

## UNCONDITIONAL PUBLIC EXCHANGE OFFER

by

**NV BEKAERT SA**

to exchange

**all 150,000 6.75 per cent. fixed rate bonds, issued on April 16 2009 and due April 16, 2014 (ISIN BE0002167337) (the "Existing Bonds") issued by**



**NV BEKAERT SA**

**for a corresponding number of 4.750 per cent. fixed rate bonds due October 17, 2020 to be issued by NV Bekaert SA (the "New Bonds") (the "Exchange Offer")**

The gross coupon of the New Bonds is 4.750 per cent. per annum and corresponds to the sum of (i) 4.395 per cent. (the interest rate that would apply to the New Bonds if issued at par on a stand-alone basis (excluding any applicable distribution fee)), (ii) 0.501 per cent. (the spread of the latent capital gain on the Existing Bonds), and (iii) 0.150 per cent. (the incentive premium to encourage holders of Existing Bonds to tender their Existing Bonds in the Exchange Offer), less (iv) 0.296 per cent. (the placement fee) (see the section "Valuation" in the Chapter "The Exchange Offer and the offering of the New Bonds", on page 82 *et seq.* of the Prospectus). The net actuarial yield of the New Bonds for individuals who are tax resident in Belgium calculated in economic terms (taking into account the direct taxes due by investors on the date of this Prospectus, including the Belgian withholding tax of 25 per cent.), amounts to 3.085 per cent. per annum (calculated amongst others on the basis of the reference market price of the Existing Bonds of 102.963 per cent. on September 18, 2013).

One New Bond will be granted for each Existing Bond tendered in the Exchange Offer. The Exchange Offer is not subject to any condition.

The acceptance period will commence on September 23, 2013 and close on October 7, 2013 at 16:00 CET (the "Acceptance Period"). Acceptance forms can be lodged with KBC Bank NV, ING Bank N.V., Belgian Branch and BNP Paribas Fortis SA/NV, either directly or via any other financial intermediary.

Only holders of Existing Bonds can participate in the Exchange Offer and the decision to participate in the Exchange Offer is in each holder's sole discretion. Existing Bonds that are not tendered in the Exchange Offer will remain listed on the regulated market of NYSE Euronext Brussels until their final maturity date. The Existing Bonds cannot be the subject of a squeeze-out bid or other form of mandatory sale.

An application has been submitted for listing of the New Bonds on the regulated market of NYSE Euronext Brussels.

This exchange offer, listing and offering prospectus (the "Prospectus") is dated September 18, 2013 and has been approved by the Belgian Financial Markets and Services Authority (*Autoriteit voor Financiële Markten en Diensten*) (the "FSMA") pursuant to article 18 of the Belgian Law of April 1, 2007 on public takeover bids, as amended (the "Takeover Law") and article 23 of the Belgian Law of June 16, 2006 on the public offering of investment instruments and the admission of investment instruments to trading on regulated markets, as amended (the "Prospectus Law") on September 20, 2013. NV Bekaert SA has requested the FSMA to notify the Prospectus to the European Securities and Markets Authority ("ESMA") and the Luxembourg *Commission de Surveillance du Secteur Financier* ("CSSF") in accordance with article 36 of the Prospectus Law. This results in a 'passporting' of the offering of the New Bonds in Luxembourg and of their admission to trading on the regulated market of NYSE Euronext Brussels, but the Luxembourg law of May 19, 2006 on public takeover bids (the "Luxembourg Takeover Law") does not apply to the Exchange Offer.

The New Bonds constitute debt instruments. Participating in the Exchange Offer and investing in the New Bonds involves risks. Investors in the New Bonds effectively lend money to the Company, which in turn undertakes to pay interest on an annual basis and to reimburse the principal amount on the maturity date. In case of bankruptcy or default by the Company, investors may not recover the amounts they are entitled to and risk losing all or a part of their investment. The New Bonds are intended for investors who are capable of evaluating the interest rates in light of their knowledge and financial experience. Each decision to participate in the Exchange Offer and to invest in the New Bonds should be based on all of the information contained in this Prospectus, including the "Risk Factors" section on pages 23 *et seq.* (and referred to in the summary on pages 15 *et seq.*) and more generally risk factors that may affect the Company's ability to fulfill its obligations under the New Bonds and risk factors that are material for assessing the market risks associated with the New Bonds. In particular, reference is made to the risk factors that are of special importance as a consequence of the long tenor of the New Bonds (1.20-Liquidity risk, 2.9-Market interest rate risk, 2.10-Inflation risk and 2.13-Market value of the New Bonds).

