



## NV BEKAERT SA

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

Public offer in Belgium and the Grand Duchy of Luxembourg

of two series of bonds

each for an expected minimum aggregate principal amount of EUR 100,000,000 and a combined expected minimum aggregate principal amount of EUR 200,000,000

4.125 per cent. fixed rate bonds due December 6, 2016, ISIN Code BE6228571079, Common Code 070630753 (the “**2016 Bonds**”)

5.00 per cent. fixed rate bonds due December 6, 2019, ISIN Code BE6228573091, Common Code 070631229 (the “**2019 Bonds**”)  
(the 2016 Bonds and 2019 Bonds jointly referred to as the “**Bonds**”)

**Issue Price: 101.90 per cent. for the 2016 Bonds**

**Issue Price: 101.90 per cent. for the 2019 Bonds**

**Issue Date: December 6, 2011**

**Subscription Period: from November 17, 2011 until (and including) December 2, 2011  
(subject to early closing)**

**An application has been submitted for listing of the Bonds on the Official List of the Luxembourg Stock Exchange and for admission to trading of the Bonds on the regulated market of the Luxembourg Stock Exchange**

*Joint Bookrunners – Joint Lead Managers*



**BNP PARIBAS  
FORTIS**

*Co-Manager*



*Global Coordinator*



Prospectus dated November 14, 2011

This prospectus (the “**Prospectus**”) has been prepared by NV Bekaert SA, a public limited liability company (*naamloze vennootschap*) under Belgian law, having its registered office at Bekaertstraat 2, 8550 Zwevegem, Belgium, with enterprise number VAT BE 0405.388.536, Register of Legal Entities Kortrijk (“**Bekaert**” or the “**Issuer**”) in connection with the offering and listing of an expected minimum amount of EUR 100,000,000 4.125 per cent. fixed rate bonds, due December 6, 2016 and an expected minimum amount of EUR 100,000,000 5.00 per cent. fixed rate bonds, due December 6, 2019. The denomination of the Bonds shall be EUR 1,000. The Bonds will be offered to the public in Belgium and in the Grand Duchy of Luxembourg (the “**Bond Offering**”).

An application has been made with the Luxembourg Stock Exchange to list the Bonds on the official list of the Luxembourg Stock Exchange (the “**Official List**”) and to admit the Bonds to trading on the Luxembourg Stock Exchange’s regulated market. References in this Prospectus to the Bonds being “listed” (and all related references) shall mean that the Bonds have been listed on the Official List and admitted to trading on the Luxembourg Stock Exchange’s regulated market. The Luxembourg Stock Exchange’s regulated market is a regulated market for the purposes of Directive 2004/39/EC of the European Parliament and of the Council of April 21, 2004 on markets in financial instruments amending Council Directives 85/611/EEC and 93/6/EEC and Directive 2000/12/EC of the European Parliament and of the Council and repealing Council Directive 93/22/EEC, as amended. Prior to the offering of the Bonds referred to in this Prospectus, there has been no public market for the Bonds.

**Investing in the Bonds involves certain risks. See “Risk Factors” beginning on page 14 of this Prospectus to read about factors that should be carefully considered before investing in the Bonds.**

The Bonds will be issued in dematerialised form under the Belgian Company Code (*Wetboek van vennootschappen/Code des sociétés*) (the “**Belgian Company Code**”) and cannot be physically delivered. The Bonds will be represented exclusively by book-entries in the records of the X/N securities settlement system operated by the National Bank of Belgium or any successor thereto (the “**X/N System**”). Access to the X/N System is available through those of its X/N System participants whose membership extends to securities, such as the Bonds. X/N System participants include certain banks, stockbrokers (*beursvennootschappen/sociétés de bourse*), Euroclear Bank NV/SA (“**Euroclear**”) and Clearstream Banking, société anonyme, Luxembourg (“**Clearstream, Luxembourg**”). Accordingly, the Bonds will be eligible to clear through, and therefore accepted by, Euroclear and Clearstream, Luxembourg and investors can hold their Bonds within securities accounts in Euroclear and Clearstream, Luxembourg.

Neither one of Fortis Bank NV/SA acting under the commercial name BNP Paribas Fortis (“**BNP Paribas Fortis**”), KBC Bank NV (together, the “**Joint Lead Managers**”) and ING Belgium SA/NV (the “**Co-Manager**”) and, together with the Joint Lead Managers, the “**Managers**”), nor the Issuer are taking any action to permit a public offering of the Bonds in any jurisdiction outside Belgium and the Grand Duchy of Luxembourg. The distribution of this Prospectus and the offer or sale of the Bonds in certain jurisdictions may be restricted by law. This Prospectus does not constitute an offer to sell, or the solicitation of an offer to buy, any securities, including the Bonds, in any circumstances in which such offer or solicitation is unlawful. The Bonds are subject to transfer and selling restrictions in certain jurisdictions. Prospective investors should read the restrictions described in “The Bond Offering—Selling Restrictions” (Section XII.L) below.

None of the Managers or their respective affiliates has authorized the whole or any part of this Prospectus and none of them makes any representation or warranty or accepts any responsibility as to the accuracy or completeness of the information contained in this Prospectus. Neither the delivery of this Prospectus nor the offering, sale or delivery of any Bond shall in any circumstances create any implication that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the condition (financial or otherwise) of the Issuer since the date of this Prospectus. No Manager accepts any liability, whether arising in tort or in contract or in any other event, in relation to the information contained or incorporated by reference in this Prospectus or any

other information in connection with the Issuer, the offering of the Bonds or the distribution of the Bonds other than its own marketing brochure or provided through its respective branches and personnel.

### **RESPONSIBLE PERSONS**

The Issuer, having its registered office at Bekaertstraat 2, 8550 Zwevegem, Belgium, assumes the responsibility for the information in this Prospectus. The Issuer declares that, having taken all reasonable care to ensure that such is the case, the information contained in the Prospectus is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

No person is or has been authorised to give any information or to make any representation not contained in or not consistent with this Prospectus and any information or representation not so contained or inconsistent with this Prospectus or any other information supplied in connection with the Bonds and, if given or made, such information must not be relied upon as having been authorised by or on behalf of the Issuer or the Managers. Neither the delivery of this Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that the information contained in this Prospectus is true subsequent to the date hereof or otherwise that there has been no change in the affairs of the Issuer since the date hereof or the date upon which this Prospectus has been most recently amended or supplemented or that there has been no adverse change, or any event likely to involve any adverse change, in the condition (financial or otherwise) of the Issuer since the date hereof or, if later, the date upon which this Prospectus has been most recently amended or supplemented or that the information contained in it or any other information supplied in connection with the Bonds is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

### **PRIOR WARNING**

The Prospectus has been prepared to provide information on the Bond Offering. When potential investors make a decision to invest in the Bonds, 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 Bond Offering itself. The investors must themselves assess, with their own advisors if necessary, whether the Bonds are suitable for them, considering their personal income and financial situation. In case of any doubt about the risk involved in purchasing the Bonds, investors should abstain from investing in the Bonds.

The summaries and descriptions of legal provisions, accounting principles or comparisons of such principles, legal company forms or contractual relationships reported in the Prospectus may in no circumstances be interpreted as investment, legal or tax advice for potential investors. They are urged to consult their own advisor, bookkeeper or other advisors concerning the legal, tax, economic, financial and other aspects associated with the subscription to the Bonds.

In the event of important new developments, material errors or inaccuracies that could affect the assessment of the securities, and which occur or are identified between the time of the approval of the Prospectus and the final closure of the Bond Offering, or the time at which trading on the regulated market of the Luxembourg Stock Exchange commences, the Issuer will have a supplement to the Prospectus published containing this information. This supplement will be published in compliance with at least the same regulations as the Prospectus, and will be published on the websites of the Issuer, the Managers and the Luxembourg Stock Exchange.

The Issuer must ensure that this supplement is published as soon as possible after the occurrence of such new significant factor. Investors who have already agreed to purchase or subscribe to Bonds before the publication of the supplement to the Prospectus, have the right to withdraw their agreement during a period of two business days commencing on the day after the publication of the supplement.

## APPROVAL OF THE PROSPECTUS

This document constitutes a prospectus for the purposes of Article 5 of Directive 2003/71/EC of the European Parliament and of the Council of November 4, 2003 on the prospectus to be published when securities are offered to the public or admitted to trading and amending Directive 2001/34/EC, as amended (the “**Prospectus Directive**”), and the Luxembourg Law of July 10, 2005 relating to prospectuses for securities (the “**Luxembourg Prospectus Law**”). This Prospectus has been prepared in accordance with the Luxembourg Prospectus Law and the Commission Regulation (EC) 809/2004 of April 29, 2004 implementing the Prospectus Directive, and has been approved by the Luxembourg *Commission de Surveillance du Secteur Financier* (the “**CSSF**”) on November 14, 2011. This approval does not imply any opinion by the CSSF on the economic and financial soundness of the transaction and the quality or solvency of the Issuer, and the CSSF assumes no responsibility in this regard. The Issuer has requested the CSSF to notify the Prospectus to the Belgian Financial Services and Markets Authority (*Autoriteit voor Financiële Markten en Diensten / Autorité des services et marchés financiers*) (the “**FSMA**”) in accordance with Article 18 of the Prospectus Directive, as implemented by the Luxembourg Prospectus Law, and the Issuer has provided a translation of the summary in Dutch and French, as required by the Belgian Law of June 16, 2006 (*Wet van 16 juni 2006 op de openbare aanbieding van beleggingsinstrumenten en de toelating van beleggingsinstrumenten tot de verhandeling op een gereguleerde markt/Loi du 16 juin 2006 relative aux offres publiques d’instruments de placement et aux admissions d’instruments de placement à la négociation sur des marchés réglementés*, the “**Belgian Prospectus Law**”) for the purpose of the offering of the Bonds in Belgium.

## AVAILABILITY OF THE PROSPECTUS

This Prospectus has been prepared in English. The summary of the Prospectus has also been translated into Dutch and French. The Issuer is responsible for the consistency between the English, Dutch and French version of the summary of the Prospectus. In connection with the offering of the Bonds, in case of inconsistencies between the language versions, the English version shall prevail.

The Prospectus and the translations of the summary in Dutch and French are available free of charge at the office of NV Bekaert SA at President Kennedypark 18, 8500 Kortrijk, Belgium. They are also available free of charge from KBC Bank NV on +32 78 15 21 53 (in Dutch) and +32 78 15 21 54 (in French), BNP Paribas Fortis on +32 2 433 40 31 (in Dutch) and +32 2 433 40 32 (in French), and ING Belgium SA/NV on +32 2 464 61 01 (in Dutch) and +32 2 464 61 02 (in French). They are also available on the websites of the Issuer ([www.bekaert.com](http://www.bekaert.com)), KBC Bank NV ([www.kbc.be/obligaties](http://www.kbc.be/obligaties) or [www.kbc.be/obligations](http://www.kbc.be/obligations)), BNP Paribas Fortis ([www.bnpparibasfortis.be/emissies](http://www.bnpparibasfortis.be/emissies) or [www.bnpparibasfortis.be/emissions](http://www.bnpparibasfortis.be/emissions)), and ING Belgium SA/NV ([www.ing.be](http://www.ing.be), go to “Beleggen – Obligaties” or “Investir – Obligations”), and as long as the Bonds are outstanding and listed, the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).

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## I. SUMMARY

*This summary must be read as an introduction to the Prospectus and any decision to invest in the Bonds should be based on consideration of the Prospectus as a whole, including the documents incorporated by reference. No civil liability will attach to any person solely on the basis of this summary, including any translation thereof, unless it is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus. Where a claim relating to the information contained in this Prospectus is brought before a court in any Member State of the European Economic Area, the plaintiff may, under the national legislation of the Member State of the European Economic Area where the claim is brought, be required to bear the costs of translating the Prospectus before the legal proceedings are initiated.*

*Capitalized terms defined in "Terms and Conditions of the Bonds" below shall have the same meaning where used in this summary.*

### A. Business Overview

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

Bekaert ([www.bekaert.com](http://www.bekaert.com)) is a global technological and market leader in advanced solutions based on metal transformation and coatings, and the world's largest independent manufacturer of drawn steel wire products. Bekaert (Euronext Brussels: BEKB) is a global company with headquarters in Belgium, employing 28 000 people worldwide. Serving customers in 120 countries, Bekaert pursues sustainable profitable growth in all its activities and generated combined sales of EUR 4.5 billion in 2010.

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 annually buys more than 2.5 million tons of wire rod, the primary raw material. Depending on the customers' requirements, Bekaert draws wire from it in different strengths and diameters, even as thin as ultra-fine fibers of 1 micron. Wires are grouped into cords, woven or knitted into fabric, or processed into an end product. Depending on the application, Bekaert applies high-tech coatings which reduce friction, improve corrosion resistance, or enhance wear resistance. Being at the forefront of technological innovation is one of the key pillars of Bekaert's strategy.

Bekaert's long-term strategy is aimed at sustainable profitable growth. In pursuing this strategic goal, Bekaert continuously strengthens its forces that drive success: worldwide market leadership, technological leadership, and operational excellence. In recent years, the presence in emerging markets was strengthened and in 2010, Bekaert generated and realized 75% of its combined sales in emerging markets, versus 25% in Western, mature markets.

Customers in more than 120 countries and of a variety of sectors want to do business with Bekaert. They are persuaded by 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 customers' needs, the company offers them an advantage in the market place. The essence of Bekaert is in the alliances they form with their customers. Bekaert helps them achieve a leading position in their markets. The local service, close to the customers, is backed by the company's global presence, worldwide.

In close cooperation with partners and customers, Bekaert is conducting research and development both at the Bekaert technology center in Deerlijk (Belgium) and at the Bekaert Asia R&D Center in Jiangyin (China). Bekaert mainly invests in products with high added value, but also in processes that further enhance operational excellence. 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 to reduce the impact on the environment – via process innovation, product development and infrastructure – and to streamline local community support. Safety has always been a key concern of Bekaert: it is embedded in the company's long tradition of operational excellence.

## **B. Risk Factors**

Prior to taking their investment decision, potential investors are urged to carefully investigate the risk factors described in the Prospectus, a list of which is set out below.

The risks and uncertainties described in the Prospectus are not the only ones affecting the Issuer and the Bonds. Other risks and uncertainties that are, as of the date of the Prospectus, either unknown or considered immaterial, can still have an adverse effect on the Issuer's operations or on its ability to make payments in the context of Bonds or other existing indebtedness.

In case of doubt regarding the risks with respect to Bekaert, investors are urged to seek the advice of a specialised financial advisor or, if necessary, forego investing in the Bonds.

### **1. Risks relating to the Issuer**

- Economical and cyclical risk
- Credit risk
- Risks related to raw materials
- Competition
- Labor market
- Financial risk management
- Internal control
- Risks related to suppliers
- Risks related to IT failures
- Natural disasters and geopolitical events
- Compliance with laws and regulations
- Compliance with environmental laws and regulations
- No audited financial information for the period after December 31, 2010
- Bekaert is subject to a number of operational risks, and its insurance coverage could be inadequate

### **2. Risks relating to the Bonds**

- The Issuer may not have the ability to repay the Bonds
- The Bonds may not be a suitable investment for all investors



- The Issuer and the Bonds do not have a credit rating, and the Issuer currently does not intend to request a credit rating for itself or for the Bonds at a later date. This may render the price setting of the Bonds more difficult
- There is no active trading market for the Bonds
- The Bonds are exposed to market interest rate risk
- The Bonds may be repaid prior to maturity
- The Bonds may be repaid prior to maturity in the event of a Change of Control
- The market value of the Bonds may be affected by the creditworthiness of the Issuer and a number of additional factors
- The Bonds may be affected by the global credit market conditions
- Bondholders could modify certain Terms and Conditions of the Bonds
- The Issuer may incur additional indebtedness
- The Bonds are unsecured
- Belgian insolvency legislation
- EU Savings Directive
- Belgian Withholding Tax
- Change in governing law could modify certain Terms and Conditions of the Bonds
- Relationship with the Issuer
- Reliance on the procedures of the X/N System, Euroclear and Clearstream, Luxembourg for transfer of the Bonds, payments in respect of the Bonds and communication with the Issuer
- The Agent is not required to segregate amounts received by it in respect of Bonds cleared through the X/N System
- The Calculation Agent does not assume any fiduciary or other obligations to the Bondholders and, in particular, is not obliged to make determinations which protect or further their interests
- Exchange rate risks and exchange controls
- The Issuer, the Managers, the Agent and the Calculation Agent may engage in transactions adversely affecting the interests of the Bondholders
- Legal investment considerations may restrict certain investments
- Investors may be required to pay taxes or other documentary charges or duties

### **C. Description of the Bonds**

<b>Issuer</b>	NV Bekaert SA
<b>Description of the Bonds</b>	Issue of an expected minimum amount of EUR 100,000,000 4.125 per cent. bonds, due December 6, 2016 and an expected minimum amount of EUR 100,000,000 5.00 per cent. bonds, due December 6, 2019.
<b>Subscription Period</b>	From November 17, 2011 at 9:00 a.m. until December 2, 2011 at 5:30 p.m., subject to early closing
<b>Domiciliary Agent and Paying Agent</b>	KBC Bank NV
<b>Listing Agent</b>	KBL European Private Bankers S.A. for the purpose of the listing of the Bonds on the Official List and the admission to trading on the regulated market of the Luxembourg Stock Exchange

<b>Distributors and Managers</b>	Application for the subscription of Bonds can be made through the branches of KBC Bank NV, Fortis Bank NV/SA acting under the commercial name BNP Paribas Fortis (“ <b>BNP Paribas Fortis</b> ”) (including the branches acting under the commercial name of Fintro), ING Belgium SA/NV, CBC Banque SA, as well as any other relevant subsidiary in the Grand Duchy of Luxembourg of each of the above mentioned banks (as decided by each bank and their subsidiaries) Application for the subscription of Bonds can also be made via KBC Telecenter, KBC Online, BNP Paribas Fortis PC banking or Phone banking and ING Belgium Phone Banking
<b>Public Offer Jurisdictions</b>	Belgium and the Grand Duchy of Luxembourg
<b>Issue Date</b>	December 6, 2011
<b>Issue Price</b>	101.90 per cent. for the 2016 Bonds and 101.90 per cent. for the 2019 Bonds, which includes a selling and distribution commission of 1.875 per cent. borne by investors other than Qualified Investors (see further details under “The Bond Offering”, sections “Issue Price” and “Costs and Fees”)
<b>Settlement Currency</b>	Euro (“ <b>EUR</b> ”)
<b>Aggregate Principal Amount</b>	The aggregate principal amount of the Bonds is expected to amount to minimum EUR 200,000,000 (EUR 100,000,000 for each of the 2016 Bonds and 2019 Bonds). The criteria in accordance with which the final aggregate principal amount of the Bonds will be determined by the Issuer are described under “The Bond Offering—Aggregate Principal Amount” (Section XII.D) below. Since the Managers have not taken a firm underwriting commitment, the final amount issued can be lower than EUR 200,000,000.
<b>Principal Amount per Bond</b>	EUR 1,000
<b>Minimum Subscription Amount</b>	EUR 1,000
<b>Maturity Date</b>	The 2016 Bonds mature on December 6, 2016 and the 2019 Bonds mature on December 6, 2019
<b>Repayment Date</b>	Maturity Date (subject to the Terms and Conditions of the Bonds)
<b>Interest</b>	4.125 per cent. fixed rate for the 2016 Bonds and 5.00 per cent. fixed rate for the 2019 Bonds, payable annually in arrears on December 6 of each year and for the first time on December 6, 2012 (or an amount of respectively EUR 41.25 and EUR 50.00 per Principal Amount of EUR 1,000)
<b>Yield</b>	3.702 per cent. for the 2016 Bonds and 4.709 per cent. for the 2019 Bonds, on an annual basis calculated on the basis of the issue price  For the calculation of the gross yield to maturity, only the issue price and the interest rate are taken into account and it is assumed that the Bonds were purchased on the primary market and held until maturity

