

Minutes

Of the Annual General Meeting of Shareholders of Royal Ten Cate, held on Thursday 3 April 2008 in the Muiekcentrum in Enschede

legal affairs

Date
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Number of pages
30

1 **Opening**

The Chairman opened the meeting and welcomed all those present and announced that the proceedings could be followed on the website.

2 **Announcements**

The Chairman made the following announcement:

Annual general meetings of shareholders are chaired by the Chairman of the Supervisory Board in accordance with article 30, paragraph 1 of the articles of association of Royal Ten Cate.

The Chairman confirmed that the meeting had been convened by the Supervisory Board and the Executive Board by an announcement on 19 March 2008 in

- Het Financieele Dagblad
- De Twentsche Courant Tubantia and in
- The Official Price List of Euronext Amsterdam nv, being the fifteenth day before the day of the meeting and thus in accordance with the requirements of the articles of association.

The business to be transacted was contained in the notice convening the meeting. This also stated that the complete text of the agenda with the explanatory notes, and the annual report and accounts had been made available for inspection, free of charge, in the prescribed manner. The documents referred to had been made available at the company's offices from the day the meeting was convened and would be available there until the end of the present meeting.

The Chairman recorded that the meeting had been convened in accordance with statutory requirements and with the requirements of

the articles of association. Legally valid resolutions could therefore be adopted in this meeting in regard to all the business announced. No request from shareholders had been received either by the Executive Board or by the Supervisory Board to place items on the agenda other than those that were already on the agenda.

The company had issued 23,556,158 ordinary shares of € 2.50.

There were 101 people in attendance as shareholders or as representatives of shareholders, with all those present being jointly entitled to cast 5,497,454 votes, together representing approximately 23.33% of the issued share capital.

Those present were given the opportunity to ask questions or make remarks about each of the items on the agenda. To enable the meeting to proceed in an orderly manner, the Chairman requested that questions and remarks be limited to the business in hand and that other subjects be kept until the final item on the agenda, Any Other Business, when other aspects could also be raised, if the meeting so wished. He requested everyone who wished to ask a question or make a remark during the meeting to make use of one of the microphones in the hall and to give his or her name as soon as they had been granted leave to speak, this with a view to the minute-taking. He also requested those who were acting as an authorized representative of one or more legal shareholders to state the name of that principal or legal person concerned.

Minutes of the meeting would be prepared. Mr. A.J. ten Cate had expressed his willingness to co-sign the minutes.

The Chairman then turned to item 3 on the agenda.

3 Discussion of the annual report

The Chairman called on Mr. De Vries, Chairman of the Executive Board, to provide a commentary on the performance, prospects and strategy, as set out on pages 22 to 41 inclusive of the annual report.

Mr. De Vries, with the aid of transparencies, gave the following commentary on the organization, vision and profile, the major

developments in 2007, the financial data, developments by sector, the acquisitions made in 2007 and 2008, action plans, financial objectives and the outlook for 2008.

The group's total revenues in 2007 amounted to € 886 million. The organization consists of two core sectors: the Advanced Textiles & Composites sector and the Geosynthetic & Grass sector. The buy & build strategy is implemented on the basis of these two sectors. In addition there is the Technical Components sector, which comes under the fix it/exit strategy.

The Advanced Textiles & Components sector achieved an organic increase in revenues of approximately 26% (revenues € 350 million) in 2007 and the Geosynthetic & Grass sector an organic increase in revenues of 8% (revenues € 468 million), in particular also through the contribution of Ten Cate Thiolon Middle East (formerly Mattex, which was acquired in February 2007).

The Technical Components sector and Holding & Services recorded revenues of € 67 million, which is the same as the revenues of 2006. The number of employees increased from approximately 4,000 in 2007 to approximately 4,500 in 2008, of whom 2,000 are employed in North America, 1,557 in Europe, 641 in Asia/Australia and 295 in the Middle East. The number of employees in Asia will increase by approximately 250 as a result of a new product location becoming operational in China in June of this year.

TenCate can rightly be considered a multinational, with revenues in the order of 1 billion Euros, which has its roots in a true company of the region where it started, as TenCate still was 10 years ago. If we examine the growth more closely, we can see from the size of the workforce that there are still approximately 1,000 employees working in the Netherlands. The Netherlands finds itself bringing up the rear, caused principally by the high cost base. In order to turn this around we shall have to innovate and develop new products and technologies, particularly in the Netherlands.

Mr. De Vries then turned his attention to the core activities:

- Protective fabrics
- Aerospace composites
- Armour composites

- Geosynthetics
- Synthetic turf

The strategy adopted earlier of seeking to achieve a position as global market leader within these core activities has been achieved in almost all markets. This position is a challenge for the company and its employees. In order to retain this position, we must always be ahead of the field through constant innovation and by investing in product and technological developments.

TenCate formulated its vision on this basis, namely:

- To develop textile, chemical and materials technology into materials science.
- From the broad technological base that TenCate possesses, TenCate as a materials supplier provides solutions with added value.
- Our system approach makes a positive contribution to developments in the sectors in which TenCate operates and strengthens the position of TenCate in the value chain.
- Concern for social themes. After all, these determine to a significant degree TenCate's future growth (the environment, safety and protection).

Those who have long been TenCate shareholders, by now know TenCate's profile. This profile is defined as follows:

- TenCate strives for leadership in its markets, (not only volume, but also technological and innovative leadership).
- The strategic framework is focused on value chain management.
- Broad technological base in textile technology in combination with chemistry.
- Strong positions within relevant knowledge domains (patents, licences, formulations and cooperation with knowledge institutes).
- Internal coherence as the basis for innovation policy: mobilizing knowledge and shortening time to market. In 2007 TenCate was honoured by the Erasmus University in Rotterdam with the Erasmus Innovation Award.
- Products based on functional characteristics (solutions), added value and quality aspects provide value creation.
- A culture of entrepreneurship and creativity and a focus on results.