*Global Coordinator*



*Dealer Managers*



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 0405.388.536, Register of Legal Entities Kortrijk (the “**Company**”) in connection with the Exchange Offer in Belgium and the Grand Duchy of Luxembourg and the corresponding offer to the public and listing on NYSE Euronext Brussels of the New Bonds.

An application has been made with NYSE Euronext Brussels to list the New Bonds on NYSE Euronext Brussels’ regulated market. References in this Prospectus to the New Bonds being “listed” (and all related references) shall mean that the New Bonds have been listed on the official list of NYSE Euronext Brussels and admitted to trading on NYSE Euronext Brussels’ regulated market. NYSE Euronext Brussels’ 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 New Bonds referred to in this Prospectus, there was no public market for the New Bonds.

The New Bonds will be issued in dematerialized form under the Belgian companies code (*Wetboek van vennootschappen*) (the “**Belgian Companies Code**”) and cannot be physically delivered. The New 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 (the “**NBB**”) or any successor thereof (the “**X/N System**”). Title of the New Bonds will pass by account transfer. Access to the X/N System is available through those X/N System participants whose membership extends to securities, such as the New Bonds. X/N System participants include certain banks, stockbrokers (*beursvennootschappen*), Euroclear Bank SA/NV (“**Euroclear**”) and Clearstream Banking, *société anonyme*, Luxembourg (“**Clearstream, Luxembourg**”). Accordingly, the New Bonds will be eligible to clear through, and therefore accepted by, Euroclear and Clearstream, Luxembourg and investors can hold their New Bonds within securities accounts in Euroclear and Clearstream, Luxembourg.

Neither one of BNP Paribas Fortis SA/NV (“**BNP Paribas Fortis**”), ING Bank N.V., Belgian Branch (“**ING**”) or KBC Bank NV (“**KBC**”) or the “**Global Coordinator**”) (together, the “**Dealer Managers**”), nor the Company are taking any action to permit the Exchange Offer or a public offering of the New Bonds in any jurisdiction outside Belgium and the Grand Duchy of Luxembourg. The distribution of this Prospectus, the Exchange Offer and the offer or sale of the New Bonds may be restricted by law in certain jurisdictions, including, in particular, the United States. Neither this Prospectus, nor any supplement published in accordance with article 17 of the Takeover Law and/or in accordance with article 34 of the Prospectus Law or other information on the Exchange Offer (for purposes of this Section only, the “**Information**”) constitute an offer to purchase, to buy back, to exchange, to acquire or to sell securities or a solicitation of an offer to purchase, to buy back, to exchange, to acquire or to sell securities (a) in any jurisdiction in which such offer or solicitation is not authorized or (b) to any person to whom it is unlawful to make such offer or solicitation. It is the responsibility of any person in possession of the Information to obtain information on the existence of any such restrictions and to be sure to conform therewith where appropriate.

This Prospectus may only be used on the territory of the Kingdom of Belgium and the Grand Duchy of Luxembourg and does not constitute an offer to exchange, buy back, purchase, sell, transfer or assign by any means (or solicitation from anyone to this end) on any territory where its publication, disclosure, lecture or communication by any means or any reliance on its content would be illegal or subject to the approval and authorization of, or filing with, any authority or entity, or in which such an offer or solicitation is prohibited, or to any person located on a territory where it is illegal to make such an offer or solicitation.

No Existing Bonds may be tendered in the Exchange Offer, and neither the Prospectus nor any information relating to the Exchange Offer may be distributed or published in any jurisdiction, except in circumstances that will result in compliance with any applicable laws and regulations. Any person

which has access to this Prospectus should obtain information on these restrictions and, if applicable, comply with such restrictions. By accepting a copy of the Prospectus or any notice or information relating to the Exchange Offer and/or by submitting an Acceptance Form, each holder of Existing Bonds shall be deemed to agree with, and represent that it complies with, such restrictions.