<b>Repayment Amount at Maturity Date</b>	The Bonds will be repaid at 100 per cent. of the Principal Amount on the Maturity Date
<b>Early Repayment</b>	The Bonds may be repaid early following an event of default as set out in Condition 7. Bonds will also be repayable at the option of the Bondholders prior to maturity upon a Change of Control as set out in Condition 5(b)(i) and at the option of the Issuer prior to maturity for the reason as set out in Condition 5(b)(ii). The early repayment amount (which may not be 100 per cent. of the Principal Amount) in respect of each Bond is set out in the Conditions
<b>Step-Up</b>	In case the Change of Control Resolutions (as defined in the Conditions) are not passed and filed by July 9, 2012, the Interest payable on the Bonds shall increase by 0.50 per cent. per annum with effect from the first Interest Payment Date until the last day of the Interest Period during which the Change of Control Resolutions are properly passed and filed
<b>Form of Bonds</b>	Dematerialized form under article 468 <i>et seq.</i> of the Belgian Company Code – no physical delivery
<b>Status of Bonds</b>	The Bonds constitute direct, unconditional, unsubordinated and (subject to the Negative Pledge) unsecured obligations of the Issuer. The Bonds rank and will at all times rank <i>pari passu</i> , without any priority among themselves and equally with all other existing and future unsubordinated and unsecured bonds or other debt securities of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application
<b>Rating</b>	The Issuer and the Bonds do not have a credit rating, and the Issuer currently does not intend to request a credit rating for itself or the Bonds at a later date
<b>Cross-Default and Negative Pledge</b>	Applicable, as set out in, respectively, Conditions 7(c) and 3
<b>Events of Default</b>	Events of Default under the Bonds include non-payment of the principal amount or of interest for five (5) Business Days, breach of other obligations under the Bonds (which breach is not remedied within fifteen (15) Business Days), cross-default and certain events related to reorganization, insolvency or winding up of the Issuer and delisting of the Bonds
<b>Taxation</b>	<p><b>Belgium.</b> Natural persons who are Belgian residents for tax purposes (<i>i.e.</i>, who are subject to the Belgian personal income tax and who hold the Bonds as a private investment) are subject to a final 15 per cent. Belgian withholding tax on the gross amount of the interest on the Bonds. Such payment of 15 per cent. withholding tax fully discharges them from their personal income tax liability with respect to these interest payments</p> <p>Tax on stock market transactions on the secondary market (no such tax is to be borne by investors upon their original subscription on the primary market) The tax rate is 0.07%, to be calculated on the</p>

purchase and sale price (maximum EUR 500 per transaction and per party)

**Grand Duchy of Luxembourg.** Under Luxembourg tax law currently in effect, there is generally no withholding tax on interest payments or repayments of principal on the Bonds. A tax may however need to be withheld pursuant to the following provisions relating, broadly stating, to the taxation of the savings income of individual investors:

- the Council Directive 2003/48/EC regarding the taxation of the savings income of individuals;
- any international agreement, providing for measures similar to those of the above mentioned Council Directive, concluded by Luxembourg with certain dependent or associated territories of the EU;
- the Luxembourg law dated December 23, 2005, as amended by the law dated July 17, 2008, relating to interest paid to Luxembourg resident individuals (10 per cent. Luxembourg withholding tax)

For additional information, Bondholders should refer to the section of this Prospectus entitled "Taxation" (Section XI)

**Meetings of Bondholders**

The Conditions of the Bonds contain provisions for calling meetings of Bondholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Bondholders including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority.

For additional information, Bondholders should refer to Condition 9(a).

**Governing Law and Jurisdiction**

The Bonds and any non-contractual obligations arising out of or in connection with the Bonds are governed by the laws of Belgium. Any dispute shall be submitted to the exclusive jurisdiction of the courts of Brussels

**Listing and Admission to Trading**

Application has been made for the Bonds to be listed on the Official List and admitted to trading on the regulated market of the Luxembourg Stock Exchange

**Relevant Securities Settlement System**

Securities settlement system operated by the National Bank of Belgium

**Conditions to which the Bond Offering is Subject**

The public offer of the Bonds is subject to the conditions set out in the section of the Prospectus entitled "The Bond Offering" (Section XII)

**ISIN Code / Common Code**

For the 2016 Bonds: BE6228571079 / 070630753  
For the 2019 Bonds: BE6228573091 / 070631229

**Selling Restrictions**

Restrictions apply to offers, sales or transfers of the Bonds in various jurisdictions. See "The Bond Offering" (Section XII.L). In all jurisdictions offers, sales or transfers may only be effected to the extent lawful in the relevant jurisdiction. The distribution of the Prospectus or of its summary may be restricted by law in certain jurisdictions.

**D. Summary of the Estimate Timetable of the Bond Offering**

- November 15, 2011: publication of the Prospectus on the website of the Issuer
- November 17, 2011, 9:00 a.m.: opening date of the subscription period
- December 2, 2011, 5:30 p.m.: closing date of the subscription period (if not closed earlier)
- Between December 2, 2011 and December 6, 2011: publication date of the results of the public offer of the Bonds (including its net proceeds), unless published earlier in case of early closing of the subscription period
- December 6, 2011: issue date and listing of the Bonds on the Official List and admission to trading of the Bonds on the regulated market of the Luxembourg Stock Exchange

## **II. RISK FACTORS**

*The following is a description of risk factors that are material in respect of the Bonds and the financial situation of the Issuer and that may affect the Issuer's ability to fulfil its repayment obligations under the Bonds, which prospective investors should consider carefully before deciding to purchase the Bonds. The sequence in which the following risk factors are listed is not an indication of their likelihood to occur or of the extent of their commercial consequences. The following risk factors are not the only risks and uncertainties the Issuer faces. Additional risks and uncertainties not presently known, or that management currently believes to be immaterial, may also affect the Issuer and an investment in the Bonds. Prospective investors should read and consider all of the information provided in this Prospectus or incorporated by reference in this Prospectus and should make their own independent evaluations of all risk factors and consult with their own professional advisers if they consider it necessary. Capitalized terms defined in "Terms and Conditions of the Bonds" below shall have the same meaning where used below.*

### **A. Risks relating to the Issuer**

#### **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 emerging 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 operates manufacturing sites and offices in 35 countries and its products can be clustered in seven sectors. This sectorial 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 the Issuer is active, namely automotive, energy and utilities and construction. In the Issuer's case, automotive and construction are mainly replacement and infrastructure markets, which are less sensitive to market changes. On the other hand, energy and utilities relates partly to the market of photovoltaics, which is a highly volatile market, and at present very much interrelated with changes in subsidy programs.

In general, the last years have been characterized by a lack of direction by the financial markets; by concerns on the slowing economic activity, by currency movements, by increasing uncertainty on Greece and the Euro Zone, and by a continuous negative earnings momentum. This leads to uncertain global financial and economic conditions for which the Issuer remains cautious on the outlook for the medium term. Government measures for more controlled growth in China and a more volatile solar energy sector could affect top line sales and profitability. In response to growing competition, mainly in China, the Issuer continues to take measures to defend its market position. The crisis in the financial sector could impact the real economy and could also have its effect on the markets and sectors in which the Issuer is active. 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 remain extremely limited. The Issuer 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 diversified portfolio and its strong innovation focus, will be of strategic importance. The Issuer will closely monitor market developments and customer requirements, so that opportunities can be seized the moment they arise.

## **2. Credit risk**

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 its indebtedness. It should be noted, however, that the net debt to EBITDA ratio amounted only to 1.19 at the end of June 2011, well under the Issuer's L/T guidance standing at below 2. It is not certain that the terms of new debt financing can be the same as the current terms and, consequently, the financing cost may increase, which would 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.

## **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 years have been characterized by high price volatility. Prices varied from +40% to -40% in 2008 and 2009. After a period of relative stability, prices have to a lesser extent increased again in 2010 and 2011 with a tendency to decrease towards the end of 2011. In principle, price movements are passed on in the selling 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 can cause important write-downs of inventories in order to value at replacement value.

## **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, Pirelli, Sumitomo and others do not only use steel cord from the Issuer, but also produce the product themselves. In new markets, such as China and Korea, competitors as Xingda, Hyosung, Hubei Fuxing, Jiangsu 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), Zholobin (Belarus), etc. In new sectors, such as solar energy, sawing wire competitors as Fundant, Naisi, Henan Hengxing, Asahi Diamond, etc. arose and became major players with an increased competitive capacity in excess of demand. In response to this growing competition, the Issuer continues to take measures, such as adjusting prices, in order to defend its market position.

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 amount, as defined in the consolidated profit and loss statement as cost for research and development, amounted to EUR 80 million in 2010 or about 2.5 percent of consolidated sales. The Issuer recently built a new R&D center in China and a Technical center in India, in order to innovate and develop solutions that are aligned with the local market needs. The company also pursues intensive cooperation with a variety of institutions and organizations such as: SRI Consulting Business Intelligence, USA; LMC International, UK; Massachusetts Institute of Technology, USA; etc.

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 organizations. 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, and 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.

#### **5. Labor market**

A competitive labor 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 labor cost can be compensated by efforts to increase effectiveness in other activity areas of the Issuer.

#### **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 organize 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 2010 on pages 184-197 (see Section XIV of this Prospectus).

#### **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 is why an effective internal control only generates reasonable assurance for the preparation and the fair presentation of the annual report.

#### **8. Risks related to suppliers**

Political and economical instability in countries where key suppliers are based, the financial instability of suppliers, suppliers not complying with the Issuer's standards, labor 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.

#### **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.

#### **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.

#### **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 the countries where the company is active. 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.

#### **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 is 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.

**13. No audited financial information for the period after December 31, 2010**

The Prospectus does not contain audited financial information for the period after December 31, 2010. The interim financial information in Sections VI.B and XIV has not been audited or reviewed by external auditors. Investors are informed that the audited financial statements for the financial year ending on December 31, 2011 may reveal differences compared to the unaudited financial information incorporated by reference in this Prospectus.

**14. Bekaert is subject to a number of operational risks, and its insurance coverage could be inadequate**

The Issuer's operations are subject to a number of risks and hazards that may cause a risk of disruption or of damage to persons and property. These, and all other business risks are analysed and monitored in the company's Enterprise Risk Management system (ERM), on the basis of which the Issuer takes action to avoid or limit the risks, and to decide on insurance coverage. Updates of the ERM are reported on a regular basis to the Audit and Finance Committee. Further information can be found on [annualreport.bekaert.com](http://annualreport.bekaert.com) in the section corporate governance on the website of the Issuer: (i) board of directors and committees and (ii) internal control and risk management systems.

**B. Risks relating to the Bonds**

**1. The Issuer may not have the ability to repay the Bonds**

The Issuer may not be able to repay the Bonds at their maturity. The Issuer may also be required to repay all or part of the Bonds in the Event of a Default. If the Bondholders were to ask the Issuer to repay their Bonds following an Event of Default, the Issuer cannot be certain that it will be able to pay the required amount in full. The Issuer's ability to repay the Bonds will depend on its financial condition (including its cash position resulting from its ability to receive income and dividends from its subsidiaries) at the time of the requested repayment, and may be limited by law, by the terms of its indebtedness and by the agreements that it may have entered into on or before such date, which may replace, supplement or amend its existing or future indebtedness. The Issuer's failure to repay the Bonds may result in an event of default under the terms of other outstanding indebtedness.

**2. The Bonds may not be a suitable investment for all investors**

Each potential investor in the Bonds must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained or incorporated by reference in this Prospectus or any applicable supplement;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact the Bonds will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds, including where the currency for principal or interest payments is different from the potential investor's currency;

- understand thoroughly the terms of the Bonds and be familiar with the behavior of any relevant financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

A potential investor should not invest in the Bonds unless it has the expertise (either alone or with a financial adviser) to evaluate how the Bonds will perform under changing conditions, the resulting effects on the value of the Bonds and the impact the investment will have on the potential investor's overall investment portfolio.

**3. *The Issuer and the Bonds do not have a credit rating, and the Issuer currently does not intend to request a credit rating for itself or for the Bonds at a later date. This may render the price setting of the Bonds more difficult***

The Issuer and the Bonds do not have a credit rating at the time of the Bond Offering, and the Issuer currently does not intend to request a credit rating for itself or the Bonds at a later date. There is no guarantee that the price of the Bonds and the other Conditions at the time of the Bond Offering, or at a later date, will cover the credit risk related to the Bonds and the Issuer.

**4. *There is no active trading market for the Bonds***

The only manner for the holder of the Bonds to convert his or her investment in the Bonds into cash before their maturity date is to sell them at the applicable market price at that moment. This price can be less than the principal value of the Bonds. The Bonds are new securities that may not be widely distributed and for which there is currently no active trading market. An application has been submitted for the listing of the Bonds on the Official List and the admission of the Bonds to trading on the regulated market of the Luxembourg Stock Exchange. If the Bonds are admitted to trading after their issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer. There is no assurance that an active trading market will develop. Accordingly, there is no assurance as to the development or liquidity of any trading market for the Bonds.

Therefore, investors may not be able to sell their Bonds easily or at all, or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. Illiquidity may have a severely adverse effect on the market value of the Bonds. In the event that put options are exercised in accordance with Condition 5(b), liquidity will be reduced for the remaining Bonds.

**5. *The Bonds are exposed to market interest rate risk***

The Bonds provide a fixed interest rate until the Maturity Date. Investment in the Bonds involves the risk that subsequent changes in market interest rates may adversely affect the market value of the Bonds. An increase in the market interest rates can result in the Bonds trading at prices lower than the nominal amount of such Bonds.

**6. *The Bonds may be repaid prior to maturity***

In the event (i) of the occurrence of an Event of Default or (ii) the Issuer would choose to repay all outstanding 2016 Bonds and/or 2019 Bonds if Bondholders have submitted Change of Control Put Exercise Notices in respect of a least 85% of the aggregate principal amount of the 2016 Bonds and/or 2019 Bonds, as the case may be, in accordance with Condition 5(b), the 2016 Bonds and/or the 2019 Bonds, as the case may be, may be repaid in accordance with the Conditions. In such

circumstances, an investor may not be able to reinvest the repayment proceeds (if any) at a yield comparable to that of the 2016 Bonds or 2019 Bonds.

#### **7. *The Bonds may be repaid prior to maturity in the event of a Change of Control***

Each holder of Bonds will have the right to require the Issuer to repurchase all or any part of such holder's Bonds at the Put Repayment Amount upon the occurrence of a Change of Control.

Accordingly, the put option may arise, at times when prevailing interest rates may be relatively low. In such circumstances, an investor may not be able to reinvest the repayment proceeds (if any) at a yield comparable to that of the 2016 Bonds or 2019 Bonds, as the case may be. Investors should also be aware that the put option may only be exercised in the specified circumstances of a Change of Control as defined in the Conditions, which may not cover all situations where a change of control may occur or where successive changes of control occur in relation to the Issuer. Once given, a Change of Control Put Exercise Notice is irrevocable and Bondholders will be required to undertake in the Change of Control Put Exercise Notice not to sell or transfer the relevant Bonds until the relevant Change of Control Put Date.

Bondholders deciding to exercise their put option shall do it through the bank or other financial intermediary through which the Bondholder holds its Bonds (the "**Intermediary**") and are advised to check when such Intermediary would require to receive instructions and Change of Control Put Exercise Notices from Bondholders in order to meet the deadlines for such exercise to be effective. The fees and/or costs, if any, of the relevant Intermediary shall be borne by the relevant Bondholders. Qualified Investors exercising their put option by giving notice of such exercise to any paying agent in accordance with the standard procedures of the NBB, Euroclear or Clearstream, Luxembourg in lieu of depositing a Change of Control Put Exercise Notice with an Intermediary are also advised to check by when the relevant securities settlement system would require to receive notices in order to meet the deadlines for such exercise to be effective.

In the event that some, but not all, Bondholders exercise their put option, liquidity of any trading market for the remaining Bonds may be reduced.

However, Bondholders should be aware of the fact that the exercise by any of them of the put option as a result of the occurrence of a Change of Control will only be effective under Belgian law if, prior to the earliest of (a) the Issuer being notified by the FSMA of a formal filing of a proposed offer to the shareholders of the Issuer, or (b) the occurrence of the Change of Control, the general shareholders' meeting of the Issuer has approved the provisions of Condition 5(b) and such resolutions were filed with the clerk of the competent commercial court. There can be no assurance that such approval will be granted.

Similarly, Bondholders should be aware of the fact that if (a) a Change of Control occurs prior to the date on which the Issuer's general meeting of shareholders approves the Change of Control clause and the relevant resolutions are filed with the clerk of the competent commercial court; and (b) the above-mentioned resolutions are approved and filed prior to July 9, 2012, then the Bondholders will neither be entitled to the exercise the option set out in Condition 5(b)(i) nor to the increase of the interest rate described in Condition 5(b)(iv).

#### **8. *The market value of the Bonds may be affected by the creditworthiness of the Issuer and a number of additional factors***

The market value of the Bonds may be affected by the creditworthiness of the Issuer and a number of additional factors, such as market interest and yield rates and the time remaining to the maturity date and more generally all economic, financial and political events in any country, including factors affecting capital markets generally and the stock exchanges on which the Bonds are traded. The

Issuer has from time to time engaged in share buy-backs and may continue to do so in the future, which may affect the creditworthiness of the Issuer. The price at which a Bondholder will be able to sell the Bonds prior to maturity may be at a discount, which could be substantial, from the issue price or the purchase price paid by such purchaser.

The attention of potential investors is drawn on the fact that this risk factor is particularly relevant for the 2019 Bonds due to the long tenor of the 2019 Bonds.

**9. *The Bonds may be affected by the global credit market conditions***

Potential investors should be aware of the prevailing and widely reported adverse global credit market conditions (which continue at the date hereof), whereby there is a general lack of liquidity in the secondary market for instruments similar to the Bonds. The Issuer cannot predict when these circumstances will change, and if and when they do there can be no assurance that conditions of general market illiquidity for the Bonds and instruments similar to the Bonds will not return in the future.

**10. *Bondholders could modify certain Terms and Conditions of the Bonds***

The Terms and Conditions of the Bonds contain provisions for calling meetings of Bondholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Bondholders, including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority.

**11. *The Issuer may incur additional indebtedness***

The Terms and Conditions of the Bonds do not limit the amount of unsecured debt instruments that the Issuer can issue or other forms of indebtedness (whether secured or unsecured) that the Issuer can incur. If the Issuer incurs additional indebtedness, it may become more difficult for the Issuer to meet its obligations under the Bonds, which could cause the market value of the Bonds to decrease.

**12. *The Bonds are unsecured***

The right of the Bondholders to receive payment under the Bonds is not secured and will effectively be subordinated to any secured indebtedness of the Issuer, which the Issuer is allowed to incur. In the event of liquidation, dissolution, reorganisation, bankruptcy or similar procedure, whether voluntary or not, the holders of secured indebtedness will have the right to payment from the assets that secure such indebtedness before such assets can be used to make payments under the Bonds and other unsecured indebtedness.

**13. *Belgian insolvency legislation***

The Issuer is incorporated and has its registered office in Belgium and can therefore be subject to the insolvency legislation and procedures in Belgium.