Mr. De Vries then addressed the major financial developments in the year 2007.

The group recorded a strong fourth quarter, quite unlike the third quarter, which was somewhat disappointing. In November 2007 there was a considerable fall in the share price, in part triggered by analysts who, based on the third quarter figures, no longer believed that the profit forecast announced for 2007 as a whole would be achieved. This despite the explanation of the cause of the less than satisfactory third quarter figures, which was in particular deferred deliveries of defence orders. These deliveries were, however, made in the fourth quarter, so that the profit forecast announced for 2007 as a whole was more than fulfilled.

The group's revenues in 2007 increased on an organic basis by 14% to € 886 million (2006: € 771 million). Ebitda increased in 2007 by 43% to € 73 million (2006: € 52.1 million) The organic increase in Ebitda amounted to 29%. The Ebitda margin was 8.2% (2006: 6.6%).

The amortization of intangible fixed assets was € 3.6 million (2006: € 1 million) and the operating result increased by 39% to € 69.4 million (2006: € 50.1 million).

The net profit before divestment of companies amounted to € 46.1 million (an increase of 36%. Corrected to take account of all the incidental items in respect of the divestment of companies (in 2006) and a book profit from the sale of real estate, net profit was € 43 million) (2006: € 34 million), representing an increase of 26.5 % compared with 2006.

The dominant theme of the 2007 financial year was acquisitions, with the focus on the Composites group, because it is there in particular that the future lies. In this way Roshiel in Denmark (vehicle protection) Phoenixx TPC USA (UD technology, aerospace, oil and gas industry), Composix USA (vehicle protection) and YLA/CCS, USA (composites for aerospace and moulding) were acquired. The two last acquisitions were completed in 2008.

Another key factor in 2007 was the substantial contribution from Ten Cate Protective Fabrics USA (formerly Southern Mills). Once a loss-making company, it is now extremely profitable and a leader in

supplying fire-resistant products to the American Army for use by the military. With respect to continuing deliveries to the American Army, it is important for the future that TenCate has been granted a five-year exemption under the Berry Amendment.

Despite a good contribution from Mattex, the company which was acquired at the beginning of 2007, the Geosynthetic & Grass sector recorded an organic decline in Ebitda of 22%, in particular due to high start-up costs and a delay in the launch of new synthetic turf products, a restrained American market for geosynthetics and a sharp rise in the costs of raw materials.

The year 2007 saw a high level of investment of € 63 million (2006: € 43 million) Currently a new plant for geosynthetics is being built in China, which will be opened in June 2007. Investments have also been made in the expansion of synthetic turf production and the expansion of the production capacity at Advanced Composites (Cetex). Cetex materials are used in aircraft.

The year 2007, to sum it up briefly, Mr. De Vries observed, was the year of buy & build. In 2008 the focus will be more on the organic expansion of existing activities, by investing in knowledge and technology, rather than on acquisitions. Attention will also be concentrated on the promotion of innovations, management development and the creation of conditions for further revenue growth in Asia.

In the rest of 2008 the emphasis will be on consolidation, and investments will gradually decline. The investments of the past few years and recent acquisitions will now have to generate a return.

The Ten Cate Advanced Textiles & Composites sector recorded a sharp increase in the operating result of € 38.7 million in 2007 (2006: € 20.9 million) and Ebitda in 2007 of € 40.2 million (2006: € 21.3 million) with an Ebitda margin of 11.5% (2006: 7.6%). These are nonetheless more than excellent results when compared with other European textile companies.

Mr. De Vries then turned his attention to the following sectors:

The *Ten Cate Advanced Textiles* sector saw considerable growth in fire-

resistant products in the American market in 2007. The product called Defender M is being supplied to the US Army in large volumes. The exemption under the Berry Amendment has made it possible to continue to supply the military, which is a fantastic result for a European company, now that it is customary in the US for Americans in the first instance only to buy from Americans. This also says a great deal about the quality of the Ten Cate product. In the European market too there is growth in protective fabrics.

Ten Cate continues to focus on centralizing companies in Nijverdal Noord. Here too attention will increasingly be directed on the development of new technology, innovation projects, open innovation centres and knowledge-intensive production, as an example the further development of thermoplastic composites and digital finishing.

Within the *Aerospace & Armour Composites* sector sales in armour projects were concentrated on the fourth quarter. Sales of vehicle protection increased mainly as a result of the acquisition of Roshield in Denmark. In order to be able to satisfy the increasing demand for Cetex products, approximately € 12 million was invested in production capacity. This investment was necessary to enable us to continue to meet deliveries, including those for the Airbus 380. The acquisition of Phoenix USA must not be ignored, as this has resulted in the addition of a new technology to this sector: UD technology.

The *Geosynthetics & Grass* sector recorded a slight increase in the operating result from € 25.5 million in 2006 to € 28.3 million in 2007. Ebitda rose from € 25.6 million in 2006 to € 30.4 million in 2007. The Ebitda margin amounted to 6.5%. This Ebitda margin is not satisfactory. In the second half of 2007 much was done to create the conditions for achieving better results with the excellent products of this sector in 2008. The trend in the costs of raw materials, however, has continued to play an important role here also.

As regards the *Ten Cate Geosynthetics* sector, we can observe that the American market was cautious throughout 2007. Because this adverse situation will continue for some time and margins will remain depressed, cost-saving measures have been adopted at the American companies. The companies in Europe and Asia performed significantly better and further opportunities for growth were seen particularly in Asia. The new geosynthetics plant in China will further underpin this growth.