No step has been taken outside of the Kingdom of Belgium and the Grand Duchy of Luxembourg to authorize a public offer on a territory where formalities are required for this purpose. Neither this Prospectus nor any other information or publicity may be provided to the public on a territory other than the territory of the Kingdom of Belgium and the Grand Duchy of Luxembourg where registration, approval or any other obligation is or will be applicable in connection with the exchange, buy-back, purchase, sale, transfer or assignment of securities (or a solicitation by anyone to this end) and may not be distributed in the European Economic Area (other than the Kingdom of Belgium and the Grand Duchy of Luxembourg or to "qualified investors" within the meaning of Directive 2003/71/EC of the European Parliament and 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**") as implemented in the member state in which such person is located to the extent such person is authorized to accept the Exchange Offer in such member state), Canada, Japan and the United States. Any breach of these restrictions may constitute a breach of any laws and regulations applicable in the member states of the European Economic Area, Canada, Japan, the United States or any other country. Neither the Company, nor any of the Dealer Managers, the Centralizing Agent or the Global Coordinator shall be liable for any breach of these restrictions by third parties.

In particular, the Exchange Offer is not being made, and will not be made, directly or indirectly, in or into, or by use of the mail of, or by any means or instrumentality of interstate or foreign commerce of or of any facilities of a national securities exchange of, the United States. This includes, but is not limited to, facsimile transmission, electronic mail, telex, telephone and the internet. Accordingly, copies of this Prospectus and any other documents or materials relating to the Exchange Offer are not being, and must not be, directly or indirectly, mailed or otherwise transmitted, distributed or forwarded (including without limitation, by custodians, nominees or trustees) in or into the United States and the Existing Bonds cannot be offered for exchange by any such use, means, instruments or facilities or from within the United States. Any purported offer to exchange Existing Bonds resulting directly or indirectly from a violation of these restrictions will be invalid, and any purported offer to exchange made from the United States or from any agent, fiduciary or other intermediary acting on a non-discretionary basis for a principal giving instructions from within the United States or otherwise in violation of the restrictions on offers of the New Bonds set forth herein, will be invalid and will not be accepted. This document is not an offer of securities for sale in the United States. The Existing Bonds and the New Bonds have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") or the securities laws of any state or jurisdiction of the United States, and may not be offered, sold or delivered, directly or indirectly, in the United States. The purpose of this document is limited to the Exchange Offer, and this document may not be sent or given to any person other than in an offshore transaction in accordance with Regulation S under the Securities Act. By accepting a copy of the Prospectus or any notice or information relating to the Exchange Offer, each Existing Bondholder participating in the Exchange Offer shall be deemed to represent that it is participating in the Exchange Offer in accordance with Regulation S under the Securities Act and that it is not participating in the Exchange Offer from the United States nor is it an agent, fiduciary or other intermediary acting on a non-discretionary basis for a principal giving instructions from within the United States.

None of the Dealer Managers, the Centralizing Agent and the Global Coordinator 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 Company, the Exchange Offer, the offer of the New Bonds or the distribution of the New Bonds other than the information included in its own marketing brochure or provided through its respective branches and personnel.

Neither this Prospectus nor any other financial statements are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Company, the Dealer Managers, the Centralizing Agent or the Global Coordinator that any recipient of this Prospectus or of any other financial statements should exchange the Existing Bonds it holds for New Bonds. Any exchange of Existing Bonds for New Bonds should be based upon such investigation of the Company and the Prospectus as the person contemplating to accept the Exchange Offer deems necessary. None of the Dealer Managers, the Centralizing Agent or the Global Coordinator undertake to review the financial condition or affairs of the Company during the life of the arrangements contemplated by this Prospectus nor to advise any persons exchanging the Existing Bonds for New Bonds in the Exchange Offer of any information coming to the attention of any of the Dealer Managers, the Centralizing Agent or the Global Coordinator.

The Company authorizes the use of the Prospectus for the purpose of the Exchange Offer, by any financial intermediary authorized pursuant to Directive 2004/39/EC to conduct such offers (a "**Financial Intermediary**"). The consent to use this Prospectus is given for the acceptance period starting on September 23, 2013 and ending on October 7, 2013. The consent to use this Prospectus is given solely for the Exchange Offer by the Company in Belgium and the Grand Duchy of Luxembourg at the same terms as set out in this Prospectus.

