



## **NV BEKAERT SA**

Bekaertstraat 2, 8550 Zwevegem

VAT BE 0405.388.536 RPR Kortrijk

*Naamloze vennootschap* (public limited liability company) under Belgian law

(**'Bekaert'** or the **'Issuer'**)

## **Registration Document related to the Issuer**

Registration Document related to the Issuer dated 2 December 2010

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## 0 Risk factors regarding the Issuer

Before taking an investment decision, potential investors should carefully read the risk factors below, describing not only the risks related to the Issuer, but also related to its subsidiaries. The described risks and uncertainties are not the only risks and uncertainties that influence the Issuer. Any of these risk factors, as well as additional risks or uncertainties of which the Issuer is not aware on the date the Registration Document was issued, or is considered as immaterial, could also affect the business operations or its capacity to make payments regarding bonds or other debt. Such risks could materially affect the Issuer's business, results of operations and its financial position and cause the value of the securities offered hereunder to decline. Investors could lose all or part of their investment. The Issuer is unaware of (material) risks today, other than those described below. Some statements in this section contain forward-looking information (see "Forward-looking Statements").

In case of doubt about the risks related to the Issuer, investors are requested to consult a specialized financial advisor or, when the occasion arises, to abandon any investment decision regarding the Issuer.

### 0.1 *Economical and cyclical risk*

Like many global companies, the Issuer is exposed to risks affecting businesses that are expanding around the world both in mature markets and in rapidly developing growth markets. The growth of these economies, the potential political and financial risks they present, the emergence of new technologies and competitors, the shifting economic flows between continents, the growing environmental awareness, the volatile supply of and demand for raw materials and the probability of consolidation of all or part of industrial segments present as many risks for the Issuer as they create opportunities. Strategically, the Issuer defends itself against economical and cyclical risks by being active in different regions and different sectors. The Issuer is active in more than 30 countries and its products can be clustered in seven sectors. This sector spread is an advantage as it makes the Issuer less sensitive to sector-specific trends. Nevertheless, a global economic crisis can impact the most important sectors in which it is active, namely automotive, energy and utilities and construction. In the Issuer's case, it are mainly replacement and infrastructure markets, which are less sensitive to market changes.

The crisis in the financial sector impacted the real economy and also had its effect on the markets and sectors in which the Issuer is active. The economic crisis caused a lower demand at the end of 2008 and early 2009. Although the Issuer disposes of a broad customer base, a deterioration of the economic situation could imply financing problems for some customers and can lead to an increase of the bad debt provisions. Such an economic crisis could negatively impact the Issuer's profitability.

Short and long-term visibility on market developments remains extremely limited. Bekaert has a high exposure of more than 70% to emerging countries in which the market conditions can differ from the mature markets. Political risks or a faster than anticipated slowdown cannot be excluded. The Issuer invested heavily in new product development and changed in a

substantial way the product mix over the last ten years. Innovative products could have shorter life cycles than the traditional product mix of the Issuer.

Notwithstanding the economic circumstances, the Issuer is confident that its broad geographical coverage with a strong presence in emerging markets, as well as its growing portfolio of product innovations, will be of strategic importance. The Issuer will closely monitor market developments and customer requirements, so advantage can be taken of opportunities the moment they arise.

## **0.2 Credit risk**

The Issuer does not have a credit rating and does not intend to apply for a credit rating. The ability to pay the principal amount of and interest on the Bonds, and on other indebtedness, depends on the future operating performance. The future operating performance depends on the market situation and sector-related factors which are often beyond the control of the Issuer, and consequently the Issuer cannot provide any assurance that it will have sufficient cash flow available to repay the principal amount and the interest on the indebtedness, although the net debt to EBITDA ratio amounted only to 0.83 at the end of June 2010, well under the Issuer's L/T guidance standing at below 2. It is also not certain that the terms of the new debt financing may be the same as the current ones and that consequently the financing cost may increase which will have a negative influence on the Issuer's profitability. The Issuer is exposed to credit risk from its operating activities and certain financing activities. In respect of its operating activities, the Issuer has a credit policy in place, which takes into account the risk profiles of the customers in terms of the market segment to which they belong.

## **0.3 Risks related to raw materials**

The primary raw material is wire rod, a long steel product. As the leading purchaser in the world of wire rod, the Issuer buys more than 2.5 million tons of wire rod annually. Wire rod represents about 35% of cost of sales. The last two years have been characterized by high price volatility. Prices started to increase in 2008 by more than 10 % in the second quarter and by more than 40 % in the third quarter, followed by a decrease of the same magnitude in the fourth quarter of 2008 and to a lesser extent in the first months of 2009. After a period of relative stabilization, prices have to a lesser extent increased again in 2010. In principle, price movements are passed to sales prices as soon as possible. Being unsuccessful in passing on cost increases to the customers in due time can negatively influence the financial results of the Issuer.

Raw materials in inventories are valued at the lower of cost and net realizable value. Cost is determined by the first-in, first-out (FIFO) method. Although sales prices do reflect price decreases of raw materials, the drop in wire rod prices has caused important write-downs of inventories in the first half of 2009 by -€40 million in order to value at replacement value. Following the price increases in the first half of 2010, there was a positive adjustment of the consolidated operating result by €20 million.

#### **0.4 Competition**

The Issuer is active in a competitive global and regional industry. Risks related to competition can possibly influence the profit margins, which can affect both the net result and the operational cash flows. The Issuer continuously evaluates the risks of competitive and possible alternative products.

The competitive landscape consists of international, national, regional and local actors, which can be integrated or active in a specific market segment. In the major markets, customers can even be competitors. Tire makers such as Michelin, Goodyear, Bridgestone and others do not only use steel cord from the Issuer, but also produce the product themselves. In new markets, as China, competitors as Xingda arise and become not only important local actors, but become also active on the international market. Examples of other competitors are KIS (Korea), Davis Wire (USA), Keystone (USA), Gerdau (Latin America), Uralkord (Russia), etc.

To face the future and ever-stronger competition, the Issuer doubled its investments in Research and Development (R&D) over the last years in a continuous search for innovative products and processes. The Issuer is particularly R&D intensive. The means, as defined in the consolidated profit and loss statement as cost for research and development, that are invested in technology and innovation are estimated at €80 million in 2010 or about 3 % of consolidated sales. The Issuer started new R&D centres in China and in India and looks for an intensive cooperation with a variety of institutions and organisations such as: SRI Consulting Business Intelligence, USA; LMC International, UK; Massachusetts Institute of Technology, USA.

The Issuer also takes into account possible substitution by competitive technologies or products. Risks are frequently evaluated by the Issuer, possibly together with the above-mentioned institutions and organisations. On the basis of technological and cost related barriers, substitution is not a severe threat today. However, the Issuer continues to evaluate the risks in a systematic way.

The efforts to remain competitive, to keep or to increase market share against competition could influence the net result and the operational cash flow and are not a guarantee for a sales increase.

#### **0.5 Labour market**

A competitive labour market can increase costs for the Issuer and as such decrease the results. The success of the Issuer depends mainly on its capacity to hire and to retain at all levels qualified people. The Issuer competes with other companies on its markets for hiring people. A shortage of qualified people could force the Issuer to increase wages or other benefits in order to be effectively competitive when hiring or retaining qualified employees or retaining expensive temporary employees. It is uncertain that higher labour cost can be compensated by efforts to increase effectiveness in other activity areas of the Issuer.

#### **0.6 Financial risk management**

The Issuer is exposed to risks from fluctuations in exchange rates, interest rates and market prices that affect its assets and liabilities. Financial risk management of the Issuer aims at reducing the impact of these market risks through ongoing operational and financing activities. Selected derivative hedging instruments are used depending on the assessment of risk involved. The Issuer hedges only the risks that affect the Issuer's cash flow. Derivatives are

used exclusively as hedging instruments and not for trading or other speculative purposes. To reduce the credit risk, hedging transactions are generally only concluded with financial institutions whose credit rating is at least A. The guidelines and principles of the Issuer's financial risk policy are defined by the Audit and Finance Committee and overseen by the Issuer's Board of Directors. The Issuer's Group Treasury is responsible for implementing the financial risk policy. This encompasses defining appropriate policies and setting up effective control and reporting procedures. The Audit and Finance Committee is regularly kept informed as to the currency and interest-rate exposure. However, there is no guarantee that the risk management system covers all risks completely or in a sufficient way and that adverse currency movements can be excluded.

