

Ercros's New Adjustment Plan

Ercros has presented today to the unions a new Adjustment Plan that contemplates a reduction of the productive structure of the company to address the fall in demand experienced as a consequence of the economic crisis. Cost savings resulting from this Plan are estimated at approximately 48 million Euros per year.

The main measures contained in the Adjustment Plan are as follows:

- **Closing down of the chloromethanes plants at the Palos and Flix factories:** The deterioration of the chloroform market (main product of this family) and the resulting fall in profitability are the main reasons behind this decision.
- **Closing down of the EDC plant at the Palos factory:** This is motivated by the fall in the demand of the PVC.
- **Closing down of the electrolysis plant at the Palos factory and temporary suspension of production in part of the electrolysis plant at the Flix factory:** This is a consequence of the lower needs for chlorine caused by the two above measures.
- **Reduction of the productive structure at the Almussafes, Aranjuez, Cartagena, Cerdanyola, Flix, Tarragona and Tortosa factories:** All these measures are motivated by the fall in demand and by the resulting excess burden of fixed costs.
- **General reduction of overheads and variable costs:** These include, among others, reduction of corporation structure and headquarters' rented space, renegotiation of supply and service contracts, etc.

These measures imply the lay off of 410 employees. Of them, 271 are definitive extinctions of employment and 139 temporary lay offs. These 410 employees represent 22% of Ercros's staff at March 31, 2009.

Ercros will shortly present to the labour authorities the formal request of employment reduction. From that moment, the company and the unions will have a period of thirty days to negotiate the terms of the formal request.

The Adjustment Plan complements the Efficiency Improvement Plan (EIP), whose implementation started in 2007 and is now reaching its final stages. The EIP, the resultant cost reduction, and the rights issue that took place in that year has allowed the company to mitigate the effects of the crisis during 2008. The present Adjustment Plan will permit the company to further adjust its productive structure in view of the persistence of the present economic climate.

Barcelona, April 5th 2009