### **APPROVAL OF THE PROSPECTUS**

This Prospectus, relating both to the Exchange Offer and to the offer and listing of the New Bonds has been approved by the FSMA on September 20, 2013 in accordance with article 18 of the Takeover Law and article 23 of the Prospectus Law.

This approval does not imply any opinion by the FSMA on the economic and financial soundness of the Exchange Offer and the quality or solvency of the Company, and the FSMA assumes no responsibility in this regard.

The Prospectus has been prepared in accordance with Chapter II of Commission Regulation (EC) No. 809/2004 of April 29, 2004 implementing Directive 2003/71/EC of the European Parliament and the Council as regards the information contained in prospectuses and dissemination of advertisements, as amended (the "**Prospectus Regulation**"), the Takeover Law and the Belgian Royal Decree of April 27, 2007 on takeover bids (the "**Takeover Decree**").

The Company has requested the FSMA to provide, in accordance with article 36 of the Prospectus Law, to ESMA and the CSSF an approval certificate, which certifies that the Prospectus has been prepared in accordance with the Prospectus Directive. This results in a 'passporting' of the offering of the New Bonds in the Grand Duchy of Luxembourg and of their admission to trading on the regulated market of NYSE Euronext Brussels, but the Luxembourg Takeover Law does not apply to public exchange offers of securities without voting rights, such as the Existing Bonds.

### **RESPONSIBLE PERSONS**

The Company, represented by its board of directors (the "**Board of Directors**"), assumes the responsibility for the information in this Prospectus. The Company 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 authorized 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 and, if given or made, such information must not be relied upon as having been authorized by or on behalf of the Company or the Dealer Managers. Neither the delivery of this Prospectus nor any offer, exchange or 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 Company 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 Bekaert 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 Company 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. However, any new significant fact, or material error or inaccuracy concerning the information contained in the Prospectus that can influence the assessment of the Exchange Offer and the New Bonds and which arises or becomes known between the date of the Prospectus and the admission to trading of the New Bonds will be made public by means of a supplement to the Prospectus in accordance with article 34 of the Prospectus Law and, until the end of the acceptance period of the Exchange Offer, in accordance with article 17 of the Takeover Law.

### **PRIOR WARNING**

The Prospectus has been prepared to provide information on the Exchange Offer and the New Bonds. When potential investors make a decision to participate in the Exchange Offer and to invest in the New Bonds, they should base this decision on an assessment of the Company, the Exchange Offer and the New Bonds, including, but not limited to, the associated benefits and risks, as well as the conditions of the Exchange Offer and of the New Bonds (the “**New Bond Conditions**”). The investors must themselves assess, with their own advisors if necessary, whether the New Bonds are suitable for them, considering their personal income and financial situation. In case of any doubt about the risk involved in participating in the Exchange Offer and investing in the New Bonds, investors should abstain from investing in the New Bonds and participating in the Exchange Offer.

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. Investors are urged to consult their own advisors concerning the legal, tax, economic, financial and other aspects associated with the participation in the Exchange Offer and the investment in the New Bonds.

The information contained in this Prospectus is accurate as of the date of the Prospectus. Any new significant fact, or material error or inaccuracy concerning the information contained in the Prospectus that can influence the assessment of the Exchange Offer and the New Bonds and which arises or becomes known between the date of the Prospectus and the admission to trading of the New Bonds will be made public in Belgium and the Grand Duchy of Luxembourg by means of a supplement to the Prospectus in accordance with article 34 of the Prospectus Law and, until the end of the acceptance period of the Exchange Offer, in accordance with article 17 of the Takeover Law.

Investors who have already agreed to tender their Existing Bonds in the Exchange Offer, have, pursuant to article 25, 1° of the Takeover Decree and article 34 of the Prospectus Law, the right to withdraw their agreement (i) at any time during the acceptance period of the Exchange Offer and (ii) during a period of two business days following the day of the publication of a supplement to the Prospectus, even if such period would occur after the closing of the acceptance period of the Exchange Offer.

### **FORWARD LOOKING STATEMENTS**

This Prospectus contains statements that constitute forward-looking statements. These statements appear in a number of places in this Prospectus, including but not limited to the section “Risk Factors” and “Description of the Company”, and include statements regarding the Company’s intent, belief or current expectations, and those of the Company’s officers, with respect to (among other things) its financial condition. Such forward-looking statements are based mainly on current expectations of future events and trends, which affect, or may affect, the Company’s business and results of operations. Although the Company believes that these forward-looking statements are based upon

reasonable assumptions, they are subject to several risks and uncertainties and are based on information currently available to the Company.