The financial crisis has an important impact on the credit market. The restrictive credit policy makes it more difficult, but not impossible, to organise financing. However the Issuer strives to continue its historically strong balance structure, its relatively low gearing and strong cash flow. Traditionally the Issuer has a capital ratio (equity to total assets) of more than 40% and a gearing (net financial debt to equity) of about 50 %. The financing cost however increases by the higher risk premiums applied by the financial markets. More information on financial risk management and financial derivatives can be found in Note 7.3. of the Bekaert Annual Report 2009 on pages 183-194 (see section 16 of this Registration Document).

### **0.7 Internal control**

An effective internal control on financial reporting is necessary to reach a reasonable level of assurance related to the Issuer's financial reports and in order to prevent fraud. Internal control on financial reporting cannot prevent or trace all errors due to limits peculiar for control, such as possible human errors, misleading or circumventing controls, or fraud. That's why an effective internal control only generates a reasonable assurance for the preparation and the fair presentation of the annual report.

### **0.8 Risks related to suppliers**

Political and economical instability in supplier based countries, the financial instability of suppliers, suppliers not complying with the Issuer's standards, labour issues at the supplier, availability of raw material with the Issuer or with its suppliers, quality problems, currency movements, available transport and related costs, inflation, and other factors related to the suppliers and countries where they are based, are outside the Issuer's control. Moreover, import duties and other taxes on imported goods, trading sanctions imposed against certain countries, import restrictions out of other countries of certain products or goods containing certain raw materials and other factors related to foreign trade are outside the Issuer's control. All those factors that have an influence on the Issuer's suppliers and access to products can negatively influence the financial results of the Issuer.

### **0.9 Risks related to IT-failures**

Many operational activities of the Issuer depend on IT-systems, developed and maintained by internal and external experts. A failure in one of these IT-systems could interrupt the Issuer's activities, which could result in a negative influence on its sales and profitability.

### ***0.10 Natural disasters and geopolitical events***

One or more natural disasters, such as hurricanes, earthquakes, tsunami or pandemics, and geopolitical events, such as civil commotion in a country where the Issuer is active or its suppliers are based and attacks disturbing transport systems, could negatively impact the Issuer's activities and financial results.

### ***0.11 Compliance with laws and regulations***

Many aspects of the Issuer's activities are subject to federal, regional, national and local laws and rules in Belgium, the United States and other countries. Compliance with those laws and regulations could lead to additional costs or capital expenditures, which could negatively impact the possibilities of the Issuer to develop activities.

### ***0.12 Compliance with environmental laws and regulations***

The Issuer has a possible risk for environmental liability due to the number of properties owned or rented by itself or its subsidiaries in or outside Belgium. The Issuer is subject to laws, regulations and decrees applicable on the activities and transactions that could imply negative environmental effects. Those laws, regulations and decrees could force the Issuer to pay for cleaning up and damages for sites where dangerous waste was dumped. Under the environmental laws, the Issuer can be liable for repairing the environmental damage and be subject to related costs in its production sites, warehouses and offices as well as the soil on which they are located, irrespective of the fact that the Issuer owns, rents or sublets those production sites, warehouses and offices and irrespective of whether the environmental damage was caused by the Issuer or by a previous owner or tenant. Costs for research, repair or removal of environmental damage can be substantial. It's uncertain that environmental damage caused by previous, existing or future warehousing will not harm the Issuer through, for instance, a business interruption, repair costs or reputation damage.

### ***0.13 No audited financial information for the period after 31 December 2009***

The Registration Document does not contain audited financial information for the period after 31 December 2009. The interim financial information in sections 4.2 and 16 has not been audited or reviewed by external auditors. Investors are informed that the audited financial statements for the financial year ending on 31 December 2010 may reveal differences compared to the unaudited financial information incorporated by reference in this Registration Document.

# 1 General

## 1.1 Approval of the Luxembourg Commission de Surveillance du Secteur Financier

This registration document related to the Issuer of 2 December 2010 prepared in English (the '**Registration Document**') was approved by the Luxembourg *Commission de Surveillance du Secteur Financier* (the '**CSSF**') on 2 December 2010, with application of article 7 of the Luxembourg law dated 10 July 2005 relating to prospectuses for securities. This approval does not involve any assessment of the opportunity or quality of the transaction, or of the situation of the person realising it (the Issuer).

The Registration Document is a registration document within the meaning of Article 5(3) of Directive 2003/71/EC of the European Parliament and the Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading and amending Directive 2001/34/EC (the '**Prospectus Directive**') and has been prepared in accordance with Chapter II of the EU Regulation no. 809/2004 from the European Commission (the '**Regulation**') and, together with a securities note (the '**Securities Note**') concerning the offer of bonds (the '**Bonds**') and the summary concerning the offer of the Bonds, forms the prospectus with respect to the transaction referred to in the Securities Note concerning the Bonds (the '**Prospectus**').

## 1.2 Responsible Persons

NV Bekaert SA, a *naamloze vennootschap* (public limited liability company) under Belgian law, with its registered office at Bekaertstraat 2, BE-8550 Zwevegem, VAT BE 0405.388.536 RPR Kortrijk (the '**Issuer**') assumes the responsibility for the information in the Registration Document.

The Issuer declares that, having taken all reasonable care to ensure that such is the case, to the best of its knowledge, the information contained in the Registration Document is in accordance with the facts and that the Registration Document makes no omission likely to affect its import.

Nobody is authorised to issue information or make statements that are not included in the Registration Document and such information or statements can never be considered as having been permitted by the Issuer. The circulation of this Registration Document, at any time, does not imply that all the information it contains is still accurate after the date of the Registration Document and under no circumstances implies that the situation of the Issuer has remained unchanged since this date.

This Registration Document was prepared in English.

The Registration Document is available free of charge to the investors, in English, at the office of Bekaert located at President Kennedypark 18, BE-8500 Kortrijk. It is also available on the

website of Bekaert ([www.bekaert.com](http://www.bekaert.com)) and on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).

### **1.3 Prior warning**

The Registration Document has, as part of a Prospectus, been prepared to provide information on the Issuer. When potential investors make a decision to invest in bonds of the Issuer, they should base this decision on their own research of the Issuer and the conditions of the bonds, including, but not limited to, the associated benefits and risks, as well as the conditions of the public offer itself. The investors are urged to consult their own advisor, their own bookkeeper or other advisors concerning the legal, tax, economical, financial and other aspects associated with the subscription to bonds.

The summaries and descriptions of legal provisions, accounting principles or comparisons of such principles, legal company forms or contractual relationships reported in the Registration Document may in no circumstances be interpreted as investment, legal or tax advice for potential investors.

The investors themselves are exclusively responsible for analysing and assessing the advantages, disadvantages and risks associated with the subscription to bonds.

Any important new development, material errors or inaccuracies related to the information contained in the Registration Document, that could affect the assessment of the securities, between the time of the approval of the Registration Document and the final closure of the public offer, or, if applicable, the time at which trading on a regulated market commences, will be published by the Issuer as a supplement to the Registration Document. This supplement will be published in compliance with at least the same regulations as the Registration Document, and will be published on the website of the Issuer. The Issuer will ensure that this supplement is published as soon as possible.

Investors who have already agreed to purchase or subscribe to securities before the publication of the supplement to the Registration Document, have the right to withdraw their agreement during two working days after the publication of the supplement.

### **1.4 Forward-looking statements**

This Registration Document contains forward-looking statements, among other things statements related to the convictions and expectations of the Issuer and statements related to projections and exertions towards the future. These statements are based on the current plans, estimations, assumptions and projections of the Issuer, as well as on its expectations towards various circumstances and events.

Forward-looking statements inherently contain risks and uncertainties and only have value on the date they have been made. The Issuer by no means commits itself to adjust or update these statements, except if obliged by law. The Issuer warns potential investors that a number of important elements may cause that the actual results and consequences materially deviate from the results and consequences as described in the forward-looking statements. These elements include, but are not limited to, macro-economical developments, developments in the

regulations and other elements described in this Registration Document, like amongst others the description of the “Risk factors”.