The project market, on the other hand, is moving at a lower rate than in previous years.

The performance of the *Grass group* in 2007 was not satisfactory, in part due to production problems in the Netherlands in the high season, delays in product developments and their deferred introduction, outages at too high a level and idle machinery as a result of start-up problems.

Ten Cate Grass Middle East, by contrast, made a positive contribution to the results, partly by offsetting the production problems in the Netherlands and by complementing the range of monofilament fibres. This sector also had to contend with a sharp rise in the costs of raw materials. It is therefore important also within the group to take action jointly in respect of raw materials suppliers, so that maximum use can be made of buying power.

The organic revenues of *Ten Cate Enbi* were stable. Enbi, however is having to contend with a decline in revenues in end-of-life products, as well as sluggish progress in the growth of revenues in the replacement market.

There has, however, been an increase in revenues and customers in Asia, which provides a sound basis for profitable production in China.

Mr. De Vries then gave brief consideration to the acquisitions made in 2007 and the beginning of 2008.

Phoenixx TPC USA, which constitutes a complementary technology to the Composites sector: UD (Uni-directional) technology. Through the application of this technology composites can also be used for other applications, such as flexible drill pipes and entire aircraft fuselages. At the present time our composites are still used for smaller parts in aircraft (flaps, nose cones, tails, floor panels, etc). This acquisition offers excellent prospects now that more and more composite materials (which are lighter in weight) are being used in aircraft.

Composix USA. Through the acquisition of this company Ten Cate is strengthening its global position in vehicle armour. Revenues are currently US\$ 100 million This company is the largest supplier of vehicle armour in the US.

YLA Inc/CCS composites. This company is a leader in composites for the aerospace industry. Revenues are now US\$ 23 million Specific formulations are required for these types of composites, which have been certificated. These formulations will enable us also to develop new products (spin-offs).

At the beginning of 2008 the 50% holding of Ten Cate in Edel Grass was completed. This relates to a joint venture with Oranjewoud. Edel Grass is a leading synthetic turf company (installation and renovation of sports pitches). Together with Oranjewoud and Edel Gras, TenCate intends to market synthetic turf systems and thus create distinctive capability. This participation will still require the approval of the Dutch Competition Authority.

At the beginning of 2008, 75% of the holding in Xennia PLC was completed. Xennia is a modest investment in volume terms, but technologically extremely attractive. Xennia is a leader in inkjet technology and develops inks and coating fluids and inkjet-related software. This technology makes it possible to spray coatings and chemicals on a nanoscale onto textile carriers, metal or composite.

Xennia has already been a partner of Ten Cate on the Digitex project (digital textile finishing). In brief, Xennia is an important development partner for Ten Cate.

To conclude his commentary on the company's performance, Mr. De Vries then turned his attention to the action plans for the year 2008 and the financial objectives.

- Completion of the process of integrating the recently acquired companies in the relevant existing market groups in order to further strengthen global positions.
- Special attention to improvement in the profitability of the Geosynthetics & Grass sector, by for example implementing efficiency measures, cost-cutting primarily in the US, making better use of purchasing positions and as far as possible passing on the increase in the costs of raw materials to customers.
- Commercialization of new products resulting from the Digitex process, such as active, self-cleaning fabrics.
- Focus on extending the term sustainability. In this respect Ten

Cate will have to enhance its profile both internally and externally and also further flesh out sustainability in relation to products and make it measurable.

Mr. De Vries further noted that the financial objectives for 2008 have been refined on certain points, namely:

- Ebitda as a percentage of the net capital employed should be a minimum of 15%.
- The net interest-bearing debt in respect of Ebitda will be a maximum of 2.5%.
- The growth in net profit in the long term will be a minimum of 10%.
- The Ebitda margin will gradually increase to a minimum of 10%.

The outlook for 2008.

- Acquisitions and investments will strengthen the positions of Ten Cate (vehicle armour, new geosynthetics plant in China)
- The new technology positions will strengthen Ten Cate's foundations (digital finishing, 4th generation of synthetic turf).
- Growth by responding to global trends
 - Army modernization programmes
 - Aerospace (lightweight structures)
 - Water management and the environment (geosynthetics)
- Sports and recreational markets are growth markets (synthetic turf)
- Expansion of defence market also outside the US
- Increase in profit expected. In this respect no further statements will be made, in view of the many uncertain factors, such as the performance of the American dollar and the economic situation in the US. In addition, the costs of raw materials (PE and PP) and the availability of critical raw materials continue to be significant risk factors.

The Chairman thanked Mr. De Vries for his detailed commentary on the 2007 annual report and gave those present the opportunity to ask questions about the annual report.

Mr. Zwartz remarked that he was very impressed with what Ten Cate is engaged on and complimented the Executive Board and employees on the results for the 2007 financial year and then asked what the current situation is as regards the open-width bleaching machine in Nijverdal.

Mr. De Vries replied that some initial difficulties had occurred when the open-width bleaching machine was being installed relating to the setting up of the machine and software adaptations but that these problems had been solved some time ago.

Mr. W.H. Swarte (on behalf of the Association of Securities Holders {VEB}) asked the following questions:

- 1 In the west of the country when people hear the name TenCate they still think of Twente and the textile industry, at least that is my opinion. When one considers the activities that TenCate is now involved in, could you not make more effort to give greater publicity to the splendid developments and innovative activities outlined by Mr. De Vries?
- 2 Had the Supervisory Board already been informed about the legal investigation into the company before this was made public by the press in September 2007?