The words “believe”, “may”, “may have”, “might”, “would”, “continue”, “anticipate”, “intend”, and similar words are intended to identify forward-looking statements. Forward-looking statements refer only to the date when they were made, and neither the Company nor the Dealer Managers undertake any obligation to update or review any forward-looking statement whether as a result of new information, future events or any other factors. Forward-looking statements involve risks and uncertainties and do not guarantee future performance, as actual results or developments may be substantially different from the expectations described in the forward-looking statements. In light of the risks and uncertainties described above, the events referred to in the forward-looking statements included in this Prospectus may or may not occur, and the Company’s business performance and results of operations may differ materially from those expressed in such forward-looking statements, due to factors that include but are not limited to those mentioned above. Investors are warned not to place undue reliance on any forward-looking statements in making decisions regarding the Exchange Offer and an investment in the New Bonds.

## DEFINITIONS

Unless stated otherwise, capitalized terms defined in Section II (“Terms and Conditions of the New Bonds”) shall have the same meaning where used in the other parts of the Prospectus (with the exception of the summary of the Prospectus).

“**Bekaert**” means the Company or the Company and its subsidiaries, as the context requires.

## AVAILABILITY OF THE PROSPECTUS

The Prospectus is available in Dutch, which is the version approved by the FSMA, and in English. The summary of the Prospectus is also available in French. The Company has verified and is responsible for the consistency between the respective versions. In case of differences between the Dutch, English and French versions, the Dutch version will prevail.

The Prospectus is available free of charge at the office of the Company at President Kennedypark 18, 8500 Kortrijk, Belgium. It is also available free of charge from BNP Paribas Fortis on +32 (0)2 433 41 34 (Dutch operator) or +32 (0)2 433 41 31 (French operator), ING on +32 (0)2 464 60 01 (Dutch operator) or +32 (0)2 464 60 02 (French operator) and KBC on +32 (0)78 15 21 53 (Dutch operator) or +32 (0)78 15 21 54 (French operator). They are also available on the websites of the Company ([www.bekaert.com](http://www.bekaert.com)), BNP Paribas Fortis ([www.bnpparibasfortis.be/emissies](http://www.bnpparibasfortis.be/emissies) or [www.bnpparibasfortis.be/emissions](http://www.bnpparibasfortis.be/emissions)) ING ([www.ing.be](http://www.ing.be), go to “Beleggen – Obligaties” or “Investir – Obligations”) and KBC ([www.kbc.be/bekaert](http://www.kbc.be/bekaert)). The Prospectus will also be available at BNP Paribas Fortis’, Fintro’s, ING’s, KBC’s, CBC Banque SA’s and KBC Securities NV’s branch offices.

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## 0. SUMMARY

The summary below has been prepared in accordance with the content and format requirements of the Commission Regulation (EC) No. 809/2004 of April 29, 2004 implementing Directive 2003/71/EC of the European Parliament and the Council as regards the information contained in prospectuses and dissemination of advertisements, as amended (the "**Prospectus Regulation**"). For purposes of the Prospectus Regulation, summaries are made up of disclosure requirements known as "**Elements**". These Elements are numbered in Sections A – E (A.1 – E.7).

This summary contains all the Elements required to be included in a summary for this type of securities and issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted in the summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of 'not applicable'.

### Section A – Introduction and warnings

- A.1 **Introduction** This summary should be read as an introduction to the Prospectus and any decision to accept the Exchange Offer and to invest in the New Bonds should be based on consideration of the Prospectus as a whole by the investor. Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member States, have to bear the costs of translating the Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent, when read together with the other parts of the Prospectus or it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to accept the Exchange Offer and to invest in the New Bonds.
- A.2 **Consent by the Company to use the Prospectus** NV Bekaert SA (the "**Company**") authorizes the use of this prospectus (the "**Prospectus**") for the purpose of the exchange offer to exchange the 150,000 6.75 per cent. fixed rate bonds issued on April 16, 2009 and due April 16, 2014 (ISIN BE0002167337) (the "**Existing Bonds**") for 4.750 per cent. (gross) fixed rate bonds due October 17, 2020 (ISIN BE0002206721) (the "**New Bonds**") and for the purpose of the corresponding offer to the public and listing on NYSE Euronext Brussels of the New Bonds (the "**Exchange Offer**"), by any financial intermediary authorized pursuant to Directive 2004/39/EC to conduct such offers (a "**Financial Intermediary**").
- The consent to use this Prospectus is given for the acceptance period starting on September 23, 2013 and ending on October 7, 2013.
- The consent to use this Prospectus is given solely for the Exchange Offer by the Company in Belgium and the Grand Duchy of Luxembourg at the same terms as set out in the Prospectus.