## 2 The Issuer

The Issuer was incorporated as a private limited company (*personenvennootschap met beperkte aansprakelijkheid*) on 19 October 1935, and was converted into a public limited liability company (*naamloze vennootschap*) under Belgian law on 25 April 1969. It has an unlimited term. Bekaert has its registered office at Bekaertstraat 2, BE-8550 Zwevegem, VAT BE 0405.388.536 RPR Kortrijk (telephone: +32 56 76 61 11).

Bekaert ([www.bekaert.com](http://www.bekaert.com)) is a global technological leader in its two core competences: advanced metal transformation and advanced materials and coatings, and a market leader in drawn wire products and applications. Bekaert (Euronext Brussels: BEKB) is a global company with headquarters in Belgium, employing over 25 000 people worldwide. Serving customers in 120 countries, Bekaert pursues sustainable profitable growth in all its activities and generated € 3.3 billion combined sales in 2009.

Bekaert's core skills are transforming metal wire and applying coating technology. The combination of these competences makes Bekaert unique. As the leading purchaser in the world, Bekaert buys more than 2.5 million tons of wire rod annually, the primary raw material. Depending on the customer's requirements, wires are transformed into different diameters and strengths, even to ultra fine fibers of 1 micron. The company also has a lot of competences regarding coating technologies applied on a variety of materials. Bekaert is distinguished by its market oriented innovation.

Bekaert's long-term strategy is focused on sustainable profitable growth. In order to realize this strategy, Bekaert strengthens its driving forces to achieve worldwide market leadership and technological leadership. In the recent years, the presence in emerging markets was strengthened and since 2005, Bekaert achieved even a greater share of combined sales in emerging markets than in Western, mature markets. The steady increase in both sales and profitability enables the Issuer to invest further in the future of the company.

Customers in more than 120 countries and of a variety of sectors want to cooperate with Bekaert. They go for the broad range of high technological products, systems and services offered by the company. Bekaert's focus is on intermediate products but keeps its finger on the pulse of the end-consumers. By anticipating the industrial customer's needs, the company offers them an advantage in the market place. The company builds win-win relationships with its customers based on partnerships, based on mutual trust and understanding. Worldwide, Bekaert adds value for its customers and for its end-consumers.

In close cooperation with partners and customers, Bekaert is conducting research and development both at the Bekaert technology centre in Deerlijk and at Bekaert Asia R&D Centre in Jiangyin. Bekaert mainly invests in products with high added value. Innovation is an increasingly important engine of growth for the company.

Corporate sustainability is gaining importance. At Bekaert, too, an increasing number of activities and initiatives have been launched that are given a place under the broad umbrella of sustainability.

A healthy and safe working environment is very important. Sharp and clearly defined global goals will help in reducing the impact on the environment – via process innovation, product development and infrastructure – and to streamlining local community support. Safety has always been a key concern at Bekaert: it is embedded in the company's long tradition of operational excellence.

Dramix® Green is a nice example of product development. The green version of the steel fibre for concrete reinforcement links the aesthetic benefit of a smooth surface with high durability thanks to an environmentally friendly rust inhibitor. Other products that contribute to sustainability are for instance diesel particulate filter media, sawing wire for the production of solar cells, lighter steel cord to reduce the fuel consumption by cars, etc.

An example of process innovation is the “safety tree” model that has been implemented. This model was developed by the university of Burgos together with the Spanish Bekaert steel cord plant in Ubisa. It provides a safety action plan based on four drivers for safety: the involvement of the management; the management and control of risks; training and communication; and employee participation. A model whereby risk analysis and corrective actions are key. Other process improvement initiatives aim at operational and commercial excellence in the broadest sense.

### 3 Statutory auditors

The statutory auditor of the Issuer (the ‘**Statutory Auditor**’) is Deloitte Bedrijfsrevisoren BV o.v.v.e. CVBA, with registered office at Berkenlaan 8b, BE-1831 Diegem, represented by Joël Brehmen. Deloitte Bedrijfsrevisoren BV o.v.v.e. CVBA is a member of the Belgian ‘Instituut van de Bedrijfsrevisoren’.

The consolidated accounts of the Issuer, for the years ended 31 December 2008 and 2009 have been audited and approved without reserve by Deloitte Bedrijfsrevisoren BV o.v.v.e. CVBA.

## 4 Selected financial information

### 4.1 Audited figures

The key figures for the fiscal years 2008 and 2009 are listed below.

#### Key figures

<b>Combined key figures</b> in millions of €	<b>2008</b>	<b>2009</b>
Sales	4 010	3 343
Capital expenditure (PP&E)	290	189
Employees as at 31 December	22 570	22 592
<b>Consolidated financial statements</b> in millions of €	<b>2008</b>	<b>2009</b>
<b>Income statement</b>		
Sales	2 662	2 437
Operating result (EBIT)	210	232
Operating result before non-recurring items (REBIT)	294	257
Result from continuing operations	192	170
Result from discontinued operations	-	-
Result for the period	192	170
attributable to the Group	174	152
attributable to minority interests	18	18
Cash flow	376	305
EBITDA	412	386
Depreciation PP&E	125	139
Amortization and impairment	77	14
<b>Balance sheet</b>		
Equity	1 172	1 374
Non-current assets	1 409	1 536
Capital expenditure (PP&E)	239	158
Balance sheet total	2 667	2 830
Net debt	627	395
Capital employed	1 835	1 752
Working capital	653	519
Employees as at 31 December	16 971	18 103
<b>Ratio's</b>		
EBITDA on sales	15.5%	15.8%
REBIT on sales	11.1%	10.5%
EBIT on sales	7.9%	9.5%
EBIT interest coverage	5.5	4.9
ROCE	12.5%	12.9%
ROE	16.5%	13.4%
Capital ratio	44.0%	48.5%
Gearing (Net debt on equity)	53.5%	28.8%
Net debt on EBITDA	1.5	1
<b>Joint ventures and associated companies</b>	<b>2008</b>	<b>2009</b>

in millions of €		
Sales	1 348	905
Operating result	182	104
Net result	125	82
Group's share net result	56	38
Capital expenditure	51	31
Depreciation	34	30
Group's share equity	195	213
Employees as at 31 December	5 599	4 489

### Key figures per share

<b>NV Bekaert SA</b>	<b>2008</b>	<b>2009</b>
Number of shares as at 31 December	19 783 625	19 834 469
Market capitalization as at 31 December (in millions of €)	956	2 152
<b>Per share (in €)</b>		
EPS	8.828	7.689
Gross dividend	2.800	2.940
Net dividend	2.100	2.205
Net dividend with VVPR strip	2.380	2.499
<b>Valorization (in €)</b>		
Price as at 31 December	48.32	108.50
Price (average)	88.53	75.43

## **4.2 Unaudited interim figures**

The provisional and unaudited key figures for the half year ending as of 30 June 2009 and as of 30 June 2010 are listed below.

### Key figures

<b>Combined key figures</b>	<b>30 June 2009</b>	<b>30 June 2010</b>
in millions of €		
Sales	1 615	2 113
Capital expenditure (PP&E)	107	89
Employees as at 30 June	21 415	25 391
<b>Consolidated financial statements</b>		
in millions of €		
<b>Income statement</b>		
Sales	1 200	1 535
Operating result (EBIT)	79	243
Operating result before non-recurring items (REBIT)	86	262
Result from continuing operations	52	195
Result from discontinued operations	-	-
Result for the period	52	195
attributable to the Group	44	181
attributable to minority interests	8	14
Cash flow	110	287
EBITDA	145	349

Depreciation, amortization and impairment losses	66	106
<b>Balance sheet</b>		
Equity	1 225	1 666
Non-current assets	1 500	1 761
Capital expenditure (PP&E)	86	76
Balance sheet total	2 836	3 396
Net debt	622	582
Capital employed	1 859	2 261
Working capital	611	839
Employees as at 30 June	17 233	20 448
<b>Ratio's</b>		
EBITDA on sales	12.1 %	22.7 %
REBIT on sales	7.2 %	17.1 %
EBIT on sales	6.6 %	15.9 %
EBIT interest coverage	3.4	11.8
ROCE	8.5	24.3
ROE	8.7	25.7
Capital ratio	43.2 %	49.1 %
Gearing (Net debt on equity)	50.7 %	34.9 %
Net debt on EBITDA	2.15	0.83