Re 1 Mr. De Vries replied that TenCate has regularly been holding roadshows since 2003, first in the Netherlands and later in other countries, such as the US, England, Germany and France. Investors have a correct picture of what TenCate's activities are. At a national level we are also active, through participation in innovation platforms, cooperation with knowledge centres, visits from ministers and state secretaries to TenCate, which does not alter the fact that in the Netherlands negative associations still arise when talking about the textile industry. This is far less so than in other countries. Presenting a correct image of TenCate is receiving our undivided attention.

Re 2 The Chairman replied that the press release dealt with matters which were known to the Supervisory Board even before that press release was issued. After all there was a relationship with the United Fabrics affair, which has been the subject of legal proceedings for many years and this is reported in the annual report. Moreover an article was published fairly recently in het Financieel Dagblad, in which Ten Cate was erroneously cited in the headlines instead of United Fabrics.

It should be pointed out that, to prevent misunderstanding, the

Supervisory Board issued a press release in October 2007 in which the Board expressed its confidence in the Executive Board and in a favourable outcome of the investigations initiated by the Public Prosecutions Department.

Mr. W.H. Swarte then asked whether the company, Executive Board or Supervisory Board had been informed in advance by the Public Prosecutions Department of the launch of a preliminary legal investigation.

The Chairman replied that this was not the case. The Public Prosecutions Department had unilaterally and on its own initiative launched the preliminary legal investigation and believed that it had to place this in the public domain, without there being any immediate reason for doing so.

Mr. W.H. Swarte then observed that the publication of the information that the Public Prosecutions Department had made known had had a huge impact on the share price and he concluded that the Public Prosecutions Department is evidently allowed to make price-sensitive information public, without being sued by the Financial Markets Authority for doing so. The Chairman endorsed Mr. Swarte's observation and added that the Public Prosecutions Department apparently falls under different regulations from a listed company in this matter.

Mr. Swarte then asked whether the Supervisory Board has its own advisers in respect of the actions of the Public Prosecutions Department.

The Chairman replied in the affirmative.

Mr. Swarte then remarked that the term innovation was coming to occupy an ever more central place in the company's public relations communications and asked whether a more explicit objective had been formulated in respect of innovation and how innovation is organized as a structural process and how much the company spends annually on innovation. He also asked why the value of the patents obtained through acquisitions is not mentioned separately under intangible fixed assets.

Mr. De Vries replied that in respect of innovations Ten Cate distinguishes three steps: fundamental, applied and industrial research, focusing on the core technologies that Ten Cate had formulated for each group. The company conducts industrial research itself, fundamental research is undertaken by universities and applied research is carried out together with research institutes. Ten Cate has drawn up a Technology roadmap, in which the technology positions of the five major markets have been included. Taking this as the point of departure, a vision will be developed and then translated into a technological strategy, which will lead to innovations. The entire process up to and including the implementation of new technologies will be the responsibility of three directors concerned.

The costs of research and development, as shown in the financial statements, amount to € 8 million (see page 93 of the financial statements). A sum of € 1.4 million was capitalized for patents in 2007, as shown on page 98 of the annual report.

Mr. J.M. van Beek, on behalf of the Orange Fund nv and Orange Participations nv, complimented the company on the annual report, which provided detailed and clear information on all sectors of the company and then asked:

- 1 Could you be more transparent about the major risks that the company faces and quantify these?
2. The annual report states that all the operating companies worldwide will be linked up to a global active directory, a worldwide IT network. Are there risks attached to this transition from old to new IT systems?
- 3 Could you indicate how far advanced you are in the development of synthetic turf systems?

Re 1 Mr. Wegstapel replied that it was difficult to indicate numbers for the risks that had been formulated. When it comes to risks, the most important thing for the company is that people can adapt quickly when certain developments occur. For example being able to pass on quickly to customers price increases in

the costs of raw materials, because, as indicated, the market trends in the raw materials market can entail risks for Ten Cate, such as the price of oil and polymer. As regards our geosynthetics and grass products, as well as protective fabrics for defence, we are dealing with governments and government expenditure. It is therefore vital to follow closely the policies of the different governments and to respond rapidly to these.

Re 2 Mr. Wegstapel replied that the global active directory system is a system that facilitates communication between all the company's employees. This system will be introduced gradually in 2008. It will be phased in in such a way that there are no great risks.

Re 3 Mr. De Vries replied that he was not able to say a great deal about the developments with regard to synthetic turf systems. This had to do with the fact that almost the entire world is watching our company. It relates in part to the introduction of different technologies, in which the tufting process will be eliminated, enabling cost savings to be made.

Mr. A.J. ten Cate then asked the following questions:

- 1 How is the new branding being received in the market? After all, the designation textile has gradually disappeared from public relations communications.
- 2 On page 12 of the annual report it is stated that growth will be financed internally as far as possible, but that nevertheless the syndicated loan will be increased from € 250 million to € 400 million. Could you explain this?
- 3 On page 16 of the annual report it is stated that group financing has been moved outside the Netherlands (Switzerland). Why was this not done earlier, or in other words, what was the reason for this?
- 4 On pages 30 and 47 it is stated that operating companies will increasingly take part jointly in negotiations with the major suppliers of raw materials. Could you give us some more details about this?