**14. *EU Savings Directive***

Under the EC Council Directive 2003/48/EC on the taxation of savings income (the '**Savings Directive**'), member states of the European Union (the '**EU Member States**' and each a '**EU Member State**') are required to provide to the tax authorities of another EU Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other EU Member State or to certain limited types of entities established in that other EU Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the

ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland). On September 15, 2008, the European Commission issued a report to the Council of the European Union on the operation of the Savings Directive, which included the Commission's advice on the need for changes to the Savings Directive. On November 13, 2008, the European Commission published a more detailed proposal for amendments to the Savings Directive, which included a number of suggested changes. The European Parliament expressed its opinion on the proposal on April 24, 2009. Discussions are still ongoing at Council level. If any of those proposed changes are made in relation to the Savings Directive, they may amend or broaden the scope of the requirements described above. If a payment were to be made or collected through a paying agent established in a state which applies the withholding tax system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor the Agent nor any other person would be obliged to pay additional amounts to the Bondholders or to otherwise compensate Bondholders for the reductions in the amounts that they will receive as a result of the imposition of such withholding tax.

#### **15. *Belgian Withholding Tax***

If the Issuer, the NBB, the Agent or any other person is required to make any withholding or deduction for, or on account of, any present or future taxes, duties or charges of whatever nature in respect of any payment in respect of the Bonds, the Issuer, the NBB, the Agent or that other person shall make such payment after such withholding or deduction has been made and will account to the relevant authorities for the amount so required to be withheld or deducted. The issuer shall not pay additional amounts in respect of any Bond for such taxes.

#### **16. *Change in governing law could modify certain Terms and Conditions of the Bonds***

The Terms and Conditions of the Bonds are based on the laws of Belgium in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to the laws of Belgium, the official application, interpretation or the administrative practice after the date of this Prospectus.

#### **17. *Relationship with the Issuer***

All notices and payments to be delivered to the Bondholders will be distributed by the Issuer to such Bondholders in accordance with the Terms and Conditions of the Bonds. In the event that a Bondholder does not receive such notices or payments, its rights may be prejudiced but it may not have a direct claim against the Issuer with respect to such prejudice.

#### **18. *Reliance on the procedures of the X/N System, Euroclear and Clearstream, Luxembourg for transfer of the Bonds, payments in respect of the Bonds and communication with the Issuer***

The Bonds will be issued in dematerialized form under the Belgian Company Code and cannot be physically delivered. The Bonds will be represented exclusively by book entries in the records of the X/N System. Access to the X/N System is available through its X/N System participants whose membership extends to securities such as the Bonds. X/N System participants include certain banks, stockbrokers (*beursvennootschappen/sociétés de bourse*), and Euroclear and Clearstream, Luxembourg. Transfers of interests in the Bonds will be effected between the X/N System participants in accordance with the rules and operating procedures of the X/N System. Transfers between investors will be effected in accordance with the respective rules and operating procedures of the X/N System participants through which they hold their Bonds. The Issuer and the Domiciliary Agent will have no responsibility for the proper performance by the X/N System or the X/N System participants of their obligations under their respective rules and operating procedures.

A Bondholder must rely on the procedures of the X/N System, Euroclear and Clearstream, Luxembourg to receive payments under the Bonds. The Issuer will have no responsibility or liability for the records relating to, or payments made in respect of, the Bonds within the X/N System.

**19. *The Agent is not required to segregate amounts received by it in respect of Bonds cleared through the X/N System***

The Terms and Conditions of the Bonds and the Paying and Domiciliary Agency Agreement provide that the Agent will debit the relevant account of the Issuer and use such funds to make payment to the Bondholders. The Paying and Domiciliary Agency Agreement provides that the Agent will, simultaneously with the receipt by it of the relevant amounts, pay to the Bondholders, directly or through the NBB, any amounts due in respect of the relevant Bonds. However, the Agent is not required to segregate any such amounts received by it in respect of the Bonds, and in the event that the Agent were subject to insolvency proceedings at any time when it held any such amounts, Bondholders would not have any further claim against the Issuer in respect of such amounts, and would be required to claim such amounts from the Agent in accordance with applicable Belgian insolvency laws, because the Terms and Conditions of the Bonds provide that the payment obligations of the Issuer will be discharged by payment to the Agent in respect of each amount so paid.

**20. *The Calculation Agent does not assume any fiduciary or other obligations to the Bondholders and, in particular, is not obliged to make determinations which protect or further their interests***

KBC Bank NV will act as the Issuer's Calculation Agent. In its capacity as Calculation Agent, it will act in accordance with the Terms and Conditions of the Bonds in good faith and endeavour at all times to make its determinations in a commercially reasonable manner. However, Bondholders should be aware that the Calculation Agent does not assume any fiduciary or other obligations to the Bondholders and, in particular, is not obliged to make determinations that protect or further the interests of the Bondholders.

The Calculation Agent may rely on any information to which it should properly have regard that is reasonably believed by it to be genuine and to have been originated by the proper parties. The Calculation Agent shall not be liable for the consequences to any person (including Bondholders) of any errors or omissions in (i) the calculation by the Calculation Agent of any amount due in respect of the Bonds or (ii) any determination made by the Calculation Agent in relation to the Bonds or interest, in each case in the absence of bad faith or wilful default. Without prejudice to the generality of the foregoing, the Calculation Agent shall not be liable for the consequences to any person (including Bondholders) of any such errors or omissions arising as a result of (i) any information provided to the Calculation Agent proved to have been incorrect or incomplete or (ii) any relevant information not being provided to the Calculation Agent on a timely basis.

**21. *Exchange rate risks and exchange controls***

The Issuer will pay principal and interest on the Bonds in euro. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than euro. These include the risk that exchange rates may significantly change (including changes due to devaluation of the euro or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to euro would decrease (i) the Investor's Currency equivalent yield on the Bonds, (ii) the Investor's Currency equivalent value of the principal payable on the Bonds and (iii) the Investor's Currency equivalent market value of the Bonds.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

**22. *The Issuer, the Managers, the Agent and the Calculation Agent may engage in transactions adversely affecting the interests of the Bondholders***

The Managers, the Agent and the Calculation Agent might have conflicts of interest that could have an adverse effect on the interests of the Bondholders. Potential investors should be aware that the Issuer is involved in a general business relation and/or in specific transactions with the Managers, the Agent and the Calculation Agent and that they might have conflicts of interest that could have an adverse effect on the interests of the Bondholders. Potential investors should also be aware that the Managers, the Agent and the Calculation Agent may from time to time hold debt securities, shares and/or other financial instruments of the Issuer.

**23. *Legal investment considerations may restrict certain investments***

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) Bonds are legal investments for it, (ii) Bonds can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of any Bonds. The investors should consult their legal advisers to determine the appropriate treatment of Bonds under any applicable risk-based capital or similar rules.

**24. *Investors may be required to pay taxes or other documentary charges or duties***

Potential purchasers and sellers of the Bonds should be aware that they may be required to pay taxes or other documentary charges or duties in accordance with the laws and practices of the country where the Bonds are transferred or other jurisdictions. Potential investors are advised not to rely upon the tax summary contained in this Prospectus but to ask their own tax adviser's advice on their individual taxation with respect to the acquisitions, sale and repayment of the Bonds. Only these advisors are in a position to duly consider the specific situation of the potential investors. This investment consideration has to be read in connection with the taxation sections of the Prospectus.



### III. TERMS AND CONDITIONS OF THE BONDS

*The following constitutes the text of the terms and conditions (the “**Terms and Conditions**”) of the Bonds (as defined below), save for the paragraphs in italics that shall be read as complementary information.*

The issue of the 4.125 per cent. fixed rate bonds due December 6, 2016 (the “**2016 Bonds**”, which expression shall, in these Conditions unless otherwise indicated or unless the context otherwise requires, include any Further 2016 Bonds) and the 5.00 per cent. fixed rate bonds due December 6, 2019 (the “**2019 Bonds**”, which expression shall, in these Conditions unless otherwise indicated or unless the context otherwise requires, include any Further 2019 Bonds) by NV Bekaert SA (the “**Issuer**”) was authorised by a resolution of the Issuer’s Board of Directors adopted on November 9, 2011. The 2016 Bonds and 2019 Bonds are jointly referred to as the “**Bonds**”. The issue date of the Bonds will be December 6, 2011 (the “**Issue Date**”).

The Bonds are issued subject to and with the benefit of a paying and domiciliary agency agreement (such agreement as amended and/or supplemented and/or restated from time to time, the “**Paying and Domiciliary Agency Agreement**”) to be entered into between the Issuer and KBC Bank NV as paying agent and domiciliary agent (the “**Agent**”, which expression shall include any successors as paying agent and domiciliary agent under the Paying and Domiciliary Agency Agreement) at the latest on the Issue Date. The statements in these Conditions include summaries of, and are subject to, the detailed provisions of the Paying and Domiciliary Agency Agreement. Copies of the Paying and Domiciliary Agency Agreement are available for inspection during normal business hours at the registered office of the Agent (Havenlaan 2, 1080 Brussels, Belgium). The Bondholders are bound by and are deemed to have notice of all the provisions of the Paying and Domiciliary Agency Agreement applicable to them.

A clearing agreement in Dutch will be entered into in relation to the clearing of the Bonds between the Issuer, the NBB and the Agent on or about November 14, 2011 (the “**Clearing Agreement**”).

References herein to “Condition” are, unless the context requires otherwise, to the numbered paragraphs below.

#### 1. Definitions

For the purposes of these Conditions:

“**2016 Bonds**” has the meaning attributed thereto in the introduction to the Terms and Conditions.

“**2019 Bonds**” has the meaning attributed thereto in the introduction to the Terms and Conditions.

“**Agent**” has the meaning attributed thereto in the introduction to the Terms and Conditions.

“**Bond**”, “**Bonds**”, “**2016 Bonds**” or “**2019 Bonds**” has the meaning attributed thereto in the introduction to the Terms and Conditions.

“**Bondholder**” means, in respect of any Bond, the person entitled thereto in accordance with the X/N System Regulations.

“**Business Day**” means a day (other than a Saturday or Sunday) on which the TARGET2 System is operating for the settlement of payments in euro and on which banks in Belgium are open for general business.

**“Calculation Agent”** means KBC Bank NV.

A **“Change of Control”** shall occur if an offer is made by any person, other than an Exempt Person, to all (or as nearly as may be practicable all) shareholders of the Issuer (or all (or as nearly as may be practicable all) such shareholders of the Issuer other than the offeror and/or any parties acting in concert (as defined in Article 3, §1, 5°, of the Belgian Law of April 1, 2007 on public takeover bids or any amendment thereof) with the offeror) to acquire all or a majority of the issued ordinary share capital of the Issuer and (the period of such offer being closed, the definitive results of such offer having been announced and such offer having become unconditional in all respects) the offeror has acquired or, following the publication of the results of such offer by the offeror, is entitled to acquire as a result of such offer, post completion thereof, ordinary shares of the Issuer or other voting rights of the Issuer so that it has the right to cast more than 50 per cent. of the votes which may ordinarily be cast on a poll at a general shareholders’ meeting of the Issuer, whereby the date on which the Change of Control shall be deemed to have occurred shall be the date of the publication by the offeror of the results of the relevant offer (and for the sake of clarity prior to any reopening of the offer in accordance with Article 42 of the Royal Decree of April 27, 2007 on public takeover bids).

**“Change of Control Notice”** has the meaning attributed thereto in Condition 5(b)(iii).

**“Change of Control Put Date”** means the fourteenth Business Day after the expiry of the Change of Control Put Exercise Period.

**“Change of Control Put Exercise Period”** means the period commencing on the date of a Change of Control and ending 45 calendar days following the date on which a Change of Control Notice is given to the Bondholders.

**“Change of Control Resolutions”** means one or more resolutions duly adopted at a general shareholders’ meeting of the Issuer approving the provisions of Condition 5(b).

**“Clearing Agreement”** has the meaning attributed thereto in the introduction to the Terms and Conditions.

**“Clearstream, Luxembourg”** means Clearstream Banking, société anonyme, Luxembourg, 42, avenue J.F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg.

**“EUR”, “euro” or “€”** means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended

**“Euroclear”** means Euroclear Bank NV/SA, Koning Albert II-laan 1, 1210 Brussels, Belgium.

**“Exempt Person”** means Stichting Administratiekantoor Bekaert, either by itself or acting together with any person with whom Stichting Administratiekantoor Bekaert is acting in concert (as defined in Article 3, §1, 5°, of the Belgian Law of April 1, 2007 on public takeover bids or any amendment thereof).

**“Event of Default”** has the meaning attributed thereto in Condition 7.

**“Further 2016 Bonds”** means any further 2016 Bonds issued pursuant to Condition 10 and consolidated and forming a single series with the then outstanding 2016 Bonds.

**“Further 2019 Bonds”** means any further 2019 Bonds issued pursuant to Condition 10 and consolidated and forming a single series with the then outstanding 2019 Bonds.

**“FSMA”** means the Belgian Financial Markets and Services Authority (*Autoriteit voor Financiële Markten en Diensten / Autorité des services et marchés financiers*).

**“Interest Payment Date”** has the meaning attributed thereto in Condition 4(a).

**“Interest Period”** means the period beginning on (and including) the Issue Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date.

**“Intermediary”** means a bank or other financial intermediary through which the holder of Bond(s) holds Bond(s).

**“Issue Date”** has the meaning attributed thereto in the introduction to the Terms and Conditions.

**“Issuer”** has the meaning attributed thereto in the introduction to the Terms and Conditions.

**“Maturity Date”** means December 6, 2016 for the 2016 Bonds and December 6, 2019 for the 2019 Bonds.

**“NBB”** means the National Bank of Belgium, de Berlaimontlaan 14, 1000 Brussels, Belgium.

**“New Issuer”** has the meaning attributed thereto in Condition 11.

**“Paying and Domiciliary Agency Agreement”** has the meaning attributed thereto in the introduction to the Terms and Conditions.

**“Principal Amount”** has the meaning attributed thereto in Condition 2(b).

**“Put Repayment Amount”** means an amount per Bond calculated by the Calculation Agent by multiplying the Repayment Rate by the principal value of such Bond and rounding, if necessary, the resultant figure to the nearest minimum sub-unit of euro (half of such unit being rounded downwards), and by adding any accrued but unpaid interest of such Bond to (but excluding) the relevant repayment date.

**“Relevant Creditors”** means each person or legal entity that is a holder of bonds or other debt securities of the Issuer, traded on a regulated market, an over-the-counter market or otherwise, and with an original maturity in excess of one year.

**“Repayment Rate”** means  $\text{MIN}(101\%; 100\% \times \text{Exp}(T \times 0.74720148386\%))$ , rounded down to the 9<sup>th</sup> decimal.

‘T’ means the time, expressed in decimals of a year, elapsed from (and including) the date of issue of the relevant Bonds until (and including) the relevant repayment date.

For the avoidance of doubt, ‘Exp’ means the exponential function meaning the function  $e^x$ , where e is the number (approximately 2.718) such that the function  $e^x$  equals its own derivative.

*The Put Repayment Amount reflects a maximum yield of 0.75 points above the yield of the relevant Bonds on the date of issue of the Bonds up to the Maturity Date in accordance with the Royal Decree of May 26, 1994 on the deduction of withholding tax, which requires that in relation to Bonds that can be traded on N accounts, if investors exercise a right to have the Bonds repaid early, the actuarial return cannot exceed the actuarial return of the Bonds upon the issue up to the final maturity by more than 0.75 points.*

'**TARGET2 System**' means the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) system, or any successor thereto.

"**X/N System**" has the meaning attributed thereto in Condition 2(a).

"**X/N System Regulations**" has the meaning attributed thereto in Condition 2(a).

References to any law, act or statute or any provision thereof shall be deemed also to refer to any statutory modification or re-enactment thereof or any statutory instrument, order or regulation made thereunder or under such modification or re-enactment.

## **2. Form, Denomination and Status**

### **(a) Form**

The Bonds are issued in dematerialized form in accordance with Article 468 *et seq.* of the Belgian Company Code (*Wetboek van vennootschappen / Code des sociétés*) and cannot be physically delivered. The Bonds will be exclusively represented by book-entries in the records of the X/N securities settlement system operated by the NBB or any successor thereto (the "**X/N System**"). The Bonds can be held by their holders through participants in the X/N System, including Euroclear and Clearstream, Luxembourg and through other financial intermediaries that in turn hold the Bonds through Euroclear and Clearstream, Luxembourg, or other participants in the X/N System.

The Bonds are accepted for clearance through the X/N System, and are accordingly subject to the applicable Belgian clearing regulations, including the Belgian law of August 6, 1993 on transactions in certain securities, its implementing Belgian Royal Decrees of May 26, 1994 and June 14, 1994 and the rules of the X/N System and its annexes, as issued or modified by the NBB from time to time (the laws, decrees and rules mentioned in this Condition are referred to herein as the "**X/N System Regulations**"). Title to the Bonds will pass by account transfer. The Bonds may not be exchanged for bonds in bearer form.

If at any time the Bonds are transferred to another securities settlement system that is not operated or not exclusively operated by the NBB, these provisions shall apply *mutatis mutandis* to such successor securities settlement system and successor securities settlement system operator or any additional securities settlement system and additional securities settlement system operator.

### **(b) Denomination**

The Bonds will have a denomination of EUR 1,000 each (the "**Principal Amount**").

### **(c) Status**

The Bonds constitute direct, unconditional, unsubordinated and (subject to Condition 3) unsecured obligations of the Issuer. The Bonds rank and will at all times rank *pari passu*, without any priority among themselves and equally with all other existing and future unsubordinated and unsecured bonds or other debt securities of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

## **3. Negative Pledge**

The Issuer undertakes that, so long as any Bond remains outstanding, it will not grant any security interest or other rights of priority in favor of Relevant Creditors over its present or future assets unless

the Bonds equally benefit from the latter (or from substantially the same security interest or other right of priority) in the same rank.

The above, however, is without prejudice to:

- (a) the right of the Issuer to grant security over its assets or to set other preference rights in favor of persons other than Relevant Creditors;
- (b) the right or the obligation of the Issuer to grant security or preference rights or have security or privileges granted over its assets pursuant to mandatory provisions of any applicable law;
- (c) the right of the Issuer to grant security over a certain asset with a view to the financing of such asset; and
- (d) the right of the Issuer to grant security interests over existing assets upon the acquisition of such assets by the Issuer.

#### **4. Interest**

##### **(a) Interest Rate and Interest Payment Dates**

Each Bond bears interest from (and including) the Issue Date at the rate of 4.125 per cent. per annum (gross) for the 2016 Bonds and 5.00 per cent. per annum (gross) for the 2019 Bonds calculated by reference to its Principal Amount (*i.e.*, EUR 41.25 per 2016 Bond and EUR 50.00 per 2019 Bond) and such interest amount is payable annually in arrears in equal instalments on December 6 in each year (each an “**Interest Payment Date**”), commencing with the Interest Payment Date falling on December 6, 2012.

When interest is required to be calculated in respect of any period which is shorter than an Interest Period, it shall be calculated on the basis of (i) the actual number of days in the relevant period from (and including) the first day of such period to (but excluding) the date on which it falls due divided by (ii) the actual number of days from (and including) the immediately preceding Interest Payment Date (or, if none, the Issue Date) to (but excluding) the next following Interest Payment Date.

##### **(b) Accrual of Interest**

Each Bond will cease to bear interest from and including its due date for repayment thereof unless payment of principal is improperly withheld or refused or unless default is otherwise made in respect of payment, in which event interest will continue to accrue at the rate specified in Condition 4(a) (both before and after judgment) until the day on which all sums due in respect of such Bond up to that day are received by or on behalf of the relevant holder.