<b>Joint ventures and associated companies</b> in millions of €	<b>30 June 2009</b>	<b>30 June 2010</b>
Sales	415	578
Operating result	47	59
Net result	39	41
Group's share net result	17	19
Capital expenditure	21	13
Depreciation	14	14
Group's share equity	201	245
Employees as at 30 June	4 182	4 943

### Key figures per share

<b>NV Bekaert SA</b>	<b>30 June 2009</b>	<b>30 June 2010</b>
Number of shares as at 30 June	19 783 625	19 834 469
Market capitalization as at 30 June (in millions of €)	1 448	2 724
<b>Per share (in €)</b>		
EPS	2.24	9.15
<b>Valorization (in €)</b>		
Price as at 30 June	73.21	137.35
Price (average)	57.50	126.52

### **4.3 Definitions**

Following definitions are applicable:

Cash flow	Result from continuing operations of the Group + depreciation, amortization and impairment of assets. This definition differs from that applied in the cash flow statement.
Subsidiaries	Companies in which Bekaert exercises control and generally has an interest of more than 50%.
EBIT	Operating result (earnings before interest and taxation)..
EBIT interest coverage	Operating result divided by net interest expense.
EBITDA	Operating result (EBIT) + depreciation, amortization and impairment of assets.
Non-recurring items	Operating income and expenses that are related to restructuring programs, impairment losses, environmental provisions or other events and transactions that are clearly distinct from the normal activities of the Group.
REBIT	Recurring EBIT = EBIT before non-recurring items.
Equity method	Method of accounting whereby an investment (in a joint venture or an associated company) is initially recognized at cost and subsequently adjusted for any changes in the investor's share of the joint venture's or associated company's net assets (i.e. equity). The income statement reflects the investor's share in the net result of the investee.
Associated companies	Companies in which Bekaert has a significant influence, generally reflected by an interest of at least 20%. associated companies are accounted for using the equity method.
Combined figures	Consolidated figures plus 100% of joint ventures and associated companies, after elimination of intercompany transactions (if applicable).
Joint ventures	Companies under joint control in which Bekaert generally has an interest of approximately 50%. Joint ventures are accounted for using the equity method.
Capital employed (CE)	Working capital + net intangible assets + net goodwill + net property, plant and equipment. The average CE is computed as capital employed at previous year-end plus capital employed at balance sheet date divided by two.
Net debt	Interest-bearing debt net of current loans (included in other current assets), short term deposits and cash and cash equivalents. For the purpose of debt calculation only, interest bearing debt is re-measured to reflect the effect of any cross-currency interest-rate swaps (or similar instruments), which convert this debt to the entity's functional currency.
Sales (combined)	Sales of consolidated companies + 100% of sales of joint ventures and associated companies after intercompany elimination.
Return on capital employed (ROCE)	Operating result (EBIT) relative to average capital employed.
Return on equity (ROE)	Result for the period relative to average equity.

Working capital (operating)

Inventories + trade receivables + advances paid - trade payables - advances received – remuneration and social security payables - employment-related taxes.

## 5 Information about the Issuer

### 5.1 History and development of the Issuer

Leo Leander Bekaert started in 1880 with the production of barbed wire as answer on a request for fencing material. The product range gradually expanded and as of today, Bekaert is a worldwide company headquartered in Belgium.

The company produces and commercializes a broad range of products based on its two core competences: advanced metal transformation and advanced materials and coatings.

Bekaert crossed the Belgian borders for the first time in the early 1920<sup>ies</sup> by taking a participation in a French company. Considering the high market potential in Latin America, the internationalization continued from 1950 onwards while in Western Europe the first steel cord plant started. The strong growth required additional capital and Bekaert was first listed in 1972, allowing additional growth in North America in the 70<sup>ies</sup>. Bekaert launched new products such as metal fibres and started high tech processes for advanced coatings. In 1993, Bekaert started its first manufacturing investment in the Chinese market and invested heavily there later on, resulting in a leading position in several markets. Bekaert continues building and strengthening its worldwide market leadership by optimally seizing the growth opportunities in emerging markets.

Bekaert continuously expands its international activities. While the company defends its long lasting position in mature markets, it continuously strengthens its presence in growth markets.

A breakthrough was realized in recent years in Latin America, Asia and Central and Eastern Europe. Since 2005, emerging countries represent a larger share in Bekaert's combined sales than the mature markets. And in 2009, Bekaert realized close to 75% of its combined sales in the emerging countries. In recent years, the Asia-Pacific market (26% as per mid-year 2010) became more important than the North American (15%) and EMEA market (25%) while the Latin American market (34%) remains the largest.

Typical for Bekaert is that it is a truly global company: sales generated in the above-listed regions are also effectively manufactured in those regions. Bekaert invests where markets develop, in other words: where its customers are and grow. Consequently, Bekaert can offer timely and market-specific service, close to its customers; can keep logistic flows as short as possible; and avoid currency transaction risks to a large degree.

### 5.2 Investments

Bekaert gradually increased its investment program over the last years in line with the fast expansion in the growth markets. Traditionally, the investment level (Property, Plant & Equipment) amounted annually around 100 million euro but was raised from 2004 onwards up to 166 million euro and in 2008 up to a record 239 million euro (consolidated figures only-excluding JV capital investments).

During the crisis year 2009, Bekaert reconfirmed and implemented all foreseen strategic plans – including those involving investments – but postponed/slowed down the execution of certain expansions in order to align with market circumstances. Nevertheless, Bekaert spent 158 million euro on Property, Plant & Equipment investments in 2009, and raised the budget for 2010. Among others, the following expansions and modernizations came into effect:

- start-up of Bekaert's first manufacturing plant in Russia (Lipetsk)
- state-of-the-art R&D centre in Jiangyin, China – home to more than 250 researchers and lab technicians serving Bekaert manufacturing sites and customers in Asia
- technical centre in Pune, India – to support the local growth
- gradual expansion of manufacturing platforms in Indonesia, India and Slovakia
- investments in Latin American production sites
- replacement and additions of new production lines in EMEA and North American sites
- gradual expansion of manufacturing platforms in China, with the inauguration of the “greenest steelcord plant” in Shenyang on 8 October 2010 – to mention the last official opening ceremony of the year.

Bekaert expects to realize further investments in the coming years. Bekaert has its own engineering department that designs, assembles and installs all core machinery and equipment, which makes it flexible to adapt to investment needs, depending on changing market conditions. Bekaert generates a healthy cash flow to finance its continued investment programs.

### 5.3 *Acquisitions and divestments*

Bekaert not only grows by means of expansion investments. In 2010, two major, strategic acquisition projects were concluded:

- in the beginning of 2010, Bekaert announced the acquisition of two tire cord production plants (in Sardinia, Italy and in Huizhou, Guangdong Province, China) from, and a long-term supply agreement with **Bridgestone**.  
The integration of the two plants has strengthened Bekaert's position in the tire cord market, while the long-term supply agreement further enhances Bekaert's status as an important external supplier of tire cord to Bridgestone.
- On 21 September 2010, Bekaert announced the acquisition of 75% of the shares of the spring wire and overhead conductor business of **Xinyu Iron & Steel Co.**, Ltd in Xinyu, Jiangxi Province, China. This deal – which is expected to close by year-end 2010 – entails a continued partnership with Xinyu Steel.
- Both acquisition projects are an expression of trust in a technologically strong Bekaert.

Bekaert sold its diamond-like carbon coating activities to Sulzer (Switzerland). The deal was closed on 1 July 2010 and covers the move of 6 production plants (in EMEA and North America) and 150 employees to Sulzer. The business platform generated € 12.5 million sales in 2009.

#### **5.4 Principal activities**

Bekaert's activities are built on two core competences: advanced metal transformation and advanced materials and coatings. The combination of these competences makes Bekaert unique.

The company strives for an optimal synergy between its two core competences. Innovative coatings often provide specific characteristics to wire products while coating technology on other materials also ensures new applications in other market segments. Bekaert invests a lot in research and development and distinguishes itself through customer-oriented innovation, in close cooperation with a number of its lead customers. International teams are looking for a balanced product mix, both in Bekaert's technology centre in Belgium and in local development centres. Often they work together for specific domains with renowned external research centres and institutions, such as the American *Massachusetts Institute of Technology* in Boston and the Chinese *Tsinghua University* in Beijing. Added value can be offered through Bekaert's technological leadership.