- 5 On page 64 the abbreviation OEM appears. What does this abbreviation stand for?
- Re 1 Mr. De Vries replied that the branding project has been successful. There were too many brand names and trade names which were not coherent with the strategy. That is why the corporate branding project was launched, which has led to uniformity in all TenCate's public relations communications.
- Re 2 Mr. Lock replied that as far as possible we try to finance from our own resources, but when, as was the case recently, four acquisitions are under consideration, involving a total of approximately € 100 million, this has to be financed externally. That is why the syndicated loan was increased to € 400 million, during which process we took into account a small war chest which is used when the occasion arises.
- Re 3 The move to Switzerland was prompted by the fact that the favourable tax rate for corporate financing in the Netherlands had terminated, after the company had made use of this for 10 years. Now that the discussion in the Netherlands about an interest box has lasted so long, it was decided to set up our financing company outside the Netherlands. Following a study of a number of countries, we finally opted for Switzerland and are financing our foreign operating companies to an amount of approximately € 200 million from that country.
- Re 4 Mr. De Vries replied that by jointly determining the requirements for raw materials we then create buying power vis-à-vis the raw materials suppliers, for example, DSM (Dyneema fibres) and Dupont (Nomex). In part as a result of acquisitions, our need for these same raw materials is growing and our purchasing power is continuing to increase.
- Re 5 The Chairman replied that the abbreviation OEM stands for Original Equipment Manufacturer. These are manufacturers who put machines on the market under their own label.

Mr. W.F. Burgers, on behalf of the ADD Value Fund bv, then asked the following questions:

- 1 In respect of the acquisition of Mattex, there was an earn-out situation, in which one could imagine that irritation might occur. To what extent was there irritation and has this now been cleared up?
 - 2 On the basis of the SWOT analysis, under points requiring improvement, it is stated that TenCate intends to benefit from the growth in Eastern Europe. How do you intend to benefit from this growth?
 - 3 In Mr. De Vries's introduction he spoke about the Geosynthetics growth markets, in which China and India in particular were mentioned. If that growth indeed continues, do you have plans, in addition to the new plant in China, to absorb this further growth by means of extra investment in capacity?
- Re 1 Mr. De Vries replied that there was an earn-out situation at Mattex and that we could not get involved in the existing agreements with customers and suppliers of raw materials. We thus had two situations: Mattex and TenCate Thiolon, with different price structures, which had to be combined. Two existing sales organizations which dealt with the same customer. We have learned from this that you have to be extremely cautious with earn-out agreements in such situations. It would have been better to have bought this company without earn-out agreements. The irritation has now been cleared up and the earn-out period has elapsed.
- Re 2 Mr. De Vries replied that Eastern Europe is a huge market for synthetic turf and geosynthetics. The acceptance of synthetic turf there is better than in Western Europe and we hope to be able to benefit from this. In Eastern Europe the infrastructure will be improved in the years ahead, which will provide opportunities for geotextiles. Through Polyfelt's distribution network we hope to be able to make our contribution not only in Poland, the Czech Republic and Hungary, but also in the Ukraine, Belarus and Russia.
- Re 3 Mr. De Vries replied that the capacity that is now being built in

Zhuhai, China –almost 100 Sulzer machines and extrusion lines - should be sufficient for the time being and also able to cope with future growth.

Mr. M. van Praag asked the following questions:

- 1 There was a mention of orders for the US Army, but to which other armies do you supply protective clothing?
- 2 What amounts are involved in the sponsoring of Heracles?

Re 1 Mr. De Vries replied that TenCate does not supply clothing, but the protective fabrics from which uniforms are made. Apart from the US Army, NATO members might also in principle be interested. Further announcements on this subject cannot be made.

Re 2 Mr. De Vries replied that what is involved here are sponsoring contributions that are fitting for a small club like Heracles.

Mr. Swarte, on behalf of the the Association of Securities Holders, then asked whether acceptance of synthetic turf was not somewhat disappointing and whether this was the case worldwide.

Mr. De Vries replied that in Western Europe and in the Netherlands in particular for football there are still some negative opinions about synthetic turf pitches. On other continents and in Eastern Europe acceptance is no problem at all. The acceptance of synthetic turf for hockey pitches in Western Europe also took about ten years. In view of the many advantages of synthetic turf also for football pitches - the multifunctional use of the pitch and comparability with the quality of natural grass - this development in Western Europe too can no longer be stopped. The same applies to the use of synthetic turf in landscaping (alongside airport runways, on roundabouts, traffic islands, private land, etc.).

Mr. H.J. Zukunft asked the following questions:

- 1 Why, as I see in the commercial overview, are you not represented in Portugal, while you are present in almost every other country in Europe?

2 In the histograms showing geographic spread the colours black and blue can scarcely be distinguished from each other. Why do you not use colours that are more easily distinguished from each other?

3 From November 2007 the share price has been falling considerably. What is the reason for this?

4 Does the external auditor KPMG audit all the TenCate operating companies?

Re 1 Mr. De Vries replied that TenCate also delivered to Portugal and Scandinavia, but that those deliveries go through agents and distributors. The overview only mentions those countries in which TenCate has product locations or sales offices. Africa is not mentioned either even though we do deliver there.

Re 2 The Chairman replied that this question would be passed on to the compilers of the annual report.

Re 3 Mr. De Vries replied that the decline in the share price was probably the result of the third quarter figures, which showed an increase in profit of 13%. At that time people no longer believed that TenCate would be able to fulfil the profit forecast of 25% that it had made for 2007 as a whole. There were therefore speculations about the profit forecast not being achieved, which ultimately was more than fulfilled.

Re 4 Mr. Lock replied that KPMG audits all TenCate companies, with the exception of the joint venture in Australia.

To conclude this item on the agenda, the Chairman thanked the shareholders for their many questions and encouraging remarks about the quality of the annual report and the excellent results and compliments for the employees, which would be passed on to them.