#### **5. Repayment, Purchase and Cancellation**

##### **(a) Final Repayment**

Unless previously purchased and cancelled or repaid as herein provided, the Bonds will be repaid by the Issuer at their principal value on the Maturity Date.

The Bonds may only be repaid at the option of the Issuer prior to the Maturity Date in accordance with Condition 5(b)(ii).

**(b) Repayment Upon a Change of Control**

*(i) At the Option of Bondholders*

In the event that a Change of Control occurs, each Bondholder will have the right to require the Issuer to repay all or part of such Bondholder's Bonds on the Change of Control Put Date at the Put Repayment Amount.

To exercise such right, the relevant Bondholder must deliver to his/her Intermediary (for further delivery to the Issuer) at any time during the Change of Control Put Exercise Period a duly completed and signed notice of exercise (a "**Change of Control Put Exercise Notice**") substantially in the form attached to this Prospectus and obtainable upon request during usual business hours from the specified office of the Agent or on the website of the Issuer ([www.bekaert.com](http://www.bekaert.com)).

The Bonds shall be delivered for the account of the Issuer by no later than the second Business Day following the end of the Change of Control Put Exercise Period on a delivery against payment basis on the Change of Control Put Date through the Intermediary.

Payment in respect of any such Bond shall be made by transfer to a euro account maintained with a bank in a city in which banks have access to the TARGET2 System as specified by the relevant Bondholder in the relevant Change of Control Put Exercise Notice.

A Change of Control Put Exercise Notice, once delivered, shall be irrevocable and the Issuer shall repay all Bonds that are the subject of Change of Control Put Exercise Notices delivered as aforesaid on the Change of Control Put Date.

*Bondholders should be aware that the exercise by any of them of the option set out in Condition 5(b)(i) will only be effective under Belgian law if, prior to the earliest of (a) the Issuer being notified by the FSMA of a formal filing of a proposed offer to the shareholders of the Issuer or (b) the occurrence of the Change of Control, the Change of Control Resolutions (x) have been approved by the shareholders of the Issuer in a general shareholders' meeting and (y) such resolutions have been filed with the clerk of the commercial court (griffie van de rechtbank van koophandel) of Kortrijk.*

The Issuer undertakes to (a) submit the Change of Control Resolutions for approval at the general shareholders' meeting of the Issuer scheduled to be held in the second quarter of 2012 and (b) file a copy of the Change of Control Resolutions immediately after approval.

***There can be no assurance that such approval will be granted at such meeting. If a Change of Control occurs prior to such approval and filing, Bondholders will not be entitled to exercise the option set out in Condition 5(b)(i).***

*(ii) Issuer's Call*

If, as a result of Condition 5(b)(i), Bondholders submit Change of Control Put Exercise Notices in respect of at least 85 per cent. of the aggregate principal amount of, respectively, the 2016 Bonds or 2019 Bonds that are outstanding at such time, the Issuer may, having given not less than 15 nor more than 30 calendar days' notice to the 2016 Bondholders or 2019 Bondholders, as the case may be, in accordance with Condition 12 (which notice shall be irrevocable and shall specify the date fixed for repayment), repay all (but not some only) of the 2016 Bonds or 2019 Bonds, as the case may be, then outstanding at the Put Repayment Amount. Payment in respect of any such Bond shall be made as specified above.

*(iii) Change of Control Notice*

Within ten (10) Business Days following a Change of Control, the Issuer shall give notice thereof to the Bondholders in accordance with Condition 12 (a “**Change of Control Notice**”). The Change of Control Notice shall contain a statement informing Bondholders of their entitlement to exercise their rights to require repayment of their Bonds pursuant to Condition 5(b)(i). The Change of Control Notice shall also specify:

- the nature of the Change of Control;
- the last day of the Change of Control Put Exercise Period;
- the Change of Control Put Date;
- the Put Repayment Amount; and
- a summary of the procedure to request the early repayment of the Bonds.

Neither the Agent nor the Calculation Agent shall be required to monitor or take any steps to ascertain whether a Change of Control or any event which could lead to a Change of Control has occurred or may occur or shall be responsible or liable towards Bondholders or any other person for any loss arising from any failure by it to do so.

*(iv) If the Change of Control Resolutions are Not Passed*

If by no later than July 9, 2012 (a) the Change of Control Resolutions are not adopted at a general shareholders’ meeting of the Issuer or (b) the Change of Control Resolutions have not been duly filed with the clerk of the commercial court of Kortrijk, then, with effect from the Interest Period starting on the first Interest Payment Date following July 9, 2012, the rate of interest payable on the Bonds shall be increased by 0.50 per cent. per annum until the last day of the Interest Period during which the Change of Control Resolutions are adopted at a general shareholders’ meeting of the Issuer and have been duly filed with the clerk of the commercial court of Kortrijk.

**(c) Purchase**

Subject to the requirements (if any) of any stock exchange on which the Bonds may be admitted to listing and trading at the relevant time and subject to compliance with applicable laws and regulations, the Issuer and each of its subsidiaries may at any time purchase Bonds, both on the open market or otherwise, at any price.

**(d) Cancellation**

All Bonds that are repaid will be cancelled and may not be reissued or resold. Bonds purchased by any of the subsidiaries of the Issuer may be held, reissued or resold at the option of the relevant subsidiary.

**6. Payments**

**(a) Method of Payment**

Without prejudice to Article 474 of the Belgian Company Code, all payments of principal or interest in respect of the Bonds shall be made through the Agent and the X/N System in accordance with the X/N System Regulations. The payment obligations of the Issuer under the Bonds will be discharged by payment to the Agent in respect of each amount so paid.

**(b) Payments**

Each payment in respect of the Bonds pursuant to Condition 6(a) will be made by transfer to a euro account maintained by the payee with a bank in a city in which banks have access to the TARGET2 System.

**(c) Payments subject to tax and other applicable laws**

All payments in respect of the Bonds are subject in all cases to any applicable tax or other laws and regulations.

**(d) Agents, etc.**

The Issuer reserves the right under the Paying and Domiciliary Agency Agreement at any time, with the prior written approval of the Agent, to vary or terminate the appointment of the Agent and appoint additional or other agents, provided that it will (i) maintain a principal paying agent and (ii) maintain a domiciliary agent and the domiciliary agent will at all times be a participant in the X/N System. Notice of any change in Agent or its specified offices will promptly be given by the Issuer to the Bondholders in accordance with Condition 12.

**(e) No Charges**

The Agent shall not make or impose on a Bondholder any charge or commission in relation to any payment in respect of the Bonds.

**(f) Fractions**

When making payments to Bondholders, if the relevant payment is not of an amount which is a whole multiple of the smallest unit of the relevant currency in which such payment is to be made, such payment will be rounded down to the nearest unit.

**(g) Non-Business Days**

If any date for payment in respect of the Bonds is not a Business Day, the holder shall not be entitled to payment until the next following Business Day unless it would thereby fall into the next calendar month in which event it shall be brought forward to the immediately preceding Business Day, nor to any interest or other sum in respect of such postponed or anticipated payment. For the purpose of calculating the interest amount payable under the Bonds, the Interest Payment Date shall not be adjusted.

**7. Events of Default**

If any of the following events (each an “**Event of Default**”) occurs and is continuing then any 2016 Bond and 2019 Bond, as the case may be, may, by notice in writing given by any Bondholder to the Issuer at its registered office with a copy to the Agent at its specified office, be declared immediately due and repayable at its Principal Amount together with accrued interest (if any) to the date of payment, without further formality:

- (a) Non-Payment: the Issuer fails to pay the Principal Amount of or interest on any of the 2016 Bonds (in the case of a Bondholder holding one or more 2016 Bonds) or 2019 Bonds (in



the case of a Bondholder holding one or more 2019 Bonds) when due and such failure continues for a period of five (5) Business Days; or

- (b) Breach of Other Covenants, Agreements or Undertakings: the Issuer does not perform or comply with any one or more of its other covenants, agreements or undertakings in the Prospectus, which default is not remedied within fifteen (15) Business Days after notice of such default shall have been given to the Issuer by any Bondholder; or
- (c) Cross-Default: any other present or future indebtedness of the Issuer for or in respect of moneys borrowed or raised is not paid when due or, as the case may be, within any applicable grace period, provided that the aggregate amount of the relevant indebtedness in respect of which one or more of the events mentioned above in this paragraph (c) have occurred equals or exceeds EUR 20,000,000 or its equivalent; or
- (d) Insolvency: the Issuer is judicially determined or formally admitted to be insolvent or bankrupt or unable to pay its debts as they fall due, stops, suspends or announces its intention to stop or suspend payment of all or, a material part of (or of a particular type of) its debts or proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is declared or comes into effect in respect of all or any part of (or of a particular type of) the debts of the Issuer; or
- (e) Winding-up: an order is made or an effective resolution passed for the winding-up or dissolution of the Issuer; or
- (f) Reorganisation: the Issuer disposes of all or substantially all of its assets or ceases to carry on all or substantially all of its business other than:
  - (i) on terms approved by the general meeting of Bondholders; or
  - (ii) as a result of a transfer of its assets or its business to any person that is directly or indirectly controlled by the Issuer (whereby “**control**” has the meaning ascribed to such term in Article 5 of the Belgian Company Code) and such person becomes the New Issuer pursuant to Condition 11 (without regard to the 75 per cent. ownership requirement set out therein and it being understood that (x) in the event of a transfer to multiple transferees, the transferee that shall assume the larger part of the transferred assets or business shall become the New Issuer and, further, that (y) if the New Issuer assumes less than 50 per cent. of the aggregate assets or business of the Issuer prior to such reorganisation, then transferees that in the aggregate (together with the New Issuer) assume at least 75 per cent. of the aggregate assets or business of the Issuer prior to such reorganisation shall severally guarantee the obligations of the New Issuer under the Bonds); or
  - (iii) for the purposes of or pursuant to any other form of reorganisation or restructuring while solvent (other than those set forth under (ii) above) that does not adversely affect the interests of the Bondholders; or
- (g) Delisting: the cancellation or suspension of trading of the Bonds on the regulated market of the Luxembourg Stock Exchange during 15 consecutive Business Days as a result of a default of the Issuer, except if the Issuer obtains the effective listing of the Bonds on another regulated market in the European Economic Area at the latest upon expiration of this period.

## **8. Statute of Limitations**

Claims against the Issuer for payment in respect of the Bonds shall be time-barred and become void unless made within, in the case of the principal amount of the Bonds, ten (10) years from the date set for its repayment, or, in the case of interest on the Bonds, five (5) years from its relevant maturity date.

Claims in respect of any other amounts payable in respect of the Bonds shall be time-barred and become void unless made within ten (10) years following the due date for payment thereof.

## **9. Meetings of Bondholders and Modification**

### **(a) Meetings of Bondholders**

Meetings of Bondholders may be convened to consider certain matters relating to the Bonds of one or more series, including the modification of certain provisions of these Conditions, in accordance with Articles 568 *et seq.* of the Belgian Company Code. The matters in respect of which the Belgian Company Code permits a resolution to be passed include the acceptance, modification or release of security, the postponement, reduction or other modification of interest payments, the postponement, suspension or other modification of principal payments, the exchange of bonds for shares, the adoption of precautionary measures of common interest, and the appointment of a common representative of the bondholders.

A meeting of Bondholders may be convened by the board of directors or the statutory auditor of the Issuer. The board of directors of the Issuer must convene a meeting of the holders of the Bonds upon request of Bondholders holding at least one fifth of the outstanding Bonds. Convening notices will be published in the Belgian Official Gazette (*Belgisch Staatsblad / Moniteur belge*) and in daily newspapers in accordance with the rules set out in the Belgian Company Code.

Separate meetings of Bondholders can be convened for each series of Bonds.

The meeting of Bondholders shall be entitled to exercise the powers set out in Article 568 of the Belgian Company Code and to otherwise modify or waive any provision of these Conditions, in each case, in accordance with the quorum and majority requirements set out in the Belgian Company Code, and if Bondholders voting in favor of the relevant resolution represent less than one-third of the outstanding Bonds, subject to validation of such resolution by the Court of Appeals of Ghent.

Resolutions duly passed in accordance with these provisions will be binding on all Bondholders, whether or not they are present at the meeting and whether or not they vote in favor of such resolution.

If there are different series of bonds and a resolution of the meeting of Bondholders can have consequences for the rights attached to these different series of bonds, then in order to be valid the resolution must be passed by the holders of each series of bonds with the quorum and majority requirements set out in the Belgian Company Code.

A resolution in writing signed by or on behalf of all Bondholders shall for all purposes be as valid and effective as a resolution passed at a meeting of Bondholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Bondholders.

**(b) Modification**

The Agent and the Issuer may agree, without the consent of the Bondholders, to (i) any modification of the provisions of the Paying and Domiciliary Agency Agreement or any agreement supplemental thereto that is not materially prejudicial to the interests of the Bondholders, or (ii) any modification of the Bonds, the Terms and Conditions of the Bonds, or the Paying and Domiciliary Agency Agreement that is of a formal or technical nature, made to correct a manifest error or to comply with provisions of mandatory law.

Each such change is binding for all Bondholders and any such modification shall be notified to the Bondholders in accordance with Condition 12 as soon as practicable thereafter.

**10. Further Issues**

The Issuer may from time to time without the consent of the Bondholders create and issue further securities either having the same terms and conditions in all respects as the outstanding 2016 Bonds or 2019 Bonds or in all respects except for the first payment of interest on them and so that such further issue shall be consolidated and form a single series with the outstanding 2016 Bonds or 2019 Bonds, as the case may be, or upon such terms as to interest, premium, repayment and otherwise as the Issuer may determine at the time of their issue. In that case, Bondholders holding Bonds of the same series shall form one meeting of Bondholders.

**11. Substitution**

The Issuer will have the right at any time to assign any other company as issuer in its place (the “**New Issuer**”) via transfer and with respect to all obligations arising under the 2016 Bonds and/or 2019 Bonds, provided that each of the following conditions is satisfied:

- (a) the New Issuer expressly assumes all obligations undertaken by the Issuer and arising under the relevant Bonds;
- (b) the New Issuer is a company established in Belgium that, directly or indirectly, is controlled by, controlling or under common control with the Issuer (for purposes of this Condition 11, “**control**” means that the controlling person, directly or indirectly, owns at least 75% of the voting rights of the controlled person);
- (c) the New Issuer obtains in advance all the necessary licences in Belgium to transfer to the bank charged with the financial servicing of the relevant Bonds, the amounts in euro required to meet the repayment of the principal amount and the payment of the interest amounts in respect of the relevant Bonds; and
- (d) the Issuer unconditionally and irrevocably guarantees the obligations of the New Issuer.

In the case of such a substitution, the Terms and Conditions of the relevant Bonds will remain unchanged and the New Issuer will be bound by such terms and conditions as if it were the original issuer of the relevant Bonds. In the case of such a substitution, the rights and obligations of the Issuer that are defined under the Paying and Domiciliary Agency Agreement will be fully transferred to the New Issuer. The Bondholders will be informed of every substitution of the Issuer in accordance with the provisions of Condition 12.

## **12. Notices**

Notices to the Bondholders shall be valid if:

- (a) delivered by or on behalf of the Issuer to the X/N System for communication by it to the X/N System participants; and
- (b) published on the website of the Issuer ([www.bekaert.com](http://www.bekaert.com)); and
- (c) so long as the Bonds are admitted to trading on the Luxembourg Stock Exchange and the rules of that exchange so require, published either (i) in a daily newspaper having general circulation in the Grand Duchy of Luxembourg or (ii) on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).

Any such notice shall be deemed to have been given on the date of the first such publication on all required websites.

In addition to the above communications and publications, with respect to notices for a meeting of Bondholders, any convening notice for such meeting shall be made in accordance with Article 570 of the Belgian Company Code (see also Condition 9(a)).

## **13. Governing Law and Jurisdiction**

### **(a) *Governing Law***

The Bonds and any non-contractual obligations arising out of or in connection with the Bonds are governed by, and shall be construed in accordance with, Belgian law.

### **(b) *Jurisdiction***

The courts of Brussels, Belgium are to have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Bonds and accordingly any legal action or proceedings between any Bondholder and the Issuer arising out of or in connection with the Paying and Domiciliary Agency Agreement or the Bonds is to be brought in such courts.

#### **IV. CLEARING**

The Bonds will be accepted for clearance through the X/N System under the ISIN number BE6228571079 and Common Code 070630753 with respect to the 2016 Bonds and the ISIN number BE6228573091 and Common Code 070631229 with respect to the 2019 Bonds, and will accordingly be subject to the X/N System Regulations.

The number of Bonds in circulation at any time will be registered in the register of registered securities of the Issuer in the name of the NBB.

Access to the X/N System is available through those of its X/N System participants whose membership extends to securities such as the Bonds.

X/N System participants include certain banks, stockbrokers (*beursvennootschappen / sociétés de bourse*) and Euroclear and Clearstream, Luxembourg. Accordingly, the Bonds will be eligible to clear through, and therefore accepted by, Euroclear and Clearstream, Luxembourg and investors can hold their Bonds within securities accounts in Euroclear and Clearstream, Luxembourg.

Transfers of interests in the Bonds will be effected between X/N System participants in accordance with the rules and operating procedures of the X/N System. Transfers between investors will be effected in accordance with the respective rules and operating procedures of the X/N System participants through which they hold their Bonds.

The Agent will perform the obligations of domiciliary agent included in the Clearing Agreement. The Issuer and the Agent will not have any responsibility for the proper performance by the X/N System or its X/N System participants of their obligations under their respective rules and operating procedures.

## **V. DESCRIPTION OF THE ISSUER**

### **A. Overview**

Bekaert ([www.bekaert.com](http://www.bekaert.com)) is a global technological and market leader in advanced solutions based on metal transformation and coatings, and the world's largest independent manufacturer of drawn steel wire products. Bekaert (Euronext Brussels: BEKB) is a global company with headquarters in Belgium, employing 28 000 people worldwide. Serving customers in 120 countries, Bekaert pursues sustainable profitable growth in all its activities and generated combined sales of EUR 4.5 billion in 2010.

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 annually buys more than 2.5 million tons of wire rod, the primary raw material. Depending on the customers' requirements, Bekaert draws wire from it in different strengths and diameters, even as thin as ultra-fine fibers of 1 micron. Wires are grouped into cords, woven or knitted into fabric, or processed into an end product. Depending on the application, Bekaert applies high-tech coatings which reduce friction, improve corrosion resistance, or enhance wear resistance. Being at the forefront of technological innovation is one of the key pillars of Bekaert's strategy.

Bekaert's long-term strategy is aimed at sustainable profitable growth. In pursuing this strategic goal, Bekaert continuously strengthens its forces that drive success: worldwide market leadership, technological leadership, and operational excellence. In recent years, the presence in emerging markets was strengthened and in 2010, Bekaert generated and realized 75% of its combined sales in emerging markets, versus 25% in Western, mature markets.

Customers in more than 120 countries and of a variety of sectors want to do business with Bekaert. They are persuaded by 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 customers' needs, the company offers them an advantage in the market place. The essence of Bekaert is in the alliances they form with their customers. Bekaert helps them achieve a leading position in their markets. The local service, close to the customers, is backed by the company's global presence, worldwide.

In close cooperation with partners and customers, Bekaert is conducting research and development both at the Bekaert technology center in Deerlijk (Belgium) and at the Bekaert Asia R&D Center in Jiangyin (China). Bekaert mainly invests in products with high added value, but also in processes that further enhance operational excellence. Innovation is an increasingly important engine of growth for the company.