### Section B – Company

- B.1 **The legal and commercial name of the Company** NV Bekaert SA

B.2 **Domicile/Legal form/Country of incorporation** The Company is a public limited liability company (*naamloze vennootschap*), incorporated under Belgian law, having its registered office at Bekaertstraat 2, 8550 Zwevegem, Belgium.

B.4b **Trends affecting the Company and the industries in which it operates** The lack of consistent indicators of a global economic recovery, the lack of direction by the financial markets, the unstable demand around the world and the usual seasonal effects in the second half of the year are expected to weigh on the profitability of the Company. Moreover, the volatile and increasingly competitive environment in Asia may lead to renewed price pressure, imposing a cautious outlook for the medium term. In view of restoring its desired profitability, the Company takes all measures needed to secure its unchanged strategic ambitions of sustainable profitable growth. To respond in the most effective way to global challenges and future growth opportunities, the Company has changed its overall organization structure in 2012, and it is on track with the implementation of its cost reduction program, which are expected to continue to support profitability (implementation of the last actions of the program has started in the course of 2013, but not all actions will have their full impact already on the 2013 results). The Company is determined to remain a market and technology leader through its global positioning and broad product portfolio, in full support of its customers and all other stakeholders worldwide.

B.5 **Description of the Group and the position of the Company in the Group** The Company is acting as the holding company of an integrated group, headquartered in Belgium, with subsidiaries, joint ventures and associated companies throughout Europe, North America, Latin America and Asia-Pacific (the “**Subsidiaries**”) (the Subsidiaries together with the Company, the “**Group**”). The Group is a world market and technology leader in steel wire transformation and coatings. It is employing about 27,000 people worldwide and has generated combined sales of EUR 4.4 billion in 2012.

B.9 **Profit forecast/estimate** Not applicable; the Prospectus does not include a profit forecast or estimate.

B.10 **Auditor report’s qualifications** Not applicable; there are no qualifications in the auditor reports on the historical financial information included in the Prospectus.

B.12 **Selected Historical Key Financial Information/material adverse changes** **Audited Key Figures**

<b>Combined key figures</b> in millions of EUR	<b>December 31, 2011</b>	<b>December 31, 2012</b>
Sales	4,599	4,387
Capital expenditure (PP&E)	313	139
Employees as at December 31	28,353	27,063
<b>Consolidated financial statements</b> in millions of EUR	<b>December 31, 2011</b>	<b>December 31, 2012</b>
<b>Income statement</b>		
Sales	3,340	3,461
Operating result (EBIT)	289	-49
Operating result before non-recurring items (REBIT)	281	118
Result from continuing operations	207	-191
Result from discontinued operations	-	-
Result for the period	207	-191
attributable to the Group	193	-197
attributable to minority interests	15	6
EBITDA	497	274
Depreciation PP&E	171	195

Amortization and impairment	37	129
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**Balance sheet**

Equity	1,766	1,604
Non-current assets	1,900	1,747
Capital expenditure (PP&E)	267	123
Balance sheet total	4,169	3,668
Net debt	856	700
Capital employed	2,568	2,375
Working capital	1,031	898
Employees as at December 31	22,413	22,549

**Ratios**

EBITDA on sales	14.9%	7.9%
REBIT on sales	8.4%	3.4%
EBIT on sales	8.7%	-1.4%
EBIT interest coverage	4.8	-0.7
Return on capital employed (ROCE)	12.0%	-2.0%
Return on equity (ROE)	12.0%	-11.3%
Capital ratio	42.4%	43.7%
Gearing (Net debt on equity)	48.5%	43.7%
Net debt on EBITDA	1.7	2.6

<b>Joint Ventures and Associated Companies</b> in millions of EUR	<b>December</b> <b>31, 2011</b>	<b>December</b> <b>31, 2012</b>
Sales	1,259	926
Operating result	90	49
Net result	61	36
Group's share net result	25	10
Capital expenditure	46	16
Depreciation	28	23
Group's share equity	252	162
Employees as at December 31	5,940	4,514

**Unaudited interim key figures**

The unaudited key figures for the half year ending as of June 30, 2012 and;as of June 30, 2013 are listed below (source: Bekaert's internal accounts).