4 **2007 Financial statements and appropriation of profit**

A. Adoption of the 2007 financial statements

The Chairman began with the proposal to adopt the 2007 financial statements as shown on pages 69 to 125 inclusive of the 2007 annual report, consisting of a balance sheet, a profit and loss account and the accompanying explanatory notes. The financial statements were jointly discussed by the Executive Board and the Supervisory Board as regards content and were seconded by them. The financial statements were also signed by the members of the Executive Board and the Supervisory Board. KPMG Accountants nv, the company's auditor, issued an unqualified auditors' report that appears on pages 126 and 127 of the annual report.

The Chairman then asked if anyone wished to speak on the financial statements or had any questions on this matter. Messrs. Van Hulsebeek and Oude Weernink, representing KPMG Accountants, the company's auditor, were present to answer questions, if necessary.

With reference to page 91 of the annual report, Mr. A.J. ten Cate asked whether there is a specific policy relating to the payment of goodwill upon acquisitions? For example at Roshield with revenues of € 16 million, € 31 million was paid in goodwill.

Mr. Lock replied that there is no policy regarding the payment of goodwill, but that this depends on the appeal of the company that is to be acquired for TenCate. The amount of the goodwill is closely related for example to the expected earnings performance and the synergy that you think you can develop. Consequently, the total price for an acquisition, where appropriate, consists of the visible intrinsic value, intangible fixed assets (patents) and, if it has the above-mentioned appeal, the goodwill. The high level of goodwill that was paid during the acquisition of Roshield related to its appeal and the smooth tie-up with our companies within the Ten Cate Advanced Armour group.

Mr. W.F. Burgers then asked the following questions:

- 1 With reference to page 93 of the annual report, where it is stated that the costs of research and development amount to approximately 1% of the revenues, I should like to ask if a higher amount should be taken into account in 2008 in view of the anticipated growth to approximately € 1 billion.
- 2 Could you give an indication of the tax rate for 2008, taking

into consideration the fact that, on the strength of the grass activities in Dubai, that profit can be distributed more evenly, and may we assume that the situation in Dubai, where there is no tax on profits, will remain as it is?

3 What amount do you plan to invest this year? I heard Mr. De Vries say in his introduction that things would slow down in that respect in 2008.

Re 1 The Chairman remarked that these questions relate mainly to the year 2008, whereas the 2007 financial statements are now being discussed. A certain degree of caution in answering the questions would therefore be appropriate.

As regards the costs of research and development, growth does not mean that these costs too will increase correspondingly. Because there will be an increasing amount of cooperation in this field and this means that not all the costs will have to be borne by the company, although there will always be a relationship with the development of activities.

Re 2 Mr. Wegstapel replied that the tax facility in Dubai is not linked to a period of time. As regards the tax rate for 2008, no specific figure could be mentioned. This depends greatly on the mix of countries in which the profit is generated. A cautious estimate would be an average tax rate of 25%-30%.

Re 3 Mr. Wegstapel replied that there are indications that investments in 2008 will be lower than in 2007. It must be realized, however, that in 2007 a number of decisions were taken about projects that would be completed in 2008 (the plant in China, extra capacity in Dubai and the US). An investment level of between 40 and 50 million Euros is expected for 2008.

Mr. Swarte (VEB) asked the following questions:

1 Is a financial objective employed for the working capital, for example as a percentage of the revenues? The working capital as shown on page 74 of the annual report is in my opinion

very high (€ -35.2 million)

2 In order to determine the variable remuneration for the Executive Board, a number of performance criteria are applied, which for competition reasons are not made public. Is this all audited by the auditors before the Supervisory Board reaches a decision on it?

Re 1 Mr. Lock replied that the increase in working capital appears substantial, but we always convert this into days, so the inventory, when converted into days, has decreased somewhat (from 72 days to 70 days) and the receivables have increased slightly (from 57 to 58 days). Besides, a company always aims to work with as little capital as possible, which is why attention is always paid to the development of the working capital.

Re 2 The Chairman replied that the criteria on which the variable part of the remuneration depends are translated into figures and parameters that recur in the company's financial reporting and that are in themselves included in the audit by the external auditor

Mr. Oude Weernink (KPMG) added that he was familiar with the remuneration criteria set by the Supervisory Board and that the amounts paid are included in the financial statements and these are audited by KPMG.

Mr. H.J. Zukunft asked the following questions:

1 How high would the profit have been if the US dollar had not declined against the Euro in the 2007 financial year?

2 How many roadshows did you hold in the past year?

Re 1 Mr. Lock replied that the volatility of the dollar is not so great at TenCate. Where there are exchange rate risks, these risks are hedged. This concerns in particular the profit from America.

Re 2 Mr. De Vries replied that road shows are held almost every

quarter on three continents - in the major European countries and in a number of large cities in America and Canada.

Mr. W.F. Burgers then asked whether the earn-out from Mattex had already been included in the 2007 financial statements.

Mr. Lock replied that the answer to the question appears on page 91 of the annual report. When determining the purchase price you must immediately take into account the expected earn-out and for this reason this is included in its entirety in the financial statements.

Finally, the Chairman replied to a question from Mr. W.F. Burgers, as to whether the Supervisory Board evaluates acquisitions after a period of time. He replied that this occurs with all major acquisitions after a period of time, as was also the case with Southern Mills and Polyfelt.

As there were no further questions and no vote had been requested, the Chairman concluded that the 2007 financial statements had been unanimously adopted.

B. Adoption of the appropriation of profit

As appears on page 129 of the annual report, the Executive Board resolved, on the basis of what had been determined on that subject in the articles of association, that if the financial statements were adopted unchanged an amount of approximately € 26.5 million would be reserved. The Supervisory Board approved this resolution at its meeting of 26 February 2008.

The remaining portion of the profit was available to the General Meeting of Shareholders. The Executive Board and the Supervisory Board proposed to distribute this amount as a dividend, resulting in a dividend of € 0.80 per share. The dividend would be payable in cash or in the form of a stock dividend to be charged against the share premium reserve.

