

Press release

IR &
corporate communication

Translation from the original Dutch Text; only the Dutch text is binding

Supervisory Board supports De Vries

The Public Prosecutions Department has made public on its own initiative and unilaterally the fact that there is a legal preliminary investigation being carried out concerning three suspicions in respect of Mr. De Vries, Chairman of the Executive Board of TenCate. In this connection an unreal picture has been presented by the media. With reference to this, the Supervisory Board has decided to provide further information that is based on the actual circumstances.

On the basis of this, there is no question of Mr. De Vries having a direct or indirect involvement or any financial interest in the purchase of Spinnerij (Spinning Mill) Nijverdal, as has been suggested.

The amount of NLG 1.6 million mentioned in the media that Mr. De Vries received in 1996 related to a financial compensation for a business agreement which was reversed by the then Executive Board of TenCate, as is explained here more fully.

In the press release of 14 September 2007, the Supervisory Board expressed its confidence in Mr. De Vries. He also enjoys the complete support and appreciation from the works council and group management.

United Fabrics affair

In 2000 legal proceedings were started by United Fabrics (UF) against TenCate, concerning an alleged loss with reference to the bankruptcy of Textielgroep Twenthe (TGT). United Fabrics had a majority interest in this group.

In the past, persons associated with UF have made allegations directed at Mr. De Vries, which have brought discredit on him.

There was no reason for the Supervisory Board at the time to respond to this in the media. As is well known, these proceedings are a protracted matter. Reports about progress were, however, issued regularly.

The legal preliminary investigation by the Public Prosecutions Department results from the above-mentioned allegations, which are being contested by TenCate and/or Mr. De Vries.

Legal preliminary investigation

The reason for the media reports was a preliminary investigation, instituted by the Public Prosecutions Department concerning Mr. De Vries. The preliminary investigation focuses on the following points:

- Preliminary investigation relating to tax in Mr. De Vries' private domain. In view of the nature of this part of the preliminary investigation, it is not up to the company to go into this.

- The declarations by Mr. De Vries in the civil proceedings in relation to United Fabrics, with which TenCate has had a legal dispute since the end of 2000.
- A possible involvement by Mr. De Vries in the purchase of the Spinnerij Nijverdal by TenCate in mid-1996, from which he is alleged to have benefited.

Chronological overview

It is of great importance in this question to distinguish the timeframes in which Mr. De Vries was employed inside and outside TenCate and in which he did not or did bear responsibility as a member or Chairman of the Executive Board:

1. Mr. De Vries was employed by TenCate Technical Fabrics bv in March 1990.
2. In connection with a strategic reorientation by the then Executive Board / Supervisory Board, Mr. De Vries received in 1994 from the then Executive Board the possibility by means of a bidbook drawn up by the company to buy in principle all TenCate's textile activities.
3. On 1 May 1994 TenCate Technical Fabrics was sold for 75% to a consortium in which Mr. De Vries had a minority share. After this buy-out he was appointed general manager of TenCate Technical Fabrics.
4. At the end of 1994 an agreement in principle was also reached between the consortium and TenCate on the sale of TenCate Advanced Composites bv, while negotiations about the sale of TenCate Protect were also started.
5. Between 1994 and 1998 Mr. De Vries had a four-year contract of employment with the investors in respect of TenCate Technical Fabrics bv. This gave him explicit permission to invest and to participate independently in companies.
6. When a new Executive Board took office at the beginning of 1995, a fundamental change in the strategic policy followed, in which the divestment of textile companies was halted with immediate effect.
7. On the initiative of the then Executive Board, agreement was reached in March 1995 with the majority shareholder in TenCate Technical Fabrics to repurchase this company. Mr. De Vries as minority shareholder took no part in the negotiations in question.
8. The sale of TenCate Advanced Composites, which had already been agreed upon, to the investment consortium, in which Mr. De Vries had a minority share, was revoked in March 1995. As a consequence of this, the consortium received a financial compensation in the course of 1996, on account of this transaction not taking place. For Mr. De Vries this was an amount of NLG 1.6 million.
9. After the repurchase of TenCate Technical Fabrics by TenCate in 1995 Mr. De Vries was employed as general manager of this company under the same contract of employment (see point 5) and reported to the then Executive Board of TenCate.
10. In mid-1996 the purchase of Spinnerij Nijverdal took place, being bought by TenCate from Atomota nv, a group of investors. The negotiations with Atomota nv were conducted directly by the then Executive Board of TenCate. Mr. De Vries formed no part of this investment group and had no involvement whatsoever in the negotiations and the transaction resulting

- from them. Neither was he a member of the Executive Board of TenCate in 1996.
11. In 1998 Mr. De Vries was permitted to undertake activities for Textielgroep Twenthe (TGT)/United Fabrics, in which he was not a shareholder and with which did not have a contract of employment.
 12. As a result of the difference of opinion in respect of future plans and a lack of opportunities for the expansion of TGT, these activities were ended in September 1998 and Mr. De Vries was appointed member of the Executive Board of TenCate on 1 October 1998. This step was the reason for TenCate's legal conflict with UF, which is still ongoing (see above under United Fabrics).
 13. On 1 August 2000 Mr. De Vries was appointed Chairman of the Executive Board of TenCate.

Negative purchase advice concerning Spinnerij (Spinning Mill) Nijverdal

Before the then Executive Board of TenCate proceeded to purchase the spinning mill, a valuation report was issued among others by Mr. De Vries, by virtue of his position as general manager. This report contained a negative purchase advice.

Mr. De Vries, despite his negative advice regarding the purchase transaction, took upon himself from his position as general manager the operational management of the spinning mill and transformed the spinning mill into a profitable operation.

The then Executive Board saw the purchase of Spinnerij Nijverdal and its strategic location in the business park at Nijverdal in conjunction with the formation of an integrated group of textile companies.

Mr. De Vries as Chairman of the Executive Board

Mr. De Vries has made a significant contribution to the positive profit trend of TenCate's textile activities. He has successfully implemented his strategic vision within TenCate from his role as director. The enterprising manner in which the strategy has been implemented in the past few years has resulted in the leading positions that TenCate currently holds worldwide in our strategic core markets.

With this additional information the Supervisory Board has provided clarity with regard to the actual state of affairs, which creates a more balanced picture.

Almelo, 24 September 2007

Supervisory Board Royal Ten Cate nv

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