Not only the geographical spread generates sustainable growth, also the spread over seven diverse sectors defends Bekaert against cyclical movements and changes in market conditions.

##### ***The automotive sector***

The automotive sector is the most significant buyer of Bekaert products, accounting for 36% of sales in 2009. The largest part is supplied to the replacement market, which is less susceptible to market fluctuations, and the remainder is delivered via original equipment suppliers to car manufacturers.

Bekaert supplies steel cord to nearly all tire manufacturers in the world. Steel cord is used as reinforcement for radial tires. About 25 % is supplied via the tire producers to car manufacturers and about 75 % to the replacement market. Bekaert also provides its customers with specialized wire products that meet the highest quality standards.

##### ***The energy and utilities sector***

This is one of the most robustly growing sectors. Energy and utilities markets now comprise a combined 21% of Bekaert's sales in 2009 while a few years ago they accounted for less than 5%. A particular contribution is made to the production and distribution of energy and facilities for water and telecom. The products for these sectors include cable reinforcement; wires and cables for oil and gas drilling; steel wires, strands and conductors for overhead power lines; and burners that guarantee optimum incineration of residual gases during oil extraction. In these industrial branches, the drive towards renewable energy is a pre-eminent driving force behind our innovation. With sawing wire, for example, it is made possible to manufacturers in the photovoltaic industry to cut silicon for solar cells with a minimum loss of materials.

##### ***The construction sector***

The construction sector accounts for 19% of Bekaert's sales in 2009. The wire, mesh and innovative fibre products find applications in construction, in lifts and burners, in fencing and reinforcement, in roads and bridges, in architectural solutions, in concrete reinforcement and window film.

### ***The agriculture sector***

Agriculture accounts for 8% of Bekaert's sales in 2009. The sector is a customer for specialized fencing solutions, among other products.

### ***The consumer goods sector***

Consumer goods comprise a combined 8% of Bekaert's sales in 2009. The many different products find its customers applications such as champagne cork muselets, paper clips, fishhooks, staples, spokes, etc. and durable and industrial applications such as ski lift cable, inkjet cartridges, heat resistant textile, etc.

### ***The equipment sector***

Accounting for a combined 4% of sales in 2009, machine builders and operators utilize a variety of specialized wire products for components. These include spring and shaped wire, hydraulic filter media, fine cord and hose wire. The products are used both in the construction of machines and in the machine equipment itself.

### ***The basic materials sector***

A considerable portion of Bekaert products – 4% of sales in 2009 – is used in the production or exploration of basic materials: coal, metals, glass, pulp and paper, chemicals and textiles. Examples are cables and wires for conveyor belts for diverse industries or filter media for the production of synthetic fibres and films. Bekaert offers customers in the textile industry wires for carding. Bekaert is a trendsetter in the glass industry with sputter hardware and rotating targets. Bekaert also supplies all manner of wire-based products to mines all over the world.

## **5.5 Principal markets**

A company can enhance sustainable profitable growth if it is a leader in the markets in which it operates, which is why Bekaert constantly defends – and wherever possible extends – its position as global market leader by organic growth or by selected acquisitions. Joint ventures also strongly contribute to the growth in certain markets (Brazil, Chile). Bekaert is a market leader in steel cord reinforcement of tires (one tire out of four worldwide is reinforced by Bekaert tire cord), in steel fibres for concrete reinforcement, and in many other fields.

Bekaert has always invested in future growth markets, starting in the 50s with the first joint venture in Latin America and being active in China since the early 90s. Thanks to a strong presence in the growth markets, Bekaert succeeded in being close to the customers and optimally meeting their requirements. In these markets, the demand for products that meet increasingly higher quality standards is rising, a demand that Bekaert can respond to perfectly with its extensive product portfolio. At the same time, the presence in these markets allows Bekaert to respond quickly to opportunities that arise.

In the mature markets of Western Europe and North America, Bekaert's customers want to achieve growth through new products and new functionalities that are better, stronger, faster, longer-lasting and containing less raw materials. Bekaert – focused on market-oriented innovation – brainstorms with them and develops both new production methods and innovative

products. In recent years, for example, Bekaert launched steel cord with ever higher tensile strength for lighter and, as a result thereof, more energy-efficient tires; metal fibres were developed for the filtration of diesel soot particles for environment-friendly burners; biodegradable wires were launched on the market for applications in agriculture. Other products as fine cable applications create added value for wind turbine manufacturers. These future oriented products gradually find their way to growth markets too.

Globally, Bekaert anticipates macro-economic factors by expanding its portfolio to support growing global transport: with updated steel cord for radial tires for cars, buses and trucks, for example. Bekaert responded to the increasing exploration for raw materials with cables and fibres for conveyor belts for different industrial branches.

As described under section 5.4, customers out of different sectors are working together with Bekaert. Being present in all those sectors is a trump card, not only for Bekaert but also for its customers.

Bekaert strives to reinforce its competitive position in its markets, not only by growing geographically, but also by improving the product range and by evaluating continuously the risks regarding competition and possible substitution products. Technological leadership and the long lasting investments in R&D are the foundations for a strong competitive position.

The statements on Bekaert's competitive position are based on available market studies and on publicly available information on world tire cord capacities and sold tonnages in 2009 compared with Bekaert's capacities and Bekaert's sold tonnages in 2009.

## 6 Information related to the subsidiaries of the Issuer

Following table gives an overview of the countries where subsidiaries of the Issuer and/or entities where Bekaert holds participations are located. A complete list of such subsidiaries and/or such entities can be found in the section "Notes to the consolidated financial statements" of the Bekaert Annual Report 2009 under Note 7.8 starting at page 198 (see section 16 of this Registration Document).

<u>Continent</u>	<u>Country</u>	<u>Production entity</u>	<u>Sales office and other</u>
Europe	Belgium	✓	✓
	Denmark		✓
	Germany	✓	✓
	Finland		✓
	France	✓	✓
	Ireland		✓
	Italy	✓	✓
	The Netherlands	✓	✓
	Norway		✓
	Austria		✓
	Poland		✓
	Romania		✓
	Russian Federation	✓	✓
	Slovakia	✓	

<u>Continent</u>	<u>Country</u>	<u>Production entity</u>	<u>Sales office and other</u>
	Spain	✓	✓
	Czech Republic	✓	
	United Kingdom	✓	✓
	Sweden		✓
	Switzerland		✓
North-America	Canada	✓	✓
	United States	✓	✓
Latin-America	Argentina		✓
	Brazil	✓	✓
	Chili	✓	✓
	Colombia	✓	
	Curaçao		✓
	Ecuador	✓	
	Mexico		✓
	Panama		✓
	Peru	✓	
	Venezuela	✓	✓
Asia	China	✓	✓
	India	✓	✓
	Indonesia	✓	
	Japan	✓	✓
	Korea		✓
	Singapore	✓	✓
	Taiwan		✓
	Turkey	✓	✓
	United Arab Emirates		✓
Australia	Australia		✓

## 7 Organisational structure

Bekaert wants to be present in all markets where its customers are. Today, the company serves customers in 120 countries worldwide and disposes of a global sales network, continuously adjusted to changing markets. Bekaert wants to spread its industrial footprint geographically in order to guarantee an optimal response to the needs of its customers.

## 8 Trend information and recent events

Market conditions changed substantially in the fourth quarter of 2008 and the first half of 2009.

Both the years 2008 and 2009 were highly unusual, clocking record-breaking figures in 2008, with sales increases never seen before, and sharp volume drops and steel price decreases in the first half of 2009.

However, Bekaert's solid strategy proved also effective in a difficult economic environment: the company accelerated the efforts to enhance its global operational excellence and innovation strategy, close to its customers in the crisis year 2009.

Continued growth in emerging markets and fast-growing industries also contributed to sustained profitability in 2009. Notwithstanding a difficult economic environment, Bekaert succeeded in raising EBIT and EBITDA margins to record levels in 2009. Fast and effective implementation of inventory restriction and cost saving measures led to a substantial reduction of working capital and net debt, so that Bekaert's strong balance sheet was even further improved.