One of the elements that differentiates Bekaert from the competition is the fact that the company has an own engineering department on a global level that designs and develops total plant layouts and production lines, in close cooperation with the R&D centers and with the manufacturing units.

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 to reduce the impact on the environment – via process innovation, product development and infrastructure – and to streamline local community support.

Safety has always been a key concern at Bekaert: it is embedded in the company's long tradition of operational excellence. 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.

Bekaert clearly aspires to keep its impact on the environment as small as possible: we strive to use fewer materials, bring down our energy consumption and reduce waste.

Bekaert develops products that contribute to a cleaner environment. We manufacture sawing wire to slice polysilicon ingots into wafers used in solar cells and we have introduced steel (instead of lead) wheel weights for more eco-friendly tire balancing. In addition we offer biodegradable wire, ultra-tensile steel cord to reinforce tires, sintered metal fibers applied in stirling engines or in diesel particulate filters, and much more.

At the same time we are putting our concern for the environment into practice by developing new and eco-friendlier production processes at our plants worldwide. In October 2010, Bekaert inaugurated its greenest ever steel cord plant in Shenyang (Liaoning Province, China). Seizing the opportunity of the expansion of its steel cord activities in Shenyang, Bekaert pulled together the newest technologies for optimized energy conservation, reduced environmental impact and enhanced workspace comfort. Major improvements were realized in each of these three domains.

## **B. Incorporation**

The Issuer was incorporated as a private limited company (*personenvennootschap met beperkte aansprakelijkheid*) on October 19, 1935, and was converted into a public limited liability company (*naamloze vennootschap*) under Belgian law on April 25, 1969. It has an unlimited term.

Bekaert has its registered office at Bekaertstraat 2, 8550 Zwevegem, Belgium and its enterprise number is VAT BE 0405.388.536 RPR Kortrijk. Its telephone number is +32 56 76 61 11.

## **C. 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, 1831 Diegem, Belgium, represented by Joël Brehmen.

Deloitte Bedrijfsrevisoren BV o.v.v.e. CVBA is a member of the Belgian *Instituut van de Bedrijfsrevisoren*.

The consolidated financial statements of the Issuer for the financial years ended December 31, 2010 and 2009 have been audited and approved without reserve by Deloitte Bedrijfsrevisoren BV o.v.v.e. CVBA.

## **D. 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 multinational 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 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 started there from 1950 onwards while in Western Europe the first steel cord plant started up. 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 fibers 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. While the company defends its long lasting position in mature markets, Bekaert continues building and strengthening its worldwide market leadership by optimally seizing the growth opportunities in emerging 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 2010, Bekaert realized 75% of its combined sales in the emerging countries. In recent years, the Asia-Pacific market (27% as per mid-year 2011) became more important than the North American (14%) 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 services, close to its customers; can keep logistic flows as short as possible; and avoid currency transaction risks to a large degree.

## **E. 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). Also 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 (158 million euro). In 2010, 230 million euro were added, and in the first half of 2011 Bekaert invested 130 million euro in PP&E. Among others, the following expansions and modernizations came into effect:

- start-up of Bekaert's half product plants in Slovakia and in Russia
- gradual expansion of manufacturing platforms in Indonesia and India
- upgrading and additions of new production lines in several countries, including Belgium
- continued investments in China, including a new Engineering Center producing the proprietary machines for Bekaert's operations in Asia and beyond.

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.

## **F. Acquisitions and Divestments**

Bekaert not only grows by means of expansion investments. In 2011, Bekaert acquired the Qingdao wire plant from Hankuk Steel Wire Co. Ltd and has successfully closed the deal. Integration took effect immediately as from September 1, 2011.

Bekaert sold its Specialty Films activities to Saint-Gobain Performance Plastics Corporation, an Ohio, US-based corporation of the Saint-Gobain group. The deal was closed on September 30, 2011. This divestment of the Specialty Films activities is a confirmation of Bekaert's strategic focus on realizing



sustainable profitable growth in activities related to the company's core technological competences: advanced metal transformation and coatings.

## **G. Principal Activities**

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

The company strives for an optimal synergy between its two core competences. Innovative coatings provide specific characteristics to wire products such as reduced friction, improved corrosion resistance, or enhanced wear resistance. 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 centers in Belgium and China, and in local development centers. 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 protects Bekaert, to some extent, against cyclical movements and changes in market conditions.

### **1. Automotive Sector**

The automotive sector is the most significant buyer of Bekaert products, accounting for 33% of sales in 2010. 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.

### **2. Energy and Utilities Sector**

This is one of the sectors that grew strongly and fast in the past years. Energy and utilities markets comprised a combined 24% of Bekaert's sales in 2010 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 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 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. This particular sector is, however, highly volatile. After the exceptional growth of the past years, the market currently shows demand slowdown, following the changes (reductions) in EU fiscal stimulus regimes for solar energy investments.

### **3. Construction Sector**

The construction sector accounts for 18% of Bekaert's sales in 2010. The wire, mesh and innovative fiber products find applications in construction, in lifts and burners, in fencing and erosion protection, in roads and bridges, in architectural solutions, and in concrete reinforcement.

#### **4. Agriculture Sector**

Agriculture accounts for 6% of Bekaert's sales in 2010. The sector is a customer for specialized fencing solutions, among other products.

#### **5. Consumer Goods Sector**

Consumer goods comprise a combined 8% of Bekaert's sales in 2010. 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.

#### **6. Equipment Sector**

Accounting for a combined 7% of sales in 2010, 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.

#### **7. Raw Materials Sector**

4% of sales in 2010 related to supplies for the production or exploration of raw 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 fibers. Bekaert offers customers in the textile industry wires for carding. Bekaert also supplies all manner of wire-based products to mines all over the world.

### **H. 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 fibers were developed for the filtration of diesel soot particles for trucks; biodegradable wires were launched on the market for applications in agriculture. Other products as fine cable applications create added value for equipment and 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 advanced steel cord constructions for radial tires for cars, buses and trucks, for example. Bekaert responded to the increasing exploration for raw materials with ropes and cables, as well as with rubber reinforcement solutions for transportation belts.

As described under section G, customers 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 continuous 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 2010 and the first half of 2011 compared with Bekaert's capacities and Bekaert's sold tonnages, in 2010 (full year) and 2011 (first half) respectively.

## I. Information related to the subsidiaries of the Issuer

The following table provides an overview of the countries in which subsidiaries of the Issuer and/or entities in which 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 2010 under Note 7.8 starting at page 200 (See Section XIV of this Prospectus).

<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	✓	
	Spain	✓	✓
	Czech Republic	✓	
	United Kingdom	✓	✓
	Sweden		✓
	Switzerland		✓
	North America	Canada	✓
United States		✓	✓
Latin America	Argentina		✓
	Brazil	✓	✓
	Chile	✓	✓
	Colombia	✓	
	Curaçao		✓

<u>Continent</u>	<u>Country</u>	<u>Production entity</u>	<u>Sales office and other</u>
	Ecuador	✓	✓
	Guatemala		✓
	Mexico		✓
	Panama		✓
	Peru	✓	✓
	Venezuela	✓	✓
Asia	China	✓	✓
	Hong Kong		✓
	India	✓	✓
	Indonesia	✓	
	Japan	✓	✓
	Korea		✓
	Singapore	✓	✓
	Taiwan		✓
	Turkey	✓	✓
	United Arab Emirates		✓
Australia	Australia		✓

## **J. 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.

## **K. Material Contracts**

There are no material contracts that have not been entered into in the ordinary course of the Issuer's business and that could result in any member of the Bekaert group being under an obligation or entitlement that is material to the Issuer's ability to meet its obligation to Bondholders in respect of the Bonds.

## **L. Legal and Arbitration Proceedings**

Neither the Issuer nor any of its subsidiaries is, nor has been, involved in any governmental, legal or arbitration proceedings (including any such proceedings that are pending or threatened of which the Issuer is aware) during the 12 months preceding the date of this Prospectus that may have or have had in the recent past significant effects on the financial position or profitability of the Issuer or the Bekaert group.

## **M. Trend Information and Recent Events – Significant Changes in the Issuer's Financial or Trading Position**

Highly favorable market conditions led to unprecedented, exceptional growth in 2010: consolidated sales amounted to EUR 3.3 billion and combined sales to EUR 4.5 billion (both 34% up versus 2009). EBIT more than doubled (EUR 534 million compared with EUR 232 million in 2009) and EBITDA attained a record 22.2% on sales. The Issuer therefore issued a total dividend of EUR 1.667 per share related to the results of 2010 (EUR 0.667 intermediate dividend and EUR1.00 end-dividend, or a 70% dividend increase compared with 2009).

Already with the announcement of these exceptional 2010 results, Bekaert stated in its outlook (press release dated 25 February 2011): “Globally, Bekaert anticipates moderate growth perspectives in the coming years. In the short term we see measures for more controlled growth in China and policies to contain inflation in several countries as growth tempering factors. We also notice increased competitive capacities. Moreover, both the volatility of raw material prices and changes in fiscal incentive programs in several relevant business sectors are indicators for a more irregular future growth pattern.”

Bekaert recorded solid demand and results in the first half of 2011. Revenue was 16% higher than in the first 6 months of 2010. Gross profit amounted to EUR 448 million (compared with EUR 434 million in the first half of 2010); EBIT was EUR 232 million compared with EUR 243 million and EBITDA equaled EUR 342 million compared with EUR 349 million. Based on the financial performance of the first half of 2011, the Board of Directors decided to distribute a gross interim dividend of EUR 0.67 (which became payable as from October 17, 2011).

The Issuer experienced continued strong growth in the first quarter of 2011, but saw market trends turn in the second quarter. As reported before, Bekaert anticipated a demand impact as a result of measures for more controlled growth in China, which led to an overall weaker economic activity in the country. Also the expected volatility in the solar energy sector due to changed fiscal stimulus policies in the European end-markets materialized, resulting in a significant reduction in demand. Moreover, in both the energy-related and automotive sectors, the Issuer faced increased competitive capacities in China and large inventories throughout the supply chain. Bekaert took appropriate measures to defend its market position in China, including price adjustments. The combined impact of all abovementioned events came into effect in the second quarter of 2011.

Bekaert further elaborated on recent market trends in its [third quarter 2011 trading update](#):

Bekaert achieved solid sales growth in most segments throughout the first nine months of 2011, compared with the same period of last year. Business activities in China were affected by reduced growth in the sectors Bekaert serves and by stringent credit restrictions. Moreover, continued low demand and increased price pressure, driven by substantial overcapacity in the solar energy markets, led to a significant reduction of revenues in the sawing wire activities.

In the first nine months of 2011, Bekaert achieved consolidated sales of € 2 595 million and combined sales of € 3 550 million, an increase of 8.1% and 7.3% respectively. Strong volumes in most sectors drove an organic consolidated sales growth of 11.4%. The net effect of acquisitions and divestments amounted to -0.5% while currency movements had an adverse effect of -2.8% as a result of the stronger euro (compared with the same period last year).

The combined sales increase was 9.3% from organic growth. Both the net movement in acquisitions and divestments (-0.4%) and currency movements (-1.6%) were negative.

**First nine months of consolidated sales in millions of €**

<b>Consolidated sales</b>	<b>2010</b>	<b>2011</b>	<b>Variance</b>	<b>Share</b>
EMEA	797	907	+14%	35%
North America	484	526	+9%	20%
Latin America	233	269	+16%	10%
Asia Pacific	888	893	+1%	35%
<b>Total</b>	<b>2 401</b>	<b>2 595</b>	<b>+8%</b>	<b>100%</b>

While Bekaert achieved solid growth in all markets but China in the first nine months of 2011, Bekaert expects a growing impact from the global financial turbulence and the uncertain economic developments in most markets, in addition to the usual seasonal effects toward year-end.

Increased competition, stringent credit restrictions and cost increases will continue to create challenging conditions in China in the next quarter. In solar energy markets, substantial manufacturing

overcapacity and persistent low demand drove prices down by more than 50% toward the end of the third quarter. Bekaert expects a further deterioration of price levels in the months ahead.

Although sales volumes were solid in most markets during the first nine months of the year, Bekaert anticipates growing uncertainty and margin pressure, in line with global expectations. Working capital is expected to remain high in the difficult financial and business environment, and the volatility of raw materials prices and exchange rates adds uncertainty to business performance perspectives.

Notwithstanding the above uncertainties, Bekaert remains confident that its strong balance sheet, its broad geographical coverage with a strong position in emerging markets, its extensive product portfolio, and the group's ongoing efforts to further enhance its operational excellence, will enable the company to weather these turbulent times successfully.

The following significant changes in the financial or trading position of the Bekaert group have occurred since the end of the last financial period for which a press release regarding interim financial information has been published:

- see the "Half year results 2011" press release of the Issuer dated 29 July 2011 (see Section XIV of this Prospectus);
- see Section VI of this Prospectus; and
- see "Third quarter trading update" press release of the Issuer dated 10 November 2011 (see Section XIV of this Prospectus).

#### *Balance sheet & debt position*

As at 30 June 2011, shareholders' equity represented 45.7% of total assets. Net debt (EUR 815.9 million) increased versus the closing balance of 2010. The gearing ratio (net debt to equity) was 47.4%. As at 30 September 2011, net debt was € 763 million.

#### *Cash flow statement*

Cash from operating activities amounted to EUR -60.8 million. As per June 30, 2011, operating working capital increased to EUR 1.1 billion. The purchase of property, plant and equipment amounted to EUR 129.7 million and reflected further investments, mainly in emerging markets.

#### *Other relevant news disclosed after the first half of 2011:*

- On July 18, 2011, Bekaert signed an agreement with Hankuk Steel Wire Co. Ltd (South Korea) for the acquisition of the Qingdao Hansun steel wire plant in Qingdao (Shandong Province, China). The Qingdao Hansun entity started up in 2008 and is equipped to produce steel wire products for a wide range of applications in sectors such as the construction business, the paper industry, and mining. The plant is located near the Qingdao sea port (the world's 9<sup>th</sup> busiest container port) and currently employs 233 people. The deal, with an enterprise value of approximately CNY 27 million, was successfully closed on August 31, 2011 (see press release dated September 1, 2011). Bekaert herewith purchased, through its wholly-owned holding company Bekaert Wire Products Hong Kong Co. Ltd., 100% of the shares of Qingdao Hansun Steel Co. Ltd. The company will be renamed Bekaert (Qingdao) Wire Products Co., Ltd and its integration within the Bekaert Group came into effect immediately.
- On August 10, 2011, Bekaert and Saint-Gobain signed an agreement regarding the sale of Bekaert's Specialty Films activities to Saint-Gobain Performance Plastics Corporation, an Ohio, US-based corporation of the Saint-Gobain group. The transaction covers the production facilities in San Diego (US), Zulte (Belgium) and Suzhou (China), the operations under development in China, and all sales and service centers worldwide. The deal was

successfully closed on September 30, 2011 and involves all employees currently working in the Specialty Films platform, which is known as Solar Gard Specialty Films in the wide range of markets served. The transaction results in a capital gain of approximately EUR 10 million, and in a reduction of Bekaert's consolidated net debt of approximately EUR 80 million.

- Bekaert inaugurated on 15 September 2011 its plant extension in Lipetsk, Russia. Bekaert has been present in Russia with steel cord manufacturing operations since the beginning of 2010 and has built a growing customer base in the region. In view of expected efficiency and flexibility gains, Bekaert decided to extend its production platform in Lipetsk with a half products manufacturing unit.

## VI. SELECTED FINANCIAL INFORMATION

### A. Audited Figures

The key figures for the financial years 2009 and 2010 are listed below.

#### 1. Key Figures

<b>Combined key figures</b> in millions of EUR	<b>2009</b>	<b>2010</b>
Sales	3,343	4,469
Capital expenditure (PP&E)	189	271
Employees as at December 31	22,592	27,089
<b>Consolidated financial statements</b> in millions of EUR	<b>2009</b>	<b>2010</b>
<b>Income statement</b>		
Sales	2,437	3,262
Operating result (EBIT)	232	534
Operating result before non-recurring items (REBIT)	257	562
Result from continuing operations	170	399
Result from discontinued operations	-	-
Result for the period	170	399
attributable to the Group	152	368
attributable to minority interests	18	31
Cash flow	305	558
EBITDA	386	725
Depreciation PP&E	139	158
Amortization and impairment	14	33
<b>Balance sheet</b>		
Equity	1,374	1,697
Non-current assets	1,536	1,766
Capital expenditure (PP&E)	158	230
Balance sheet total	2,830	3,673
Net debt	395	522
Capital employed	1,752	2,267
Working capital	519	841
Employees as at December 31	18,103	21,877
<b>Ratio's</b>		
EBITDA on sales	15.8%	22.2%
REBIT on sales	10.5%	17.2%
EBIT on sales	9.5%	16.4%
EBIT interest coverage	4.9	12.2
ROCE	12.9%	26.6%
ROE	13.4%	26.0%
Capital ratio	48.5%	46.2%
Gearing (Net debt on equity)	28.8%	30.8%
Net debt on EBITDA	1.0	0.7



<b>Joint ventures and associated companies</b>	<b>2009</b>	<b>2010</b>
in millions of EUR		
Sales	905	1,207
Operating result	104	103
Net result	82	81
Group's share net result	38	36
Capital expenditure	31	41
Depreciation	30	26
Group's share equity	213	237
Employees as at December 31	4,489	5,212

## 2. Key Figures per Share

*Preliminary remark:* on October 7, 2010, an Extraordinary General Meeting of the Issuer approved a three-for-one share split as proposed by the Board of Directors. The split came into effect on November 10, 2010. Shareholders then received three shares for every outstanding share held on November 9, 2010 as per the Euronext Brussels stock market closing. Trading began on a split-adjusted basis on November 10, 2010. The split also applied to the VVPR strips, stock options and subscription rights. To enhance comparison on the share-based figures below, all 2009 numbers and amounts have been adjusted to the post-split (three-for-one) situation.

<b>NV Bekaert SA</b>	<b>2009</b>	<b>2010</b>
Number of shares as at December 31	59,503,407	59,884,973
Market capitalization as at December 31 (in millions of EUR)	2,152	5,144
<b>Per share</b> (in EUR)		
EPS	2.56	6.21
Gross dividend	0.980	1.667
Net dividend	0.735	1.250
Net dividend with VVPR strip	0.833	1.417
<b>Valorization</b> (in EUR)		
Price as at December 31	36.17	85.90
Price (average)	25.14	53.82

## B. Unaudited Interim Figures

The provisional and unaudited key figures for the half year ending as of June 30, 2010 and as of June 30, 2011 are listed below (source: Bekaert's internal accounts).