<b>Combined key figures</b> in millions of EUR	<b>June 30,</b> <b>2012</b>	<b>June 30,</b> <b>2013</b>
Sales	2,255	2,139
Capital expenditure (PP&E)	67	36
Employees as at June 30	27,138	26,648

<b>Consolidated financial statements</b> in millions of EUR	<b>June 30,</b> <b>2012</b>	<b>June 30,</b> <b>2013</b>
<b>Income statement</b>		
Sales	1,783	1,649
Operating result (EBIT)	4	89
Operating result before non-recurring items (REBIT)	85	91
Result from continuing operations	-71	35
Result from discontinued operations	-	-
Result for the period	-71	35
attributable to the Group	-80	26
attributable to minority interests	8	9

EBITDA	160	172
Depreciation, amortization and impairment losses	157	83

**Balance sheet**

Equity	1,761	1,564
Non-current assets	1,912	1,694
Capital expenditure (PP&E)	58	32
Balance sheet total	4,055	3,535
Net debt	866	770
Capital employed	2,718	2,393
Working capital	1,117	974
Employees as at June 30	22,566	22,022

**Ratios**

EBITDA on sales	9.0 %	10.4 %
REBIT on sales	4.8 %	5.5 %
EBIT on sales	0.2 %	5.4 %
EBIT interest coverage	0.10	2.97
ROCE	0.3 %	7.4 %
ROE	-8.1 %	4.4 %
Capital ratio	43.4 %	44.2 %
Gearing (Net debt on equity)	49.2 %	49.3 %
Net debt on EBITDA	2.70	2.24

<b>Joint Ventures and Associated Companies</b> in millions of EUR	<b>June 30 2012</b>	<b>June 30, 2013</b>
Sales	472	491
Operating result	32	55
Net result	19	42
Group's share net result	6	17
Capital expenditure	8	4
Depreciation	12	11
Group's share equity	172	168
Employees as at June 30	4,572	4,626

“**Associated Companies**” mean companies, other than Subsidiaries and Joint Ventures, in which the Company has a significant influence, generally reflected by an interest of at least 20 per cent.

“**Joint Ventures**” means companies under joint control in which the Company generally has an interest of approximately 50 per cent.

There has been no material adverse change in the prospects of the Company since December 31, 2012.

There have been no significant changes in the financial or trading position of the Company since June 30, 2013.

**B.13 Recent events to a material extent relevant to the evaluation of the Company's solvency**

Not applicable; there are no recent material events particular to the Company which are to a material extent relevant to the evaluation of the Company's solvency.

**B.14 Dependence on other entities within the Group**

Although the Company has operational activities of its own, as the holding entity of the Group, the Company is also dependent upon the operational activities of its Subsidiaries and the ability of such Subsidiaries to generate and upstream cash flows. See also Element B.5.

- B.15 **Principal activities of the Company** The Company acts as holding company of the Group, which is a global technology and market leader in steel wire transformation and coatings. The Company also has operational activities of its own in this field. The Group's core skills are transforming steel wire and applying coating technologies.
- B.16 **Direct or indirect control over the Company** Based on the latest declarations received under applicable legislation, Stichting Administratiekantoor Bekaert, Velge International NV, Berfin SA, Subeco SA, Millenium 3 SA and Gedecor SA (the "**Principal Shareholders**") together own 38.18 per cent. of the shares in the Company. The Principal Shareholders have declared that they are acting in concert and 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.
- B.17 **Credit ratings assigned to the Company or to the New Bonds** Not applicable; the Company and the New Bonds are not rated and the Company does not intend to request a rating for the New Bonds.