As a result of all this, Bekaert increased its dividend by 5% on the basis of the 2009 figures.

Bekaert recorded sustained strong demand throughout the first nine months of 2010. Revenue was lifted by a better product mix driven by Bekaert's continued innovation efforts. Consequently, Bekaert's sales for the first nine months of 2010 equalled total sales of 2009.

After a strong third quarter, the Issuer expects fourth quarter consolidated sales in line with the average quarterly sales of the first half of 2010. Traditional seasonal effects such as year-end de-stocking by customers and holiday periods, as well as negative currency effects and measures towards controlled growth in China are indicators for more tempered sales growth in the months ahead.

There has been no material adverse change in the prospects of the Issuer since the date of its last published audited financial statements.

## 9 Profit forecasts or profit estimates

This Registration Document does not contain any profit forecasts or profit estimates.

## 10 Administrative, management and supervisory bodies

### 10.1 Board of Directors

The Board of Directors consists of fourteen members, eight of whom are nominated by the principal shareholders. The Chairman and the Chief Executive Officer are never the same individual. The Chief Executive Officer is the only Board member with an executive function. All other members are non-executive Directors.

Four of the directors are independent in accordance with the criteria of Article 526ter of the Belgian Company Code and provision 2.3 of the Belgian Corporate Governance Code: Dr Alan Begg (appointed in 2008), Sir Anthony Galsworthy (first appointed in 2004), Lady Barbara Thomas Judge (first appointed in 2007), and Mr Manfred Wennemer (appointed in 2009, independent since 1 January 2010).

Name	First appointed	Expiry of current term	Principal occupation*	Office address
<b>Chairman</b>				
Baron Buysse	2000	2012	NV Bekaert SA	NV Bekaert SA, Diamant Building, A. Reyerslaan 80, BE- 1030 Brussels
<b>Managing Director</b>				
Bert De Graeve	2006	2012	NV Bekaert SA	NV Bekaert SA, President Kennedypark 18, BE-8500 Kortrijk
<b>Members nominated by the principal shareholders</b>				
Baron Bekaert	1994	2012	Director of different companies in Belgium and abroad	Hoekestraat 25, BE- 8340 Oostkerke Damme
Roger Dalle	1998	2013	Director of different companies in Belgium and abroad	Rue de Belle Vue 20, BE-1050 Brussels
Graaf Charles de Liedekerke	1997	2012	CEO, Joris Ide Group (Belgium)	Nestor Plissartlaan 8, BE-1040 Brussels
François de Visscher	1992	2013	President, de Visscher & Co. LLC (United States of America)	de Visscher & Co. LLC, Two Greenwich Office Park, Greenwich, Connecticut 06831, United States of America
Hubert Jacobs van Merlen	2003	2012	President & CEO, IEE SA (Luxembourg)	IEE S.A., ZAE Weiergewan, 11 rue Edmond Reuter, L- 5326 Contern, Grand Duchy of Luxemburg
Maxime Jadot	1994	2012	Member of the Executive Committee, BNP Paribas Fortis, Head of Corporate and Public Banking Belgium	BNP Paribas Fortis, Montagne du Parc 3, BE-1000 Brussels
Bernard van de Walle de Ghelcke	2004	2013	Of Counsel, Linklaters LLP (Belgium)	Linklaters LLP, Brederodestraat 13, BE-1000 Brussels
Baudouin Velge	1998	2013	CEO, Interel PR & PA (Belgium)	Interel PR&PA, Tervurenlaan 402, BE- 1150 Brussels
<b>Independent Directors</b>				
Dr Alan Begg	2008	2011	Senior Vice President Technology Development and Quality, SKF (Sweden)	SKF Group Headquarters, Hornsgatan 1, SE- 415 50 Göteborg, Sweden
Sir Anthony Galsworthy	2004	2012	Advisor to Standard Chartered Bank (United Kingdom)	Church Path 11, Merton Park, GB-

				London SW19 3HJ, United Kingdom
Lady Barbara Thomas Judge	2007	2013	Chairman of the UK Atomic Energy Authority (United Kingdom)	Eversheds, One Wood Street, GB-London EC2V 7WS, United Kingdom
Manfred Wennemer	2009	2012	Director of different companies in Belgium and abroad	Mierendorffstrasse 27, DE- 64625 Bensheim

(\*) the detailed résumés of the Board members are available at [www.bekaert.com](http://www.bekaert.com).

The powers of the Board of Directors are described in Book VIII, Title IV, Chapter I, Section I, Subsection II of the Belgian Company Code, Title III of the Articles of Association of the Issuer and Section II.1 of the Bekaert Corporate Governance Charter (available at [www.bekaert.com](http://www.bekaert.com)).

The Board of Directors holds a minimum of six regular meetings each year.

## 10.2 Executive Management

The Bekaert Group Executive has five members. It is chaired by the Chief Executive Officer and further consists of four members, who bear the title of Group Executive Vice President and who are responsible for the various businesses, finance and administration, and technology.

<b>Name</b>	<b>Position</b>	<b>Appointed</b>	<b>Office address</b>
Bert De Graeve	Chief Executive Officer	2006	President Kennedypark 18, BE-8500 Kortrijk
Bruno Humblet	Chief Financial Officer and Group Executive Vice President Specialised films	2006	President Kennedypark 18, BE-8500 Kortrijk
Dominique Neerinck	Chief Technology Officer and Group Executive Vice President Industrial coatings	2006	Bekaertstraat 2, BE-8550 Zwevegem
Geert Roelens	Group Executive Vice President Steel cord	2008	Bekaertstraat 2, BE-8550 Zwevegem
Henri-Jean Velge	Group Executive Vice President Wire and Stainless technologies Composites	1998	Bekaertstraat 2, BE-8550 Zwevegem

Each member of the Bekaert Group Executive performs his occupation on a full time basis.

The powers of the Bekaert Group Executive are described in Section II.1 of the Bekaert Corporate Governance Charter (available at [www.bekaert.com](http://www.bekaert.com)).

The Bekaert Group Executive meets on average twice a month.

### 10.3 The Committees of the Board of Directors

The Board of Directors has established three advisory committees.

#### 10.3.1 Audit and Finance Committee

The Audit and Finance Committee is composed as required by Article 526bis §2 of the Belgian Company Code: all of its four members are non-executive Directors, and one member, Lady Judge, is independent. Her competence in accounting and auditing is demonstrated by her position as vice chairman of the Financial Reporting Council, the British accounting and corporate governance regulator, which she held until the end of 2007.

Contrary to provision 5.2/3 of the Belgian Corporate Governance Code, the Committee is chaired by the Chairman of the Board: Bekaert wishes the Chairman to preside over all committees, to enable him to discharge as effectively as possible his specific duties with regard to the protection of the interests of all shareholders. Contrary to provision 5.2/4 of the Belgian Corporate Governance Code, according to which at least a majority of the members should be independent, Bekaert takes the view that the Audit and Finance Committee should reflect the balanced composition of the full Board.

The Chief Executive Officer and the Chief Financial Officer are not members of the Committee, but are invited to attend its meetings. This arrangement guarantees the essential interaction between the Board of Directors and executive management.