The dividend of € 0.80 per share would be made payable on 2 May 2008. For bearer shares this would be made payable through the affiliated institutes.

The Chairman then asked whether anyone wished to speak on this

matter or had any questions.

The Chairman concluded that, as there were no questions and no vote had been required, the appropriation of profit had been adopted unanimously.

5 **Granting of discharge to members of the Executive Board and the Supervisory Board**

A **Granting of discharge to members of the Executive Board**

The Chairman proposed the resolution to grant discharge to the members of the Executive Board in respect of their management of the company during the 2007 financial year.

The Chairman concluded that, as a vote was not required, the resolution to grant discharge to the members of the Executive Board in respect of their management of the company during the 2007 financial year had been unanimously adopted.

B **Granting of discharge to members of the Supervisory Board**

The Chairman then turned to the granting of discharge to the members of the Supervisory Board in respect of their supervision during the 2007 financial year of the management of the Executive Board during the 2007 financial year.

The Chairman concluded that, as a vote was not required, the resolution to grant discharge to the members of the Supervisory Board for their supervision during the 2007 financial year had been unanimously adopted.

6

Composition of the Supervisory Board

A **Notification of vacancies in the Supervisory Board.**

The Chairman announced the following:

There are currently three vacancies in the Supervisory Board. Mr. A.W. Veenman is retiring as member/Chairman of the Supervisory Board after three terms of office of four years, in

conformity with the maximum term, as stated in the profile of members of the Supervisory Board and in accordance with the recommendations of the Corporate Governance Code, which are endorsed by the company.

Messrs. F.A. van Vught, C.W. Versteeg and E. ten Cate then retired in accordance with the retirement schedule.

B Opportunity for making a recommendation by the Annual General Meeting.

The Chairman invited all those present to make a recommendation for the vacancies in the Supervisory Board that had been announced. When a proposal is made to the meeting to recommend someone, details should also be provided, as referred to in article 142, paragraph 3, Book 2 of the Civil Code, as well as the reason for the recommendation.

Mr. Swarte (VEB) remarked that he would not be making a recommendation and then asked whether the intention was to appoint Mr. Hovers as Chairman of the Supervisory Board.

The Chairman confirmed this.

Mr. Swarte then remarked that the position of Chairman was becoming more and more important in the current system with ever increasing responsibilities. Certainly when one takes into consideration the complex and highly diverse company, one would surely expect a certain induction period to be necessary. In brief, why was Mr. Hovers not appointed a year earlier?

The Chairman replied that to be appointed a member and to be appointed concurrently Chairman is not generally desirable. The Supervisory Board was not able to put forward a nomination earlier and moreover the Board preferred not to convene an exceptional general meeting about this matter. Besides, the fact is that Mr. Hovers has been able to practise performing the role of Chairman at a number of companies for quite some time, which has proved him to be sufficiently skilled to do so.

Mr. A.J. Broenink asked whether it would not be advisable to

give the Supervisory Board a somewhat more international character, in view of the fact that TenCate itself is becoming ever more international?

The Chairman replied that this aspect had been discussed and the Board did not at present feel the need to nominate a foreign supervisory director. After all, the present supervisory directors and Mr. Hovers can all show considerable international experience.

c. Notification by the Supervisory Board of the persons nominated for appointment or reappointment.

The Chairman announced that at its meeting on 26 February 2008 the Supervisory Board resolved to nominate Mr. J.C.M. Hovers for appointment as a new member of the Supervisory Board. As announced earlier, this nomination came about in part at the initiation of the Central Works Council, making use of its entitlement to an enhanced right of recommendation.

The Supervisory Board is of the opinion that, in view of the profile constructed by members of the Board, Mr. Hovers' knowledge and experience complements that of the other members. Mr. Hovers will be of great value to TenCate, especially in the field of industrial production, as well as in a conceptual, strategic sense.

The company issued a press release in respect of this nomination on 5 March 2008. Further details about Mr. Hovers are given in the explanatory notes accompanying the agenda.

Likewise on 26 February 2008 the Supervisory Board resolved to nominate Messrs. Van Vught and Ten Cate for reappointment.

The reappointments were discussed in the Supervisory Board and its unanimous opinion was that Messrs. Van Vught and Ten Cate are very valuable to the company and that their knowledge and experience are in line with the requirements in the profile constructed by members of the Board.

The Chairman concluded that no-one wished to speak and moved on to item 6d on the agenda.

d Proposal to appoint the persons nominated by the Supervisory Board

The Chairman proposed to adopt the appointment of Mr. Hovers as a new member of the Supervisory Board and to reappoint Messrs. Van Vught and Ten Cate.

The Chairman concluded that, as no vote was required, and neither were there any questions, Mr. Hovers had been unanimously appointed as a new member of the Supervisory Board and that Messrs. Van Vught and Ten Cate had been reappointed.

7 Authorization for repurchase of own shares

The seventh subject on the agenda for this meeting relates to the proposal to grant authorization to the Executive Board of Royal Ten Cate, with the approval of the Supervisory Board, for a period of eighteen months, from 1 April 2008 to 30 September 2009, to acquire fully paid own shares or depositary receipts for such shares (in a stock exchange or by other means). The maximum number of shares to be thus acquired should be equivalent to 10% of issued capital at the time of acquiring the shares (or depositary receipts for such shares). The acquisition price of the acquired shares or depositary receipts for such shares must be between one Eurocent (€ 0.01) and the amount equivalent, as a maximum, to the stock market price, plus 10%. The stock market price should be taken to mean the average of the closing prices according to the Official Price List of Euronext Amsterdam nv on the five trading days prior to the date of acquisition. Any acquisition of own shares or depositary receipts for such shares should be subject to the applicable legal provisions.

