

Press release

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Press

Katelijin Bohez
T +32 56 23 05 71

Investor Relations

Jacques Anckaert
T +32 56 23 05 72

Bekaert reorganizes steel cord activities in Belgium

Intention to close plant in Lanklaar

Kortrijk, 26 June 2008 – Bekaert management has today advised its Belgian works councils concerning the planned reorganization of its steel cord activities in Belgium. This reorganization includes the intention to close the production plant in **Lanklaar** and the decision to integrate the **Waregem** production entity into other plants within the Bekaert group.

The intended closure of the plant in **Lanklaar** affects 136 jobs. Management regrets the need for this measure and will immediately enter into the first phase of information and consultation with the employee representatives, as required by law, leading to negotiations on the agreement of a social plan.

The transfer of the activities from **Waregem** will not give rise to any lay-offs.

As a result of this reorganization Bekaert's Belgian steel cord activities would be largely concentrated in **Aalter**, this plant continuing to specialize even more in the production and development of advanced steel cord products.

Context

The recent structural changes in the steel cord market have an immediate impact on the competitiveness of Bekaert as a group. Bekaert notes, for instance, that the process whereby its customers – specifically the tire manufacturers – are transferring their production activities from Western to Central Europe is continuing. Competitors in the production of steel cord also carry on building up their presence and position in Central Europe. Increasingly, therefore, customers are looking to locally-based suppliers who can supply them at lower cost so that they can be competitive in these growth markets. In short, Bekaert is facing sustained pressure on selling prices for steel cord products in Europe.

Reorganization in Belgium

If Bekaert is to retain its competitiveness as a group in the long run, it is vital for the company to reorganize its steel cord production in Western Europe, which is still heavily concentrated in Belgium. This requires a joint approach involving all the steel cord plants concerned.

(1) The difficult market conditions particularly affect the plant in **Lanklaar**, which is largely engaged in the production of semi-finished products for Bekaert's tire cord manufacturing platform in Central Europe. This calls for structural measures to be taken by which management feels compelled to announce the intention to close the plant.

As Patrick De Keyzer, General Manager Steelcord Technology & Operations Europe & Turkey, explains, "We acknowledge that this will be very painful for those concerned but market conditions force us to take action now, so that we can establish a more robust basis for a sustainable future for the Bekaert group. We shall be entering into a dialogue with the employee organizations as soon as possible."

(2) As regards the plant in **Waregem**, it has been decided to transfer the woven product activities to Zwevegem. The fine cord activities with high added value will be integrated into the plant in Aalter. The employees concerned will be offered jobs in nearby plants.

(3) Partly as a result of the integration of the products from Waregem, the **Aalter** plant will specialize to an even greater extent in the production of advanced steel cord products and will continue to function as the technological platform for the European steel cord activities, acting in close cooperation with the technology center in Deerlijk.

Profile

Bekaert (www.bekaert.com) seeks sustainable profitable growth based on its two core competences: advanced metal transformation and advanced materials and coatings. Bekaert aims to consolidate its position as both market and technological leader around the world. With its broad range of high technological products, systems and services, Bekaert offers high added value for its customers. Bekaert (Euronext Brussels: BEKB) is a European based company, headquartered in Belgium, employing 20 400 people. Bekaert, present in 120 countries, generates combined annual sales of more than € 3.4 billion.