Name	Expiry of current term
Baron Buysse	2012
François de Visscher	2013
Baudouin Velge	2013
Lady Barbara Thomas Judge	2013

The powers of the Audit and Finance Committee are described in Article 526bis, §4 of the Belgian Company Code, Article 20bis of the Articles of Association of the Issuer and Section III.2.1 of the Bekaert Corporate Governance Charter (available at [www.bekaert.com](http://www.bekaert.com)):

- monitoring the financial reporting process, including:
  - reviewing the Issuer annual accounts and the consolidated annual accounts, and the Issuer's annual report and the consolidated annual report before submission to the Board of Directors;
  - reviewing the Issuer's half-year results and quarterly trading updates before submission to the Board of Directors;
  - advising the Board of Directors on appropriate financial procedures;
  - advising the Board of Directors on the Issuer's financial position, indebtedness, and accounting rules;
  - discussing significant financial reporting issues with the Bekaert Group Executive and the Statutory Auditor;
  - monitoring the effectiveness of the internal control and risk management systems, with a view to ensure that the main risks are properly identified, managed and

disclosed according to the framework adopted by the Board of Directors (including the review of any significant findings of internal investigations);

- reviewing the internal audit function's work programme and effectiveness, making recommendations on the appointment or removal of the head of internal audit and on the budget allocated to internal audit and monitoring management's compliance with the findings and recommendations of the Audit and Finance Committee;
- monitoring the statutory audit of the Issuer's annual accounts and the consolidated annual accounts, and any follow-up on any questions and recommendations made by the Statutory Auditor, including:
  - making recommendations to the Board of Directors on the appointment or reappointment of the Statutory Auditor, the Statutory Auditor's remuneration, and any questions related to the Statutory Auditor's resignation or dismissal;
  - discussing with the Statutory Auditor the nature and the scope of the audit, any problems or reservations arising from the audit, and any matters which the Statutory Auditor wishes to discuss;
  - reviewing the effectiveness of the external audit process, and the management's responsiveness to the recommendations made in the Statutory Auditor's management letter.
- pursuant to a specific delegation from the Board of Directors:
  - approving the annual budget for the functioning of the Board of Directors, including the remuneration paid to the members of the Board of Directors as well as all expenses related to the Chairman's office and the functioning and organization of the meetings of the Board of Directors. It also reviews on a yearly basis the actual expenses incurred;
  - approving a formal policy on the non-audit services of the Statutory Auditor, with a view to ensure adequate independence, and to ensure compliance with such policy.

The Audit and Finance Committee meets at least four times a year.

### 10.3.2 Nomination and Remuneration Committee

The Nomination and Remuneration Committee has four members, all of whom are non-executive Directors. It is chaired by the Chairman of the Board and further consists of three directors, one of whom is independent. Contrary to provision 5.4/1 of the Belgian Corporate Governance Code, according to which at least a majority of the members should be independent, Bekaert takes the view that the Nomination and Remuneration Committee should reflect the balanced composition of the full Board.

Name	Expiry of current term
Baron Buysse	2012
Roger Dalle	2013
Maxime Jadot	2012
Dr Alan Begg	2011

The powers of the Nomination and Remuneration Committee are described in Article 20bis of the Articles of Association of the Issuer and Section III.3.1 of the Bekaert Corporate Governance Charter (available at [www.bekaert.com](http://www.bekaert.com)):

- The Nomination and Remuneration Committee advises the Board of Directors on:

- the appointment or reappointment of Directors, and the appointment of the CEO and the other members of the Bekaert Group Executive;
  - the remuneration policy for non-executive Directors;
  - the remuneration policy for the CEO and the other members of the Bekaert Group Executive;
  - the remuneration policy for senior management; and
  - the Issuer's long term incentive plan.
- The CEO informs the Nomination and Remuneration Committee on:
    - compliance with above-mentioned remuneration policies;
    - his evaluation of the operation and performance of the Bekaert Group Executive;
    - the overall personnel cost evolution of the Issuer and the Bekaert group;
    - material collective bargaining agreements; and
    - succession planning for the Bekaert Group Executive and senior management,

The Nomination and Remuneration Committee meets at least twice a year.

### 10.3.3. Strategic Committee

The Strategic Committee has six members, five of whom are non-executive Directors. It is chaired by the Chairman of the Board and further consists of the Chief Executive Officer and four Directors, one of whom is independent.

Name	Expiry of current term
Baron Buysse	2012
Bert De Graeve	2012
Baron Bekaert	2012
Graaf Charles de Liedekerke	2012
Maxime Jadot	2012
Sir Anthony Galsworthy	2012

The powers of the Strategic Committee are described in Article 20bis of the Articles of Association of the Issuer and Section III.4.1 of the Bekaert Corporate Governance Charter (available at [www.bekaert.com](http://www.bekaert.com)): the Strategic Committee advises the Board of Directors on the general policy of the Bekaert group, as well as on the major strategic issues to its further development. It also examines the strategic proposals made by the Bekaert Group Executive. It evaluates and reviews major decisions in the first phase of their implementation or integration for compliance with the original objectives. It conducts follow-up on major investments from time to time.

The Strategic Committee meets at least three times a year.

## 10.4 Corporate Governance

The Issuer attaches great importance to good corporate governance and is aware that good governance of listed companies is an important factor in investment decisions. The company complies with internationally accepted standards and rules. In accordance with the original Belgian Code on Corporate Governance, published in 2004, the Board of Directors has, on

16 December 2005, adopted the Bekaert Corporate Governance Charter. Following the publication of the 2009 Belgian Code on Corporate Governance, the Board of Directors has, on 22 December 2009, adopted the 2009 Code as the reference code for the Issuer and revised the Bekaert Corporate Governance Charter.

The Issuer complies in principle with the Belgian Corporate Governance Code, except:

- as described in sections 10.3.1 and 10.3.2 above; and
- that the Issuer has elected to deviate from provision 7.16 of the Belgian Corporate Governance Code and only to disclose, on an individual basis, the amount of stock options granted to the Chief Executive Officer: the decision to accept an offer of options, and consequently the number of options to be granted, reflects a personal choice that may be influenced by multiple considerations, and a disclosure on an individual basis of the number of options granted would therefore affect the privacy of the persons concerned.

The Bekaert Corporate Governance Charter is available at [www.bekaert.com](http://www.bekaert.com).

### ***10.5 Conflicts of interests of the administrative, management and supervisory bodies***

In accordance with Article 523 of the Belgian Company Code, a member of the Board of Directors should give the other members prior notice of any agenda items in respect of which he or she has a direct or indirect conflict of interests of a financial nature with the Issuer, and should refrain from participating in the discussion of and voting on those items.

The Bekaert Corporate Governance Charter contains conduct guidelines with respect to direct and indirect conflicts of interests of the members of the administrative, management and supervisory bodies that fall outside the scope of Article 523 of the Belgian Company Code. Those members are deemed to be related parties to the Issuer, and have to report on an annual basis their direct or indirect transactions with the Issuer or its subsidiaries.

The Issuer is not aware of any potential conflicts of interest between the duties that any member of the administrative, management and supervisory bodies owes to the Issuer and such director's private interests or other duties, other than the following:

- certain members, directly or indirectly, hold a significant interest in the share capital of the Issuer;
- certain members perform activities outside of the Issuer for persons that may have adverse interests from the Issuer and which are significant with respect to the Issuer; and
- the CEO and the Chairman have a conflict of interest with respect to any resolutions of the Board of Directors in relation to their remuneration.

## **11 Major shareholders**

In connection with the entry into force of the Belgian Act of 2 May 2007 on the disclosure of significant participations (the Transparency Act), Bekaert has in its Articles of Association set the thresholds of 3% and 7.50% in addition to the legal thresholds of 5% and each multiple of 5%. There follows an overview of the current notifications of participations of 3% or more as of the date of the Registration Document (and after giving effect to the three-for-one split of the Bekaert shares that became effective on 10 November 2010):

Total number of securities conferring voting rights 59 807 223.

Notifier	Date of notification	Number of voting rights	Percentage of total number of voting rights
AXA S.A. (25, Avenue Matignon, FR-75008 Paris, France), on behalf of AXA Belgium, AXA France Vie and AXA France Iard	17.10.2008	1 796 463	3,00%
Stichting Administratiekantoor Bekaert (Chasséveld 1, NL-4811 DH Breda, Netherlands), on its own behalf and on behalf of Velge International NV, Berfin SA, Subeco SA, Millenium 3 SA and Gedecor SA	27.10.2008, 28.08.2009, 31.08.2010	22 829 697	38,17%

AXA S.A. has declared that it is acting in its capacity as parent company or controlling person of the companies referred to in its notification.

Stichting Administratiekantoor Bekaert (holding 22 357 977 shares) has declared that it is acting in concert with Velge International NV (57 000 shares), Berfin SA (91 920 shares), Subeco SA (157 800 shares), Millenium 3 SA (90 000 shares) and Gedecor SA (75 000 shares) in that they have concluded an agreement (a) aimed either at acquiring control, at frustrating the successful outcome of a bid or at maintaining control, and (b) to adopt, by concerted exercise of the voting rights they hold, a lasting common policy. Stichting Administratiekantoor Bekaert is not controlled. The other above-mentioned persons are controlled by physical persons, (i) whose (directly or indirectly held) individual participation does not reach 3% and (ii) who (on an individual basis) have an interest of less than 3%.