### 1. Key Figures

<b>Combined key figures</b>	<b>June 30, 2010</b>	<b>June 30, 2011</b>
in millions of EUR		
Sales	2,113	2,412
Capital expenditure (PP&E)	89	148
Employees as at June 30	25,391	28,683
<b>Consolidated financial statements</b>	<b>June 30, 2010</b>	<b>June 30, 2011</b>
in millions of EUR		
<b>Income statement</b>		

Sales	1,535	1,780
Operating result (EBIT)	243	232
Operating result before non-recurring items (REBIT)	262	242
Result from continuing operations	195	158
Result from discontinued operations	-	-
Result for the period	195	158
attributable to the Group	181	144
attributable to minority interests	14	14
Cash flow	287	255
EBITDA	349	342
Depreciation, amortization and impairment losses	106	111

#### **Balance sheet**

Equity	1,666	1,723
Non-current assets	1,761	1,747
Capital expenditure (PP&E)	76	130
Balance sheet total	3,396	3,769
Net debt	582	816
Capital employed	2,261	2,487
Working capital	839	1,082
Employees as at June 30	20,448	23,372

#### **Ratio's**

EBITDA on sales	22.7 %	19.2%
REBIT on sales	17.1 %	13.6%
EBIT on sales	15.9 %	13.0%
EBIT interest coverage	11.8	8.0
ROCE	24.3	19.5
ROE	25.7	18.4
Capital ratio	49.1 %	45.7%
Gearing (Net debt on equity)	34.9 %	47.4%
Net debt on EBITDA	0.83	1.19

#### **Joint ventures and associated companies**    **June 30, 2010**    **June 30, 2011** in millions of EUR

Sales	578	632
Operating result	59	45
Net result	41	30
Group's share net result	19	14
Capital expenditure	13	18
Depreciation	14	14
Group's share equity	245	237
Employees as at June 30	4,943	5,311

## 2. Key Figures per Share (after share split 3:1)

<b>NV Bekaert SA</b>	<b>June 30, 2010</b>	<b>June 30, 2011</b>
Number of shares as at June 30	59,503,407	59,884,973
Market capitalization as at June 30(in millions of EUR )	2,724	3,144
<b>Per share</b> (in EUR )		
EPS	3.05	2.45
<b>Valorization</b> (in EUR )		
Price as at June 30	45.78	52.50
Price (average)	42.17	74.72

### C. Definitions

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 associate) is initially recognized at cost and subsequently adjusted for any changes in the investor's share of the joint venture's or associate's net assets (i.e. equity). The income statement reflects the investor's share in the net result of the investee.
Associates	Companies in which Bekaert has a significant influence, generally reflected by an interest of at least 20%. Associates are accounted for using the equity method.
Combined figures	Consolidated figures plus 100% of joint ventures and associates, 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 remeasured 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 associates 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.

## VII. MANAGEMENT AND CORPORATE GOVERNANCE

### A. 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 526<sup>ter</sup> of the Belgian Company Code and provision 2.3 of the Belgian Corporate Governance Code: Dr. Alan Begg (first 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 January 1, 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, 1030 Brussels, Belgium
<b>Managing Director</b>				
Bert De Graeve	2006	2012	NV Bekaert SA	NV Bekaert SA, President Kennedypark 18, 8500 Kortrijk, Belgium
<b>Members nominated by the principal shareholders</b>				
Baron Bekaert	1994	2012	Director of different companies in Belgium and abroad	Hoekestraat 25, 8340 Oostkerke-Damme, Belgium
Roger Dalle	1998	2013	Director of different companies in Belgium and abroad	Rue de Belle Vue 20, 1050 Brussels, Belgium
Count Charles de Liedekerke	1997	2012	CEO, Joris Ide Group (Belgium)	Nestor Plissartlaan 8, 1040 Brussels, Belgium
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 Luxembourg	
Maxime Jadot	1994	2012	CEO and Chairman of the Executive Board BNP Paribas Fortis (Belgium)	Fortis Bank NV/SA, Warandeborg 3, 1000 Brussels, Belgium	
Bernard van de Walle de Ghelcke	2004	2013	Of Counsel, Linklaters LLP (Belgium)	Linklaters LLP, Brederodestraat 13, 1000 Brussels, Belgium	
Baudouin Velge	1998	2013	CEO, Interel Belgium (Belgium)	Interel PR&PA, Tervurenlaan 402, 1150 Brussels, Belgium	

#### **Independent Directors**

Dr. Alan Begg	2008	2014	Senior Vice President Group Technology and Development, 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, London SW19 3HJ, United Kingdom
Lady Barbara Thomas Judge	2007	2013	Chairman Emeritus of the UK Atomic Energy Authority (United Kingdom)	Eversheds, One Wood Street, London EC2V 7WS, United Kingdom
Manfred Wennemer	2009	2012	Director of different companies in Belgium and abroad	Mierendorffstrasse 27, 64625 Bensheim, Germany

(\*) 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.

## **B. Executive Management: the Bekaert Group Executive**

The Bekaert Group Executive has five members. It is chaired by the Chief Executive Officer and further consists of four other members, who are responsible for the business units, 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, 8500 Kortrijk, Belgium
Bruno Humblet	Chief Financial Officer and Group Executive Vice President	2006	President Kennedypark 18, 8500 Kortrijk, Belgium
Dominique Neerinck	Chief Technology Officer and Group Executive Vice President Industrial coatings	2006	Bekaertstraat 2, 8550 Zwevegem, Belgium
Henri-Jean Velge	Group Executive Vice President Wire	1998	Bekaertstraat 2, 8550 Zwevegem, Belgium
Frank Vromant	Acting Head of Steel cord	2011	Bekaertstraat 2, 8550 Zwevegem, Belgium

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.

## **C. Committees of the Board of Directors**

The Board of Directors has established three advisory committees.

### **1. Audit and Finance Committee**

The Audit and Finance Committee is composed as required by Article 526*bis*, §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 former position of 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.

<b>Name</b>	<b>Expiry of current term</b>
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 526*bis*, §4 of the Belgian Company Code, Article 20*bis* 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's 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.



## 2. **Nomination and Remuneration Committee**

The Nomination and Remuneration Committee is composed as required by Article 526quater, §2 of the Belgian Company Code: all of its three members are non-executive Directors. It is chaired by the Chairman of the Board and further consists of two independent directors, Dr Begg and Lady Judge. The Committee has the required competence in the field of remuneration policy.

<b>Name</b>	<b>Expiry of current term</b>
Baron Buysse	2012
Dr. Alan Begg	2014
Lady Barbara Thomas Judge	2013

The powers of the Nomination and Remuneration Committee are described in Article 20*bis* 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 remuneration policy of the Directors, the CEO and the other members of the Bekaert Group Executive (including, where applicable, on the proposals to be submitted by the Board of Directors to the general meeting of shareholders);
  - the individual remuneration of the Directors, the CEO and the other members of the Bekaert Group Executive, including variable remuneration, long term performance bonuses, whether stock-related or not, and severance pay (including, where applicable, on the proposals to be submitted by the Board of Directors to the general meeting of shareholders);
  - the remuneration policy for senior management;
  - the appointment or reappointment of Directors, and the appointment of the CEO and the other members of the Bekaert Group Executive; and
  - the Issuer's long term incentive plans.
- In addition, the Nomination and Remuneration Committee prepares the remuneration report, to be included by the Board of Director as part of the corporate governance statement of the annual report, and explains the remuneration report to the annual general meeting of shareholders.
- The CEO informs the Nomination and Remuneration Committee on:
  - compliance with the 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.

## 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.

<b>Name</b>	<b>Expiry of current term</b>
Baron Buysse	2012
Bert De Graeve	2012
Baron Bekaert	2012
Count Charles de Liedekerke	2012

Maxime Jadot  
Sir Anthony Galsworthy

2012  
2012

The powers of the Strategic Committee are described in Article 20*bis* 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.

#### **D. Corporate Governance**

The Issuer attaches great value to good corporate governance and is aware that good governance of listed companies is an important factor in investment decisions. Following the publication of the 2009 Belgian Code on Corporate Governance, the Board of Directors has, on December 22, 2009, adopted the 2009 Code as the reference code for the Issuer and revised the Bekaert Corporate Governance Charter for alignment with the 2009 Code.

The Issuer applies the corporate governance principles laid down in the Belgian Corporate Governance Code. In addition, the Issuer complies with the corporate governance provisions of the Code, except:

- as described in Section VII.C.1 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).

#### **E. 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 must 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.

## VIII. PRINCIPAL SHAREHOLDERS

### A. Principal Shareholders

Based on the notifications made under the Belgian Law of May 2, 2007 regarding the disclosure of major holdings and the Issuer's Articles of Association (which include two additional disclosure thresholds at 3% and 7.50%), the present major shareholders of the Issuer are, as of the date of the Prospectus:

Shareholder	Date of latest notification	Number of voting rights	Percentage of total number of voting rights
Stichting Administratiekantoor Bekaert, Velge International NV, Berfin SA, Subeco SA, Millenium 3 SA and Gedecor SA	31.08.2011	22,958,469	38.28%

In its latest notification, Stichting Administratiekantoor Bekaert (holding 22,486,749 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 December 8, 2007, Stichting Administratiekantoor Bekaert disclosed in accordance with Article 74 of the Belgian Law of April 1, 2007 on public takeover bids that it was holding individually more than 30% of the securities with voting rights of Bekaert on September 1, 2007.

### B. Change of Control

In accordance with Article 11 of the Issuer'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 business 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.

## **IX. DESCRIPTION OF THE SHARE CAPITAL AND THE ARTICLES OF ASSOCIATION**

### **A. Share Capital**

The registered capital of the Issuer amounts to EUR 176,503,000 as of the date of the Prospectus, and is represented by 59,973,198 fully paid-up shares without par value of one and the same class. The number of VVPR strips is 12,645,201.

An aggregate 183,108 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 November 15, 2011 through December 15, 2011, which may result in the issue of up to 183,108 new shares and new VVPR strips of the Issuer, and an increase of the registered capital by a maximum amount of EUR 538,887 on a date that is close to the issue date of the Bonds.

### **B. Articles of Association**

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

The corporate purpose of the Issuer is described in Article 3 of its articles of association as follows:

*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 howsoever, 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.*

## **X. USE OF PROCEEDS**

The net proceeds of the Bond Offering, which are expected to amount to minimum EUR 200,000,000 (subject to increase and decrease), will be used to refund certain bank indebtedness, refinancing the bond maturing early 2012 and for general corporate purposes. With this Bond Offering, the Issuer aims to achieve an optimal global balance between short-term and long-term debt, as well as between bank financing and financing through the capital markets.

The expenses in connection with the transaction are described under “The Bond Offering—Costs and Fees” (Section XII.F).

## XI. TAXATION

### A. Taxation in Belgium

The information below is of a general nature and is not intended to deal with all aspects of an investment in Bonds. In some cases other rules might apply. Moreover, the tax regulations and their interpretation can change over the course of time (possibly with retroactive effect). Potential investors who wish to have more detailed information concerning the tax consequences, both in Belgium and elsewhere, on the purchasing, holding and transfer of Bonds, are urged to consult their financial and tax advisors who they usually consult.

#### 1. Belgian withholding tax

##### *General rules*

The payments of interest on the Bonds by or on behalf of the Issuer as a rule are subject to Belgian withholding tax on the gross amount of the interest. This withholding tax currently amounts to 15%.

According to Belgian tax law, the term interest not only includes the annual interest payments, but also (i) any amount paid or granted by or on behalf of the Issuer in excess of the issue price, regardless of whether or not the granting has occurred before the maturity date set in the agreement; and (ii) if the Bonds qualify as fixed income securities pursuant to Article 2, §1, 8 of the Belgian Income Tax Code 1992 (*Wetboek van de inkomstenbelastingen van 1992*; hereinafter: **W.I.B. 92**), in case of a sale of the Bonds between interest payment dates to any third party, excluding the Issuer, the pro rata of accrued interest corresponding to the detention period.

##### *The X/N clearing system of the NBB*

The holding of the Bonds in the X/N System permits investors to collect interest on their Bonds free of Belgian withholding tax if and as long as at the moment of payment or attribution of interest the Bonds are held by certain investors (the “**Beneficial Investors**”, see below) on a tax-exempt securities account (an “**X Account**”) opened by an institutional account holder that is directly or indirectly a participant (“**Participant**”) in the X/N System. Euroclear and Clearstream, Luxembourg are directly or indirectly Participants for this purpose.

The holding of Bonds in the X/N System enables Beneficial Investors to receive interest on their Bonds without incurring withholding tax and to trade the Bonds gross.

The Participants in the X/N System must enter the Bonds that they hold on account for Beneficial Investors on an X Account. Beneficial Investors are those entities referred to in article 4 of the Belgian Royal Decree of May 26, 1994 on the deduction of withholding tax, which includes the following categories:

1. domestic companies subject to Belgian corporate income tax;
2. institutions, associations or companies referred to in article 2, §3 of the Law of 9 July 1975 concerning the supervision of insurance companies other than those referred to in 1° and 3° and without prejudice to the application of article 262, 1° and 5° W.I.B. 92;
3. semi-governmental organizations for social security and equivalent organisations referred to in article 105, 2° of Belgian Royal Decree implementing the W.I.B. 92;
4. non-residents of Belgium, referred to in article 105, 5° of the same decree;
5. investment funds established in the context of pension savings, referred to in article 115 of the same decree;

6. taxpayers referred to in article 227, 2° of the W.I.B. 92, that are subject to the taxation of non-residents in accordance with article 233 of the W.I.B. 92 and who have used these income-bearing capital amounts for their professional activities in Belgium;
7. the Belgian State, for its investments that are exempt from withholding tax in accordance with article 265 W.I.B. 92;
8. foreign investment funds, that have an undivided capital base, are managed by a management company, for the account of the participants, when their participation rights are not publicly issued in Belgium and are not traded in Belgium; and
9. domestic companies not referred to in 1 above, of which the activity mainly consists of providing credit lines and loans.

Upon the opening of an X Account for holding the Bonds, the holder must provide the Participant with a certificate by which the beneficiary of the income can be identified and from which it is shown that the beneficiary belongs to one of the categories of Beneficial Investors. This certificate does not have to be regularly renewed.

These identification conditions do not apply to Bonds held by Beneficial Investors through Euroclear or Clearstream Luxembourg as Participants in the X/N System, provided that Euroclear or Clearstream Luxembourg (as well as their subparticipants) only hold X Accounts and are able to identify the holder of the account.

In the legislation as it stands, the categories investors that are not Beneficial Investors (the “**Non-Beneficial Investors**”) are mainly the following:

- individuals residing in Belgium for tax purposes; and
- legal entities (*i.e.*, other than companies) that are subject to the tax on legal entities, such as non-profit associations other than those mentioned under 2. and 3. above.

The Participants in the X/N System must enter the Bonds which they hold on behalf of Non- Beneficial Investors on a non-exempt securities account (an “**N Account**”). In this event (i) all interest payments to the holders of the N Accounts, and (ii) upon the transfer of Bonds by the holders of N Accounts, the pro-rata accrued interest since the date of the previous interest payment are subject to a withholding tax of currently 15%. This withholding tax is withheld by the NBB and transferred to the State.

Transfers of Bonds between an X Account and an N Account give rise to certain adjustment payments on account of withholding tax:

- A transfer from an N Account to an X Account gives rise to the payment by the transferor non-Beneficial Investor to the NBB of withholding tax on the accrued fraction of interest calculated from the last interest payment date up to the transfer date.
- A transfer from an X Account to an N Account gives rise to the refund by the NBB to the transferee non –Beneficial Investor of withholding tax on the accrued fraction of interest calculated from the last interest payment date up to the transfer date.
- Transfers of Bonds between two X Accounts do not give rise to any adjustment on account of withholding tax.
- Transfers of Bonds between two N Accounts give rise to the payment by the transferor non-Beneficial Investor to the NBB of withholding tax on the accrued fraction of interest calculated from the last interest payment date up to the transfer date, and to the refund by the NBB to the transferee non-Beneficial Investor of withholding tax on the same interest amount.



## **2. Belgian income tax**

### **2.1. Individuals residing in Belgium**

For Belgian resident individuals (*i.e.*, individuals who have their residence or seat of economic interests in Belgium) who hold Bonds as private investments the withholding tax extinguishes the tax liability and consequently the interest does not need to be declared in their personal income tax return.

Belgian resident individuals can nevertheless also opt to declare the Interest in their personal income tax return; in this case the interest will be separately taxed at 15%, to be increased with the local surtaxes (or, if it is more favourable, at the applicable progressive rates, taking into account the other income declared). In the event of declaring the interest, the withholding tax may be credited against the final income tax liability in accordance with the usual conditions.

In general, capital gains that are realised as the result of the transfer of Bonds are not taxable, with the exception of the pro-rata accrued interest amounts. Capital losses are in general not deductible for tax purposes.

Specific rules apply to Belgian resident individuals who hold Bonds outside the normal administration of their private estate, or within the framework of a professional activity.

### **2.2. Companies subject to Belgian corporate income tax**

The interest that is attributed or paid to a Bondholder that is subject to Belgian corporate income tax, as well as the gains realised as a result of the transfer of the Bonds, form part of that Bondholder's taxable income. The losses realised upon the transfer of the Bonds are deductible in accordance with the applicable rules.

### **2.3. Belgian legal entities**

Belgian legal entities subject to the Belgian legal entities tax (*i.e.*, legal entities that are not companies subject to corporate income tax, and which have their registered office, main establishment or their seat of management or administration in Belgium), and which are Non- Beneficial Investors, are subject to the withholding tax of 15% on the interest. Such withholding tax extinguishes the tax liability.

Belgian legal entities qualifying as Beneficial Investors will receive the interest without deduction of withholding tax, but, pursuant to article 262, 1° W.I.B. 92, must themselves declare and pay the withholding tax.

Capital gains realised as the result of the transfer of Bonds, with the exception of the pro-rata accrued interest amounts, are in principle not taxable. Capital losses are generally not deductible for tax purposes.

### **2.4. Non-residents**

Bondholders who are not resident in Belgium for tax purposes and who have not attributed the Bonds to a Belgian establishment and do not invest in the Bonds in the course of their Belgian professional activity, are not taxable on income or capital gains obtained as a result of holding or transferring the Bonds, subject to the condition that they qualify as Beneficial Investors and hold their Bonds on an X Account.

### 3. European Savings Directive

On June 3, 2003, the Council of the European Union adopted the Council Directive 2003/48/EC regarding the taxation of savings income (hereinafter, the “**EU Savings Directive**”), which has been implemented in Belgium by the Law of May 17, 2004. The EU Savings Directive entered into force on July 1, 2005.

Under the EU Savings Directive, Member States are since July 1, 2005 required to provide the tax authorities of other Member States or the tax authorities of certain dependant and associated territories (hereinafter, the “**Dependent and Associated Territories**”), details of payments of interest and other similar income paid by a paying agent (within the meaning of the EU Savings Directive) to (or under certain circumstances, to the benefit of) an individual resident in another Member State or resident in a Dependent and Associated Territory (hereinafter the “**Disclosure of Information Method**”), except that Austria and Luxembourg are instead required (unless they elect otherwise) to impose a source tax (hereinafter the “**Source Tax**”) for a transitional period, unless the beneficiary of the interest payments elects for the exchange of information. The ending of such transitional period depends on the conclusion of certain other agreements relating to the exchange of information with certain other countries.

If a payment were to be made or collected through a Member State which has opted for applying the Source Tax and an amount of, or in respect of, Source Tax were to be withheld from that payment, neither the Issuer nor any Agent nor any other person would be obliged to pay additional amounts with respect to any Bond as a result of the imposition of such Source Tax.

Investors should be aware that the European Commission has announced proposals to amend the EU Savings Directive. If implemented, the proposed amendments would, inter alia, extend the scope of the EU Savings Directive to (i) payments made through certain intermediate structures (whether or not established in a Member State) for the ultimate benefit of an EU individual, and (ii) a wide range of income similar to interest.

### 4. Tax on stock exchange transactions

Secondary market trades in respect of the Bonds will give rise to a stock exchange tax (*taxe sur les operation de bourse / taks op de beursverrichtingen*) if they are carried out in Belgium through a professional intermediary. The rate applicable for secondary sales and purchases is 0.07%. The tax is due separately from each party to any such transaction, i.e., the seller (transferor) and the purchaser (transferee), both collected by the professional intermediary. The amount of the transfer tax is, however, capped at EUR 500 per transaction per party.

