterprises, Inc. by directing a request by mail to Obsidian Enterprises, Inc. 111 Monument Circle, Suite 4800, Indianapolis, Indiana 46024, Attn: Rick D. Snow.

This press release contains "forward-looking statements." These forward-looking statements are based on currently available competitive, financial and economic data and management's views and assumptions regarding future events. Such forward-looking statements are inherently uncertain. Obsidian cannot provide assurances that the exchange offer described in this press release will be successfully completed or that we will realize the anticipated benefits of any transaction. Actual results may differ materially from those projected as a result of certain risks and uncertainties, including but not limited to: global economic and market conditions; the availability of liquidity under our existing lines of credit; successful integration of acquired or merged businesses; changes in interest rates; our ability to retain key management and employees; our ability to meet demand at competitive prices in our coach leasing segment and our trailer and related transportation equipment manufacturing segment; our ability to successfully develop alternative sources of raw materials in our butyl rubber reclaiming segment; relationships with significant customers; as well as other risks and uncertainties, including but not limited to those detailed from time to time in Obsidian's Securities and Exchange Commission filings.

Source: Obsidian Enterprises, Inc.

For More Information Contact:

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