On 8 December 2007 Stichting Administratiekantoor Bekaert disclosed in accordance with Article 74 of the Act of 1 April 2007 on public takeover bids that it was holding individually more than 30% of the securities with voting rights of Bekaert on 1 September 2007.

In accordance with Article 11 of Bekaert's Articles of Association, an acquisition of shares of the Issuer or of instruments entitling the holder to the acquisition of, the subscription for or the conversion into shares of the Issuer (collectively referred to hereinafter as securities), that leads to a change of control of the Issuer, is subject to the prior approval of the Board of Directors of the Issuer, which approval has to be requested in writing. If the Board of Directors indicates that it intends to refuse its approval or that it reserves the right to refuse its approval, it will have to propose to the candidate-transferor, within thirty days from receipt of the request for approval,

that the securities be acquired by one or more persons who do hold such approval, at a price that is at least equal to the price at which the candidate-transferee can acquire those securities of the candidate-transferor. If the possible change of control results from a public take-over bid, the Board of Directors will have a period until five full bank working days after the date of the conclusion of the bid in which to formulate a proposal as aforesaid. The rights attaching to the securities acquired in violation of this approval clause will automatically be suspended and remain suspended for as long as the aforesaid procedure shall not have been complied with. Should the case arise, the transferee of the securities will then be obliged to transfer the securities referred to in this approval clause to the persons designated by the Board of Directors at the price at which it has acquired the securities.

## **12 Financial information concerning the Issuer's assets and liabilities, financial position and profits and losses**

### ***12.1 Historical and interim financial information***

See section 16 (Documents incorporated by reference).

### ***12.2 Age of latest audited financial information***

The most recent audited consolidated financial statements, which cover a full year, included in the Registration Document relate to the year ended 31 December 2009. See section 16 (Documents incorporated by reference).

### ***12.3 Legal and arbitration proceedings***

To the knowledge of the Issuer, there are no governmental, legal or arbitration proceedings, including any such proceedings which are pending or threatened of which the Issuer is aware, during a period covering the previous 12 months which may have or have had in the recent past, significant effects on the financial position and profitability of the Issuer.

### ***12.4 Significant change in the financial or trading position***

See (a) note 7.6. on page 197 of the 2009 Bekaert Annual Report (see section 16 of this Registration Document), (b) the "Half year results 2010" press release of the Issuer dated 30 July 2010 (see section 16 of this Registration Document) and (c) section 5.3 of this Registration Document.

## 13 Additional information

### 13.1 Share capital

The registered capital of the Issuer amounts to € 176 013 000 as of the date of the Registration Document, and (after giving effect to the three-for-one split of the Bekaert shares that became effective on 10 November 2010) is represented by 59 807 223 fully paid-up shares without par value. The number of VVPR strips is 12 479 226.

An aggregate 127 386 subscription rights will be convertible into new shares of the Issuer in accordance with the Issuer's existing stock option plans during the period running from 15 November 2010 through 15 December 2010, which may result in the issue of up to 127 386 new shares and new VVPR strips of the Issuer, and an increase of the registered capital by a maximum amount of € 375 000 prior to the issue date of the Bonds.

### 13.2 Deed of Incorporation and Articles of Association

The Issuer is a public limited liability company ("*naamloze vennootschap*") under Belgian law, having its registered office at Bekaertstraat 2, BE-8550 Zwevegem, VAT BE 0405.388.536 RPR Kortrijk.

The objects of the Issuer are as follows (Article 3 of the Articles of Association):

" The Company's objects, in Belgium and abroad, are as follows:

- (a) To process raw materials, in particular metals, synthetics and wood, to half-products and end-products, and to trade in those products;
- (b) To design and manufacture, and to trade in equipment goods, within the scope of clause (a);
- (c) To trade in processes and know-how, in the widest sense, within the scope of clauses (a) and (b), including providing technical assistance;
- (d) To develop and use, and to trade in business management methods.

The Company may perform all commercial, industrial, immovable, movable and financial activities that are directly or indirectly related with the above-mentioned objects.

It may, through contribution, subscription, financial intervention, financing or in any manner whatsoever, participate in any companies or enterprises that fully or partly pursue similar objects or that are of a nature to promote or facilitate the implementation of the Company's objects, and it may, in general, merge with companies or enterprises."

### 13.3 Material contracts

There are no important contracts that have not been entered into in the normal course of business and that may result in a member of the group having an obligation or a right that is of essential importance to the capability of the Issuer to comply with its obligations towards the holders of the issued securities.

## 14 Third party information and statement by experts and declarations of any interest

The Registration Document does not contain any statement or report from a person acting as an expert, with the exception of the audit opinions of the Statutory Auditor. The Issuer confirms that the Statutory Auditor has agreed to the incorporation by reference in the Registration Document of its audit opinions for the fiscal years ended 31 December 2009 and 31 December 2008.

## 15 Documents on display

For the life of the Registration Document, the following documents (or copies thereof) may be inspected:

- (a) the Articles of Association of the Issuer;
- (b) all reports, letters and other documents, historical financial information, valuations and statements prepared by any expert at the request of the Issuer any part of which is included or referred to in this Registration Document;
- (c) the consolidated historical financial information of the Issuer for the fiscal years 2008 and 2009.

The documents available for inspection may be inspected by physical means at the office of the Issuer located at President Kennedypark 18, BE-8500 Kortrijk. They are also available electronically on the website of the Issuer: [www.bekaert.com](http://www.bekaert.com).

## 16 Documents incorporated by reference

The following documents which have previously been published or are published simultaneously with this Prospectus and have been filed with the CSSF shall be incorporated in, and form part of, this Prospectus. The information so incorporated by reference herein shall form an integral part of this Prospectus, save that any statement contained in a document which is incorporated by reference herein, shall be modified or superseded for the purpose of this Prospectus to the extent that a statement contained in this Prospectus modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified shall not, except as so modified or superseded, constitute a part of this Prospectus.

1. The consolidated financial statements of the Issuer are incorporated by reference in this Prospectus, as follows:

(a) The unaudited and unreviewed trading update as of and for the nine months ended September 30, 2010 of the Issuer, set out in the "Third quarter trading update 2010" press release of the Issuer dated 10 November 2010.

- Consolidated sales p. 1-2
- Other information p. 3

- Share split p. 3

(b) The unaudited, unreviewed and condensed consolidated interim financial statements as of and for the six months ended June 30, 2010 of the Issuer, set out in the “Half year results 2010” press release of the Issuer dated 30 July 2010.

- Consolidated income statement p. 9-10
- Consolidated statement of comprehensive income p. 11
- Consolidated balance sheet p. 12
- Consolidated statement of changes in equity p. 13
- Consolidated cash flow statement p. 14
- Additional key figures p. 15

(c) The auditors report and audited consolidated annual financial statements as of and for the financial year ended December 31, 2009 of the Issuer set out in the “2009 Bekaert Annual Report”, set out at pages 128 to 212 inclusive of such report, including:

- Consolidated income statement p. 130
- Consolidated statement of comprehensive income p. 131
- Consolidated balance sheet p. 132
- Consolidated statement of changes in equity p. 133
- Consolidated cash flow statement p. 134
- Notes to the consolidated financial statements pp. 135-203
- Report of the statutory auditor pp. 208-209

(d) The auditors report and audited consolidated annual financial statements as of and for the financial year ended December 31, 2008 of the Issuer set out in the “2008 Bekaert Annual Report”, set out at pages 110 to 183 inclusive of such report, including:

- Consolidated income statement p. 110
- Consolidated statement of comprehensive income p. 111
- Consolidated balance sheet p. 112
- Consolidated statement of changes in equity p. 113
- Consolidated cash flow statement p. 114
- Notes to the consolidated financial statements pp. 115-177
- Report of the statutory auditor pp. 182-183

## 2. The articles of association of the Issuer.

Any information not listed in the cross-reference list but included in the documents incorporated by reference is given for information purposes only. Any documents themselves incorporated by reference in the documents incorporated by reference in this Prospectus shall not form part of this Prospectus. The above documents will be available on the website of the Luxembourg Stock Exchange, at [www.bourse.lu](http://www.bourse.lu), and on the website of the Issuer at [www.bekaert.com](http://www.bekaert.com).