However, the tax referred to above will not be payable by exempt persons acting for their own account including all non-residents of Belgium, subject to the delivery of an affidavit to the financial intermediary in Belgium confirming their non-resident status and certain Belgian institutional investors, as defined in article 126/1, 2° of the Code of various duties and taxes (*Code des droits et taxes divers / Wetboek diverse rechten en taksen*)

### B. Taxation in the Grand Duchy of Luxembourg

The current legislation of Luxembourg contains the following provisions for the purchasing, holding and transferring of the Bonds. The following information is of a general nature, is included herein solely for information purposes and is not intended to deal with all the following aspects of taxation in Luxembourg that ensure from an investment in Bonds. Candidate investors are therefore urged to consult their usual tax advisor to ascertain what tax treatment is applicable in their own specific case concerning the purchasing, holding and transferring of bonds.

Please be aware that the residence concept used under the respective headings below applies for Luxembourg income tax assessment purposes only. Any reference in the present section to a tax, duty, levy, impost or other charge or withholding of a similar nature refers to Luxembourg tax law and/or concepts only. Also, please note that a reference to Luxembourg income tax encompasses corporate income tax (*impôt sur le revenu des collectivités*), municipal business tax (*impôt commercial communal*), a solidarity surcharge (*impôt de solidarité*) as well as personal income tax (*impôt sur le revenu*) generally. Investors may further be subject to net wealth tax (*impôt sur la fortune*) as well as other duties, levies or taxes. Corporate income tax, municipal business tax as well as the solidarity surcharge invariably apply to most corporate taxpayers resident of Luxembourg for tax purposes. Individual taxpayers are generally subject to personal income tax and the solidarity surcharge. Under certain circumstances, where an individual taxpayer acts in the course of the management of a professional or business undertaking, municipal business tax may apply as well.

### **1. Luxembourg Withholding tax**

According to the legislation of Luxembourg as it stands, and conditional to the payment of interest to investors - individuals or to certain entities, the payment of interest in Luxembourg is not subject to any withholding tax. Nor is there any withholding tax applied with the repayment, repurchase or conversion of Bonds, provided that the payment is not made to the benefit of individuals or certain entities.

### **2. Investors, individuals and certain other entities that are not tax residents of Luxembourg**

Pursuant to the Luxembourg Law of June 21, 2005, as amended, (i) implementing the Savings Directive and (ii) containing approval of specific dependent or associated territories of the European Union (the “**Territories**”) concerning the savings taxation agreements entered into (the “**Agreements**”), a withholding tax will be levied on the interest and other income equated with interest. This withholding tax is applicable on interest income paid by paying agents established in Luxembourg to or for the immediate benefit of individual beneficial owners or entities of the Residual category in the meaning of the Savings Directive or the Agreements who are tax residents of another Member State of the European Union or of the Territories. The rate of this withholding tax amounts to 35% (from July 1, 2011). No withholding tax will be applied if the actual beneficiary (only the individuals who are tax residents in another Member State of the European Union or of one of the Territories) provides the paying agent in Luxembourg with a certificate in his or her name to the competent administration of his or her State of tax residence certifying that the income has been declared. Luxembourg has also accepted the principle of the exchange of information with the explicit permission of the actual beneficiary, *i.e.* the providing of the information to the competent authority of his or her state of residence (for individuals who are tax residents of another Member State of the European Union) or of the State in which it is incorporated (for the entities belonging to the Residual category and which are incorporated in another Member State of the European Union or in one of the Territories).

### **3. Investors, individuals who are tax residents of Luxembourg**

The Law of December 23, 2005, as amended, has implemented a withholding tax on certain interest payments granted by a Luxembourg paying agent (according to the definition of the Savings Directive) to or for the benefit of an individual beneficial owner who is a tax resident of Luxembourg. The Luxembourg paying agent withholds a 10% withholding tax.

The withholding tax extinguishes the tax liability if the interest received by the individual beneficial owner or for its benefit is collected in the course of the management of his/her private wealth. Individual beneficial owners tax resident in Luxembourg who receive interest in the context of their professional activities must declare this income together with their other professional income in the context of taxation through tax returns. The interest is then subject to the normal system with a

progressive scale, in which the withholding tax qualifies as advance payment at the time the tax to be paid is assessed.

In application of the Luxembourg Laws of June 21, 2005, as amended, and December 23, 2005, as amended, a withholding tax will be withheld by the Luxembourg paying agent in the sense of both these identified laws.

Pursuant to the Law of July 17, 2008 the provisions of the Law of December 23, 2005, as amended, were broadened to interest paid to individual beneficial owners resident in Luxembourg by foreign paying agents. Under certain conditions, Luxembourg taxpayers involved can declare and pay the 10% withholding tax themselves in the absence of it being withheld by the foreign paying agent.

#### **4. Capital gains**

Capital gains (which are not unpaid accrued interest amounts) realised by the transfer of Bonds by an individual holder of the Bonds residing in Luxembourg are not taxable in Luxembourg, unless the transfer of Bonds occurs within six (6) months after the purchase of the Bonds or before the purchase of the Bonds. With the transfer, exchange or repurchase of the Bonds, the 10% withholding tax will be withheld on the amount of the accrued but unpaid interest (even after the expiry of the six-month period). Individuals who are tax residents in Luxembourg, and who receive this interest in the context of their professional activities, must declare this income together with their other professional income.

#### **5. Investors, legal entities that are tax residents of Luxembourg**

The fully taxable capital companies that are tax residents in Luxembourg, or the foreign companies fully taxable in the country of their residence that have a permanent establishment or permanent representative in Luxembourg, must add, to their taxable income, the amount of received or accrued interest, as well as the profit realised by the sale, exchange or repurchase of the Bonds.

#### **6. Wealth tax**

Investors are not subject to wealth tax in Luxembourg, except if (i) the investor is a legal entity (capital company) that is fully taxable and does not benefit from a specific exemption and has its tax residence in Luxembourg, or if (ii) the Bonds are connected to a permanent establishment or a permanent representative of a company in Luxembourg to which the Bonds are attributable and that does not have its tax residence in Luxembourg.

#### **7. Other taxes**

An investor, legal entity or individual, in Luxembourg, is not liable to registration fees, stamp duty, or similar taxes with respect to the purchasing, holding or transferring of Bonds.

No VAT is levied in Luxembourg on payments related to interest payment, repayment of the principal amount, or the transfer of Bonds.

In the event of a voluntary registration or legal proceedings (not limited to bankruptcy proceedings), however, the court can impose the formality of registration of the Bonds, which would involve a proportional fee or a fixed fee of 12 euro. However, registration of Bonds can be recommended, with the same tax treatment as a result, when the Bonds are directly or indirectly presented to an authority that is established in Luxembourg.

## **XII. THE BOND OFFERING**

The Managers have, pursuant to a subscription agreement dated November 14, 2011 (the “**Subscription Agreement**”), agreed with the Issuer, subject to the satisfaction of certain conditions, to place the Bonds with third parties on a best effort basis at the Issue Price and at the conditions specified below. The Subscription Agreement entitles the Managers to terminate their obligations in certain circumstances prior to payment being made to the Issuer.

### **A. Subscription Period and Subscription Procedure**

The Bonds will be offered to the public in Belgium and the Grand Duchy of Luxembourg (the “**Bond Offering**”). The Bonds will be issued on December 6, 2011 (the “**Issue Date**”). However, in case a supplement to the Prospectus gives rise to withdrawal rights exercisable on or after the Issue Date of the Bonds in accordance with Article 34 of the Belgian Prospectus Law, Article 13 of the Luxembourg Prospectus Law, or otherwise, the Issue Date will be postponed until the first Business Day following the last day on which the withdrawal rights may be exercised.

The Bond Offering will start on November 17, 2011 at 9:00 a.m. and end on December 2, 2011 at 5:30 p.m. (the “**Subscription Period**”), or such earlier date as the Managers and the Issuer may agree (see in Section XII.H). In the event of early closure of the Subscription Period in respect of the 2016 Bonds and/or the 2019 Bonds, a notice will be published as soon as possible on the websites of the Issuer and the Managers. This notice will specify the date and hour of the early termination.

Except in case of oversubscription as set out under “Oversubscription” below (Section XII.H), a prospective subscriber will receive 100 per cent. of the amount of the Bonds subscribed for during the Subscription Period.

No dealings in the Bonds on a regulated market for the purposes of Directive 2004/39/EC of the European Parliament and of the Council of April 21, 2004 on markets in financial instruments, as amended, may take place prior to the Issue Date.

After having read the entire Prospectus and, on the basis of this, among other things, having decided to subscribe to the Bonds, the investors can subscribe to the Bonds via the branches of the following distributors appointed by the Issuer, using either the subscription form provided by the distributor (if any) or the subscription form attached to this Prospectus (as indicated by the relevant distributor): KBC Bank NV, BNP Paribas Fortis (including the branches acting under the commercial name of Fintro), ING Belgium SA/NV and CBC Banque SA, as well as any relevant subsidiary in the Grand Duchy of Luxembourg of each of the above mentioned banks (as decided by each financial institution and its subsidiaries). The investors can also subscribe to the Bonds via KBC Telecenter, KBC Online, BNP Paribas Fortis PC banking or Phone banking and ING Belgium Phone Banking.

The applications can also be submitted via agents or any other financial intermediaries in Belgium and in the Grand Duchy of Luxembourg. In this case, the investors must obtain information concerning the commissions, fees and other costs that the financial intermediaries might charge them.

Prospective subscribers will be notified of their allocations of Bonds by the applicable financial intermediary in accordance with the arrangements in place between such financial intermediary and the prospective subscriber.

## **B. Conditions to Which the Bond Offering is Subject**

The Bond Offering is subject to a number of conditions set out in the Subscription Agreement, which are customary for this type of transaction.

These conditions may be waived (in whole or in part) by the Managers. Each of the Managers has agreed to use best efforts to place the Bonds in a minimum aggregate principal amount of EUR 200,000,000 at the Issue Price. The Subscription Agreement does not entitle the Managers to terminate their obligations prior to payment being made to the Issuer, except in certain limited circumstances.

In addition, the Issuer has reserved the right not to proceed with the issue of the 2016 Bonds and/or the 2019 Bonds, as the case may be, if, at the end of the Subscription Period, the aggregate principal amount of the Bonds of the relevant series that have been subscribed for is lower than EUR 5,000,000.

## **C. Issue Price**

The issue price will be 101.90 per cent. for each of the 2016 Bonds and the 2019 Bonds (jointly referred to as the “**Issue Price**”).

The investors who are not qualified investors (as defined in the Belgian Prospectus Law and the Luxembourg Prospectus Law, the “**Qualified Investors**”) will pay the Issue Price.

The Qualified Investors will pay the Issue Price less a discount or plus a margin, such resulting price being subject to change during the Subscription Period based among others on (i) the evolution of the credit quality of the Issuer (credit spread), (ii) the evolution of interest rates, (iii) the success (or lack of success) of the placement of the Bonds, and (iv) the principal amount of Bonds purchased by an investor, each as determined by each Manager in its sole discretion.

The yield of the 2016 Bonds is 3.702 per cent. and the yield of the 2019 Bonds is 4.709 per cent. on an annual basis. The yield is calculated as at November 14, 2011 on the basis of the Issue Price, of the payment of interest amounts during the period to maturity of the Bonds and of the repayment amount of the Bonds on the Maturity Date. For the calculation it has been assumed that the Bonds were purchased on the primary market and held until maturity. It is not an indication of future yield.

The minimum amount of application for the Bonds is EUR 1,000. There is no maximum amount of application.

## **D. Aggregate Principal Amount**

The aggregate principal amount of the Bonds is expected to amount to minimum EUR 200,000,000 (*i.e.*, EUR 100,000,000 for each of the 2016 Bonds and the 2019 Bonds).

The criteria in accordance with which the final aggregate principal amount of the Bonds will be determined by the Issuer are the following:

- (a) the funding needs of the Issuer, which could evolve during the Subscription Period;
- (b) the levels of the interest rates and of the credit spread of the Issuer during the Subscription Period;
- (c) the level of demand from investors for the Bonds as observed during the Subscription Period and as communicated by the Managers to the Issuer on a daily basis;

- (d) the occurrence or not of certain events during the Subscription Period giving the possibility to the Issuer and/or the Managers to early terminate the Subscription Period or not to proceed with the offer and the issue in accordance with Sections XII.A, B and H; and
- (e) the fact that the Bonds, if issued, will have a minimum aggregate principal amount of EUR 5,000,000 per series.

In the event of insufficient demand from investors, the final aggregate principal amount of the Bonds issued can be lower than the expected minimum amount of EUR 200,000,000 in view of the fact that the Managers have not taken a firm underwriting commitment towards the Issuer.

Once determined in accordance with the above-mentioned criteria, the final aggregate principal amount of the Bonds (the “**Aggregate Principal Amount**”) that will be issued will be published on the websites of the Managers ([www.kbc.be/obligaties](http://www.kbc.be/obligaties), [www.kbc.be/obligations](http://www.kbc.be/obligations), [www.bnpparibasfortis.be/emissions](http://www.bnpparibasfortis.be/emissions), [www.bnpparibasfortis.be/emissions](http://www.bnpparibasfortis.be/emissions), and [www.ing.be](http://www.ing.be) (go to “Beleggen – Obligaties” or “Investir – Obligations”)), the Issuer ([www.bekaert.com](http://www.bekaert.com)) and the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)), at the latest on the Issue Date.

## **E. Payment Date and Details**

The payment date is December 6, 2011. The payment for the Bonds can only occur by means of debiting from a current account.

On the date that the subscriptions are settled, the X/N System will credit the custody account of the Domiciliary Agent according to the details specified in the rules of the X/N System.

Subsequently, the Domiciliary Agent, at the latest on the settlement date, credits the amounts of the subscribed Bonds to the account of the X/N System participants for onward distribution to the subscribers, in accordance with the usual operating rules of the X/N System.

## **F. Costs and Fees**

The net proceeds of the Bonds will be an amount in euro that is equal to (A) minus (B), whereby (A) is equal to the product of (1) the Issue Price minus the selling and distribution commission described below, and (2) the Aggregate Principal Amount, and (B) is equal to EUR 120,000, which is the lump sum paid by the Issuer to KBC Bank NV, the Global Coordinator of the Bond Offering, to cover the legal, administrative and other costs associated with the issue of the Bonds (which lump sum can however be lower if the actual costs are lower than EUR 120,000) and which is not taken into account in the Issue Price and is not being borne and paid by the subscribers.

The Issue Price shall include the selling and distribution commission described below, such commission being borne and paid by the subscribers.

Expenses specifically charged to the subscribers:

- (a) the subscribers who are not Qualified Investors will bear a selling and distribution commission of 1.875 per cent., included in the Issue Price; and
- (b) the subscribers who are Qualified Investors will normally bear a distribution commission of 1.875 per cent., subject to the discount or margin foreseen under “Issue Price” above (Section XII.C above). Such commission will be included in the issue price applied to them.

## G. Financial Services

The financial services will be provided free of charge by the Managers. The custody fee for the Bonds in custody account is charged to the subscribers.

Investors must inform themselves about the costs the other financial institutions might charge them.

## H. Oversubscription

The Subscription Period for the Bonds 2016 or for the Bonds 2019 can be terminated early at the earliest on the third Business Day following the day on which the Prospectus has been made available on the websites of the Issuer and the Managers, *i.e.*, at the earliest on November 17, 2011 at 5:30 p.m. (the "**Minimum Sale Period**"). Thereafter, early termination can occur at any moment (including in the course of the day). In the case of early termination, a notice will be published as soon as possible on the websites of the Issuer and the Managers. This notice will specify the date and hour of the early termination.

The Subscription Period for the Bonds 2016 and for the Bonds 2019 will be terminated early as soon as the combined Aggregate Principal Amount of the Bonds 2016 and the Bonds 2019 placed equals EUR 500,000,000.

The Subscription Period for the Bonds 2016 and for the Bonds 2019 can be terminated early, in each case by decision of the Issuer in agreement with the Managers (i) in respect of each of the Bonds 2016 and the Bonds 2019 separately, if the expected minimum Aggregate Principal Amount of EUR 100,000,000 for such Bonds is placed, or (ii) in the event that a major change in market conditions or in the financial condition of the Issuer occurs.

All subscriptions that have been validly introduced by investors, other than Qualified Investors, with the Managers prior to the early termination of the Subscription Period will be taken into account when the Bonds are allotted, it being understood that in case of oversubscription, a reduction may apply, *i.e.*, the subscriptions will be scaled back. In case of subscriptions in excess of the Aggregate Principal Amount that shall have been determined by the Issuer, the allocation by the Managers of Bonds to investors that subscribed in the Bond Offering shall occur subject to (a) the prior consent of the Issuer in relation to the aggregate number of Bonds to be allocated to retail investors (which consent shall not unreasonably be withheld or delayed), and (b) prior consultation with the Issuer in relation to the allocation criteria to be applied to retail investors and Qualified Investors. Subject to the foregoing, the intention of the Managers is to apply, insofar as possible, an allotment method whereby priority is given to subscriptions submitted to the Managers by retail investors before the early termination and whereby a proportional reduction is applied in case of oversubscription. It is contemplated that the allotment will be made, insofar as reasonably possible, on a 2/5 basis for each of the Joint Lead Managers and on a 1/5 basis for the Co-Manager. As a result, the reduction percentages applied by each of the Managers can be different for each of them, depending on the level of subscriptions they respectively receive. In this respect, the Issuer will be consulted and involved by each of the Managers on an ongoing and continued basis during the Subscription Period in respect of the respective subscriptions of each of the Managers and, subsequent thereto, the Global Coordinator will send to the Issuer the expected final allocations of the Managers in a transparent manner, as is customary for this type of transaction and subject to applicable laws.

As soon as a Manager has placed its allotment and any other Bonds which it took over from other Managers (but in no event prior to the expiry of the Minimum Sale Period), it shall publish a notice on its website to inform its clients that it will stop collecting subscriptions and will then send the same notice to the Issuer that will publish it on its website as soon as reasonably practicable indicating which other Manager(s) may still collect subscriptions. The Subscription Period will only be terminated early in case all Managers have placed their allotment of Bonds (except in case of early



termination in the event that a major change in market conditions or in the financial condition of the Issuer occurs).

The Managers shall in no manner whatsoever be responsible for the allotment criteria that will be applied by other financial intermediaries.

In case of early termination, the investors will be informed regarding the number of Bonds that have been allotted to them as soon as possible after the date of the early termination of the Subscription Period.

Any payment made by a subscriber for the Bonds in connection with the subscription of Bonds which are not allotted will be refunded within seven (7) Business Days (as defined in the Terms and Conditions of the Bonds) after the date of payment in accordance with the arrangements in place between such relevant subscriber and the relevant financial intermediary, and the relevant subscriber shall not be entitled to any interest in respect of such payments.

#### **I. Results of the Offer**

The results of the Bond Offering (including its net proceeds) will be published as soon as possible after the end of the Subscription Period and on or before the Issue Date on the websites of the Issuer ([www.bekaert.be](http://www.bekaert.be)), the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) and the Managers ([www.kbc.be/obligaties](http://www.kbc.be/obligaties), [www.kbc.be/obligations](http://www.kbc.be/obligations), [www.bnpparibasfortis.be/emissions](http://www.bnpparibasfortis.be/emissions), [www.bnpparibasfortis.be/emissions](http://www.bnpparibasfortis.be/emissions), and [www.ing.be](http://www.ing.be) (go to “Beleggen – Obligaties” or “Investir – Obligations”)) and will be communicated to the CSSF.