The Chairman concluded that, as there were no questions and no vote was required, the authorization as appears on the agenda had been unanimously granted.

8 Delegation of powers to issue shares and limit the pre-emptive right

The Annual General Meeting of Shareholders resolved on 29 March 2007 to grant authority to the Executive Board, with the approval of the Supervisory Board, to issue shares and to exclude or limit the pre-emptive right for the period from 1 April 2007 to 30 September 2008. In order to prevent the Executive Board losing such authority for several months between 1 April 2008 and the subsequent regular meeting of shareholders, the Executive Board and the Supervisory Board proposed that the Executive Board be designated, with the approval of the Supervisory Board, for a period of 18 months from 1 April 2008 to 30 September 2009, as the body authorized to issue shares (including the granting of rights to acquire shares) and to exclude or limit the pre-emptive right. The authority to issue shares relates to 10% of the issued share capital, plus a further issue to a maximum of 10% of the issued share capital where the issue is made in the context of a merger or acquisition. The same applies to the authority of the Executive Board, with the approval of the Supervisory Board, to limit or exclude the pre-emptive right, on the basis of article 6 of the articles of association.

a. Resolution on the delegation of authority to issue shares

The Chairman proposed to agree to, as stated in the agenda, the extension of the designation of the Executive Board as the body authorized to issue shares (including the granting of rights to acquire shares) for a period of 18 months from 1 April 2008 to 30 September 2009 for 10% of the issued share capital plus a further issue to a maximum of 10% of the issued share capital where the issue is made in the context of a merger or acquisition.

The Chairman recorded that City Bank N.A. had cast 163,633 votes against this proposal and then ascertained that, now there were no further votes against, the general meeting had resolved with a clear majority to extend the designation of the Executive Board as the body authorized to issue shares, as stated in the agenda.

b. Resolution on the delegation of authority to limit the pre-emptive right

The Chairman proposed to agree to extend the designation of the Executive Board as the body authorized to exclude or limit the pre-emptive right for a period of 18 months from 1 April 2008 to 30 September 2009 for 10% of the issued share capital plus a further issue

to a maximum of 10% of the issued share capital where the issue is made in the context of a merger or acquisition.

The Chairman recorded that City Bank N.A. had cast 163,633 votes against this proposal and then ascertained that, now there were no further votes against, the general meeting had resolved with a clear majority to extend the designation of the Executive Board as the body authorized to exclude or limit the pre-emptive right, as stated in the agenda.

9 **Any other business**

A question was asked about whether tours of the company were still being organized for shareholders.

Mr. Spaan replied that when a tour of the company is organized for shareholders TenCate would announce this on its website and added that shareholders could also via the website subscribe to the Ten Cate Update magazine, which also contains information about which projects TenCate is working on and which also gives notice of when another tour of the company will be organized for shareholders.

Mr. A.J. ten Cate then requested permission to speak and turned to Mr. A.W. Veenman, as this was his last shareholders meeting:

“For twelve years you have chaired the Supervisory Board and have always listened attentively to the shareholders. Under your leadership as Chairman, TenCate has grown tremendously over the past twelve years and focus has been brought on the portfolio. You also committed yourself to the company TenCate when, as part of the recommendations of the Corporate Governance Code, one was only permitted to hold a limited number of supervisory directorships in listed companies. I think everyone greatly appreciates all the work you have done for the company over the past few years”.

The meeting endorsed Mr. A.J. ten Cate’s words with applause for the Chairman.

The Chairman thanked Mr. A.J. ten Cate for his kind words and called attention to the departure of Mr. Versteeg, remarking that supervisory director Versteeg was a person who was involved with the company,

who always bore in mind the human aspect and was alert to developments in society. He has been of great value to TenCate, partly in relation to employee participation, for which the members of the Supervisory Board owe him a great debt of gratitude.

Mr. Versteeg thanked the Chairman for his kind words and added that it had always been a great pleasure for him to be a member of this Supervisory Board under the leadership of the Chairman and he wished the Chairman and the company all the very best.

The Chairman then thanked Mr. Lock, a familiar face at the table in shareholders meetings: always prepared, always available, reliable and a professional. He answered the many questions from shareholders relating to figures in an expert fashion. The Supervisory Board and the Executive Board too had for many years been able to benefit from his expertise and his commitment to the company.

Mr. Deiters, vice Chairman of the Supervisory Board, then took the floor and addressed Mr. Veenman on behalf of all his fellow supervisory directors.

"We have learned a great deal from you; as Chairman you have always kept a tight rein on the meetings, but there was always room for discussion. You have extremely broad technical knowledge, so that everything relating to production and the application of technologies were dealt with correctly. As an engineer, we were constantly struck by how much product knowledge you possessed, and on top of that you were very well informed about the rules and regulations. You have also contributed to the formulation of the company's strategy and have helped to bring the company to where it now is: a company with a clear focus and a future. Your contacts with the Central Works Council too are appreciated. When they needed you, you were there for them".

Mr. Deiters then thanked him also on behalf of the other members of the Supervisory Board for their exceptionally good partnership and wished the Chairman a successful future.

The Chairman remarked that he was speechless after all these words of praise and added that he can leave now there is a superb company with an excellent Executive Board and a splendid Supervisory Board under a new Chairman.

Datum
23 april 2008

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10 **Closure of the meeting**

The Chairman thanked all those present for their attendance and their commitment to the company and then declared the meeting closed.

May 2008

Approved

A.W. Veenman

A.J. ten Cate