#### **J. Expected Timetable of the Bond Offering**

The main steps of the timetable of the Bond Offering are as follows:

- November 15, 2011: publication of the Prospectus on the website of the Issuer
- November 17, 2011, 9:00 a.m.: opening of the Subscription Period
- December 2, 2011, 5:30 p.m.: closing of the Subscription Period (if not closed earlier)
- Between December 2, 2011 and December 6, 2011: publication date of the results of the Bond Offering (including its net proceeds), unless published earlier in case of early closing of the Subscription Period
- December 6, 2011: Issue Date and listing of the Bonds on the Official List and admission to trading of the Bonds on the regulated market of the Luxembourg Stock Exchange

#### **K. Transfer of the Bonds**

Subject to compliance with any applicable selling restriction, the Bonds are freely transferable.

#### **L. Selling Restrictions**

##### **1. Distribution of the Prospectus – Countries in Which the Bond Offering is Open**

The Bonds are being offered only to investors to whom such offer can be lawfully made under any law applicable to those investors. The Issuer has taken necessary actions to ensure that Bonds may lawfully be offered to the public in Belgium and the Grand Duchy of Luxembourg. The Issuer has not taken any action to permit any offering of the Bonds in any other jurisdiction outside of Belgium and the Grand Duchy of Luxembourg.

The distribution of this Prospectus and the subscription for and acquisition of Bonds may, under the laws of certain countries other than Belgium and the Grand Duchy of Luxembourg, be governed by specific regulations. Individuals in possession of this Prospectus, or considering the subscription for, or acquisition of, Bonds, must inquire about those regulations and about possible restrictions resulting from them, and comply with those restrictions. Intermediaries cannot permit the subscription for, or acquisition of, Bonds for clients whose addresses are in a country where such restrictions apply. No person receiving this Prospectus (including trustees and nominees) may distribute it in, or send it to, such countries, except in conformity with applicable law.

This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any securities other than the Bonds, or an offer to sell or the solicitation of an offer to buy Bonds in any circumstances in which such offer or solicitation is unlawful. Neither the Issuer nor the Managers have authorized, nor do they authorize, the making of any offer of Bonds (other than in the Bond Offering in Belgium and the Grand Duchy of Luxembourg) in circumstances in which an obligation arises for the Issuer or the Managers to publish a prospectus for such offer.

The following sections set out specific notices in relation to certain countries that, if stricter, shall prevail over the foregoing general notice.

## **2. Selling Restriction in the European Economic Area**

The Issuer has not authorized any offer to the public of Bonds in any Member State of the European Economic Area, other than Belgium and the Grand Duchy of Luxembourg. In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “**Relevant Member State**”), an offer to the public of any Bonds may not be made in that Relevant Member State, other than the offer in Belgium and the Grand Duchy of Luxembourg contemplated in this Prospectus once this Prospectus has been approved by the CSSF, notified to the FSMA accompanied by a translation of the summary in Dutch and French, and published in Belgium and the Grand Duchy of Luxembourg in accordance with the Prospectus Directive as implemented in Belgium and the Grand Duchy of Luxembourg, respectively, except that an offer to the public in that Relevant Member State of any Bonds may be made at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

- (a) to legal entities which are qualified investors as defined under the Prospectus Directive;
- (b) by the Managers to fewer than 100, or, if the Relevant Member State has implemented the relevant provisions of Directive 2010/73/EU (the “**2010 PD Amending Directive**”), 150 natural or legal persons, as permitted under the Prospectus Directive; or
- (c) in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of the Bonds shall result in a requirement for the Issuer or the Managers to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of the provisions above, the expression an “**offer to the public**” in relation to any Bonds in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the Bond Offering and the Bonds to be offered so as to enable an investor to decide to purchase any Bonds, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression “**Prospectus Directive**” means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in each Relevant Member State.

### **3. United States**

The Bonds have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”), or the securities laws of any State or other jurisdiction of the United States, and may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Bonds are being offered and sold solely outside the United States to non-U.S. persons in reliance on Regulation S under the Securities Act (“**Regulation S**”). Terms used in this paragraph have the meaning given to them in Regulation S.

Until 40 days after the commencement of the Bond Offering, an offer or sale of Bonds within the United States by a dealer (whether or not participating in the Bond Offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

The Managers have agreed that they have not offered, sold or delivered, and will not offer, sell or deliver, directly or indirectly, the Bonds within the United States or its possessions in connection with their original issuance. Further, in connection with the original issuance of the Bonds, the Managers have not communicated, and will not communicate, directly or indirectly, with a prospective purchaser if either the Managers or the prospective purchaser is within the United States or its possessions or otherwise involve a U.S. office of the Managers in the offer or sale of the Bonds. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations thereunder, including U.S. Treas. Reg. §1.163-5(c)(2)(i)(C).

### **XIII. GENERAL INFORMATION**

1. So far as the Issuer is aware, other than the Managers, no person involved in the Bond Offering has any interest, including conflicting ones, that is material to the issue of the Bonds and the Bond Offering.
2. The Prospectus does not contain any statement or report sourced from third parties, except the audit opinions of the Statutory Auditor. The Issuer confirms that (a) the Statutory Auditor has agreed to the incorporation by reference in the Prospectus of its audit opinions for the fiscal years ended December 31, 2010 and December 31, 2009, and (b) such audit opinions have been accurately reproduced and as far as the Issuer is aware and is able to ascertain, to its reasonable knowledge, from such audit opinions no facts have been omitted that would render them inaccurate or misleading in any material respect.
3. For the life of the Prospectus, copies of the following documents will be available for inspection during usual business hours on any weekday (Saturdays and public holidays excepted), at the specified office of the Issuer at President Kennedypark 18, 8500 Kortrijk, Belgium:
  - (a) the Articles of Association of the Issuer;
  - (b) the consolidated historical financial information of the Issuer for the financial years ended on December 31, 2010 and December 31, 2009;
  - (c) all reports, letters, and other documents, historical financial information, valuations and statements prepared by any expert at the Issuer's request any part of which is included or referred to in this Prospectus; and
  - (d) the Prospectus and any supplement to this Prospectus.

#### **XIV. DOCUMENTS INCORPORATED BY REFERENCE**

The following documents that have previously been published or are published simultaneously with this Prospectus and have been filed with the CSSF shall be incorporated in 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 that 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.

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

1. The unaudited and unreviewed trading update as of and for the nine months ended September 30, 2011 of the Issuer, set out in the "Third quarter trading update 2011" press release of the Issuer date November 10, 2011.

- Consolidated and combined sales by segment p. 1
- Performance by segment p. 2
- Other information p. 3

2. The unaudited, unreviewed and condensed consolidated interim financial statements as of and for the six months ended June 30, 2011 of the Issuer, set out in the "Half year results 2011" press release of the Issuer dated July 29, 2011.

- Consolidated income statement p. 7
- Consolidated statement of comprehensive income p. 10
- Consolidated balance sheet p. 11
- Consolidated statement of changes in equity p. 12
- Consolidated cash flow statement p. 13
- Additional key figures p. 14

3. The auditors' report and audited consolidated annual financial statements as of and for the financial year ended December 31, 2010 of the Issuer set out in the "2010 Bekaert Annual Report", set out at pages 128 to 209 inclusive of such report, including:

- Consolidated income statement p. 128
- Consolidated statement of comprehensive income p. 129
- Consolidated balance sheet p. 130
- Consolidated statement of changes in equity p. 131
- Consolidated cash flow statement p. 132
- Notes to the consolidated financial statements pp. 133-203
- Report of the statutory auditor pp. 207-208

4. 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

B. The articles of association of the Issuer.

C. Press release “Bekaert and Saint-Gobain reach agreement on the sale of Bekaert’s Specialty Films activities” dated August 10, 2011.

D. Press release “Bekaert announced successful closing of the acquisition of Qingdao Hansun Steel Co. Ltd” dated September 1, 2011.

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 ([www.bourse.lu](http://www.bourse.lu)) and on the website of the Issuer ([www.bekaert.com](http://www.bekaert.com)).

**Subscription form**

Copy for the financial intermediary (financial agent)

**NV BEKAERT SA**

Bekaertstraat 2  
8550 Zwevegem  
Belgium

(VAT BE 0405.388.536, RPR Kortrijk)

**Public offer in Belgium and Luxembourg of 4.125 per cent. fixed rate bonds, due December 6, 2016, with a principal value of EUR 1,000, as defined in the Prospectus (the '2016 Bonds').**

**ISIN CODE BE6228571079  
COMMON CODE 070630753**

**SUBSCRIPTION FORM**

(to be drawn up in duplicate, in accordance with the law)

I, the undersigned (name, first name) .....,  
residing at ....., street ..... no. ....

have had the opportunity to become acquainted with the Prospectus dated November 14, 2011 and declare that I subscribe to:

..... 2016 Bonds with a principal amount of EUR 1,000 each, at the subscription price of 101.90 per cent.,  
or EUR 1019.00 for each 2016 Bond,  
or EUR ..... in total.

For my subscription and as consideration for the securities that are subscribed to, I request the bank, ....., to debit my account no. .... with the total subscription price.

I require that the 2016 Bond(s) be delivered in the form of an entry on the custody account no. ....

The paid amounts for the 2016 Bonds subscribed to and not allocated, will be repaid within five (5) Business Days, without the subscribers being entitled to demand interest on their payments.

Drawn up in duplicate at ..... on ...../...../.....

(subscriber's signature)

**Subscription form**

Copy for the subscriber

**NV BEKAERT SA**

Bekaertstraat 2  
8550 Zwevegem  
Belgium

(VAT BE 0405.388.536, RPR Kortrijk)

**Public offer in Belgium and Luxembourg of 4.125 per cent. fixed rate bonds, due December 6, 2016, with a principal value of EUR 1,000, as defined in the Prospectus (the '2016 Bonds').**

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..... 2016 Bonds with a principal amount of EUR 1,000 each, at the subscription price of 101.90 per cent.,  
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Drawn up in duplicate at ..... on ...../...../.....

(subscriber's signature)



**Subscription form**

Copy for the financial intermediary (financial agent)

**NV BEKAERT SA**

Bekaertstraat 2  
8550 Zwevegem  
Belgium

(VAT BE 0405.388.536, RPR Kortrijk)

**Public offer in Belgium and Luxembourg of 5.00 per cent. fixed rate bonds, due December 6, 2019, with a principal value of EUR 1,000, as defined in the Prospectus (the '2019 Bonds').**

**ISIN CODE BE6228573091  
COMMON CODE 070631229**

**SUBSCRIPTION FORM**

(to be drawn up in duplicate, in accordance with the law)

I, the undersigned (name, first name) .....,  
residing at ....., street ..... no. ....

have had the opportunity to become acquainted with the Prospectus dated November 14, 2011 and declare that I subscribe to:

..... 2019 Bonds with a principal amount of EUR 1,000 each, at the subscription price of 101.90 per cent.,  
or EUR 1019.00 for each 2019 Bond,  
or EUR ..... in total.

For my subscription and as consideration for the securities that are subscribed to, I request the bank, ....., to debit my account no. .... with the total subscription price.

I require that the 2019 Bond(s) be delivered in the form of an entry on the custody account no. ....

The paid amounts for the 2019 Bonds subscribed to and not allocated, will be repaid within five (5) Business Days, without the subscribers being entitled to demand interest on their payments.

Drawn up in duplicate at ..... on ...../..... /.....

(subscriber's signature)

**Subscription form**

Copy for the subscriber

**NV BEKAERT SA**

Bekaertstraat 2  
8550 Zwevegem  
Belgium

(VAT BE 0405.388.536, RPR Kortrijk)

**Public offer in Belgium and Luxembourg of 5.00 per cent. fixed rate bonds, due December 6, 2019, with a principal value of EUR 1,000, as defined in the Prospectus (the '2019 Bonds').**

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**SUBSCRIPTION FORM**

(to be drawn up in duplicate, in accordance with the law)

I, the undersigned (name, first name) .....,  
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..... 2019 Bonds with a principal amount of EUR 1,000 each, at the subscription price of 101.90 per cent.,  
or EUR 1019.00 for each 2019 Bond,  
or EUR ..... in total.

For my subscription and as consideration for the securities that are subscribed to, I request the bank, ....., to debit my account no. .... with the total subscription price.

I require that the 2019 Bond(s) be delivered in the form of an entry on the custody account no. ....

The paid amounts for the 2019 Bonds subscribed to and not allocated, will be repaid within five (5) Business Days, without the subscribers being entitled to demand interest on their payments.

Drawn up in duplicate at ..... on ...../..... /.....

(subscriber's signature)

**Form of Change of Control Put Exercise Notice**

To: [Contact details of the Intermediary through which the Bondholder holds the 2016 Bonds]

**NV BEKAERT SA**  
Bekaertstraat 2  
8550 Zwevegem  
Belgium

(VAT BE 0405.388.536, RPR Kortrijk)

**Public offer in Belgium and Luxembourg of 4.125 per cent. fixed rate bonds, due December 6, 2016, with a principal value of EUR 1,000, as defined in the Prospectus (the ‘2016 Bonds’).**

**ISIN CODE BE6228571079  
COMMON CODE 070630753**

**CHANGE OF CONTROL PUT EXERCISE NOTICE**

By sending this duly completed Change of Control Put Exercise Notice to an intermediary in accordance with Condition 5(b) of the Bonds, the undersigned holder of the 2016 Bonds specified below exercises its option to have 2016 Bonds for an aggregate principal amount of EUR ..... repaid early in accordance with Condition 5(b)(i) on the Change of Control Put Date. The undersigned holder of such 2016 Bonds hereby confirms that (i) he/she holds this amount of 2016 Bonds and (ii) he/she undertakes not to sell or transfer such 2016 Bonds until the Change of Control Put Date specified above.

**Contact details of the Bondholder requesting the early repayment:**

Name or Company: .....  
Address: .....  
Telephone number: .....

**Payment instructions:**

Please make payment in respect of the 2016 Bonds mentioned above by euro transfer to the following bank account:

Name of Bank: .....  
Branch Address: .....  
Account Number: .....

The undersigned holder of the 2016 Bonds confirms that payment shall be made against debit of his/her securities account number ..... with the bank ..... for the above-mentioned principal amount of 2016 Bonds.

All notices and communications relating to this Change of Control Put Exercise Notice should be sent to the address specified above.

Terms used and not otherwise defined in this Change of Control Put Exercise Notice have the meanings given to them in the terms and conditions of the Bonds.

Signature of the holder: .....

Date: .....

N.B. The intermediary will not in any circumstances be liable to any Bondholder or any other person for any loss or damage arising from any act, default or omission of such intermediary in relation to the said 2016 Bonds or any of them unless such loss or damage was caused by the fraud or negligence of such intermediary.

This Change of Control Put Exercise Notice will not be valid unless (i) all of the paragraphs requiring completion are duly completed and (ii) it is duly signed and sent.

**Bondholders are advised to check with the relevant intermediary by when such intermediary would require to receive the completed Change of Control Put Exercise Notice to arrange for delivery thereof and the 2016 Bond to be repaid to the account of the Agent for the account of the Issuer by the relevant Change of Control Put Date.**

**Once validly given, this Change of Control Put Exercise Notice is irrevocable.**

*[intermediary to add:]*

Received by:

*[Signature and stamp of intermediary]*

At its office at

On

**Form of Change of Control Put Exercise Notice**

To: [Contact details of the Intermediary through which the Bondholder holds the 2019 Bonds]

**NV BEKAERT SA**  
Bekaertstraat 2  
8550 Zwevegem  
Belgium

(VAT BE 0405.388.536, RPR Kortrijk)

**Public offer in Belgium and Luxembourg of 5.00 per cent. fixed rate bonds, due December 6, 2019, with a principal value of EUR 1,000, as defined in the Prospectus (the ‘2019 Bonds’).**

**ISIN CODE BE6228573091  
COMMON CODE 070631229**

**CHANGE OF CONTROL PUT EXERCISE NOTICE**

By sending this duly completed Change of Control Put Exercise Notice to an intermediary in accordance with Condition 5(b) of the Bonds, the undersigned holder of the 2019 Bonds specified below exercises its option to have 2019 Bonds for an aggregate principal amount of EUR ..... repaid early in accordance with Condition 5(b)(i) on the Change of Control Put Date. The undersigned holder of such 2019 Bonds hereby confirms that (i) he/she holds this amount of 2019 Bonds and (ii) he/she undertakes not to sell or transfer such 2019 Bonds until the Change of Control Put Date specified above.

**Contact details of the Bondholder requesting the early repayment:**

Name or Company: .....  
Address: .....  
Telephone number: .....

**Payment instructions:**

Please make payment in respect of the 2019 Bonds mentioned above by euro transfer to the following bank account:

Name of Bank: .....  
Branch Address: .....  
Account Number: .....

The undersigned holder of the 2019 Bonds confirms that payment shall be made against debit of his/her securities account number ..... with the bank ..... for the above-mentioned principal amount of 2019 Bonds.

All notices and communications relating to this Change of Control Put Exercise Notice should be sent to the address specified above.

Terms used and not otherwise defined in this Change of Control Put Exercise Notice have the meanings given to them in the terms and conditions of the Bonds.

Signature of the holder: .....

Date: .....

N.B. The intermediary will not in any circumstances be liable to any Bondholder or any other person for any loss or damage arising from any act, default or omission of such intermediary in relation to the said 2019 Bonds or any of them unless such loss or damage was caused by the fraud or negligence of such intermediary.

This Change of Control Put Exercise Notice will not be valid unless (i) all of the paragraphs requiring completion are duly completed and (ii) it is duly signed and sent.

**Bondholders are advised to check with the relevant intermediary by when such intermediary would require to receive the completed Change of Control Put Exercise Notice to arrange for delivery thereof and the 2019 Bond to be repaid to the account of the Agent for the account of the Issuer by the relevant Change of Control Put Date.**

**Once validly given, this Change of Control Put Exercise Notice is irrevocable.**

*[intermediary to add:]*

Received by:

*[Signature and stamp of intermediary]*

At its office at

On

## **THE ISSUER**

**NV Bekaert SA**  
Bekaertstraat 2  
8550 Zwevegem  
Belgium

## **GLOBAL COORDINATOR**

**KBC Bank NV**  
Havenlaan 2  
1080 Brussels  
Belgium

## **JOINT BOOKRUNNERS – JOINT LEAD MANAGERS**

**KBC Bank NV**  
Havenlaan 2  
1080 Brussels  
Belgium

**Fortis Bank NV/SA acting under the commercial  
name of BNP Paribas Fortis**  
Warandeborg 3  
1000 Brussels  
Belgium

## **CO-MANAGER**

**ING Belgium SA/NV**  
Marnixlaan 24  
1000 Brussels  
Belgium

## **DOMICILIARY AND PAYING AGENT**

**KBC Bank NV**  
Havenlaan 2  
1080 Brussels  
Belgium

## **LISTING AGENT**

**KBL European Private Bankers S.A.**  
Boulevard Royal 43  
2955 Luxembourg  
Grand Duchy of Luxembourg

## **LEGAL ADVISERS**

*to the Issuer*

**Cleary Gottlieb Steen & Hamilton LLP**  
Wetstraat 57  
1040 Brussels  
Belgium

*to the Managers*

**Allen & Overy LLP**  
Uitbreidingstraat 80  
2600 Antwerp  
Belgium

## **STATUTORY AUDITORS TO THE ISSUER**

**Deloitte Bedrijfsrevisoren BV o.v.v.e. CVBA**  
represented by Mr. Joël Brehmen  
Berkenlaan 8b  
1831 Diegem  
Belgium