### Section C – Securities

- C.1 **Description of type and class of the New Bonds and security identification numbers** 4.750 per cent. fixed rate bonds due October 17, 2020 denominated in euro.  
ISIN BE0002206721; Common Code 097392013.
- C.2 **Currency of the New Bonds** EUR
- C.5 **Transferability** Subject to restrictions under any applicable securities or other laws in relation to offers, sales or transfers of bonds, the New Bonds are freely transferrable in accordance with the Belgian Companies Code.
- C.8 **Description of rights attached to the New Bonds**
- Status* The New Bonds constitute direct, unconditional, unsubordinated and (subject to the Negative Pledge) unsecured obligations of the Company and rank and will at all times rank *pari passu*, without any preference among themselves, and equally with all other existing and future unsecured obligations of the Company that are unsubordinated to the New Bonds, save for such obligations that may be preferred by provisions of law that are mandatory and of general application.
- Issue Date* October 17, 2013.
- Principal Amount* EUR 1,000 per New Bond.
- Events of Default* Events of Default under the New Bonds include (i) non-payment of principal or interest in respect of the New Bonds, (ii) breach of one or more of the other covenants, agreements or undertakings included in the Prospectus; (iii) Cross-Default; (iv) insolvency; (v) winding-up; (vi) reorganization; and (vii) delisting of the New Bonds for default.
- Cross-Default* Any other present or future indebtedness of the Company 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 have occurred equals or exceeds EUR 20,000,000 or its equivalent.

*Negative Pledge*

The Company undertakes that, so long as any New 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 New 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 Company 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 Company 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 Company to grant security over a certain asset with a view to the financing of such asset; and
- d) the right of the Company to grant security interests over existing assets upon the acquisition of such assets by the Company.

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

*Meeting of bondholders*

The conditions of the New Bonds contain provisions for calling meetings of bondholders to consider matters affecting their interest generally. The 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.

**C.9 Further description of rights attached to the New Bonds (see also Element C.8)**

Please also see Element C.8 above for additional information.

*Interest*

Subject to an increase as described under “Change of Control Step up” below, each New Bond bears interest from and including the Issue Date at a rate of 4.750 per cent. (gross) per annum calculated by reference to its Principal Amount (being EUR 1,000).

*Interest Payment Dates*

October 17 each year, starting on October 17, 2014, up to and including October 17, 2020.

*Maturity Date*

October 17, 2020.

*Repayment Amount at Maturity Date*

The New Bonds will be repaid at 100 per cent. of the Principal Amount at the Maturity Date.

*Yield*

The gross coupon of the New Bonds is 4.750 per cent. per annum (see Element E.3 for more information). The net actuarial yield of the New Bonds for individuals who are tax resident in Belgium calculated in economic terms (taking into account the direct taxes due by investors on the date of this Prospectus, including the Belgian withholding tax of 25 per cent.), amounts to 3.085 per cent. Per annum (calculated on the basis of a reference market price of the Existing Bonds of 102.963 per cent. on September 18, 2013, an issue of the New Bonds on October 17, 2013 and under the assumption that the New Bonds will be held from their issue date until their maturity date, at which time they will be repaid at 100 per cent. of their principal amount).

*Early Repayment*

- The New Bonds will be repayable early at the option of the holders of the New Bonds following an Event of Default (see Element C.8) (at 100 per cent. of their Principal Amount plus the interest, if any, accrued since the last interest payment date).
- The New Bonds will be repayable at the option of the holders of the New Bonds prior to the Maturity Date upon a Change of Control (at the Put Repayment Amount, which will be different from (but never lower than) the sum of 100 per cent. of their Principal Amount plus all interest accrued since the last interest payment date. See “Put Repayment Amount” below) (the “**Change of Control Put Option**”).
- If holders of New Bonds submit put exercise notices and exercise the Change of Control Put Option in respect of at least 85 per cent. of the aggregate principal amount of the outstanding New Bonds, all (but not some only) of the New Bonds may be repaid at the option of the Company prior to the Maturity Date (at the Put Repayment Amount, which will be different from (but never lower than) the sum of 100 per cent. of their Principal Amount plus all interest accrued since the last interest payment date. See “Put Repayment Amount” below).

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 Company (or all (or as nearly as may be practicable all) such shareholders of the Company 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 takeover bids, as amended) with the offeror) to acquire all or a majority of the issued ordinary share capital of the Company 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 Company or other voting rights of the Company 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 Company, 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 Belgian Royal Decree of April 27, 2007 on takeover bids, as amended).

“**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 takeover bids, as amended).

*Put Repayment Amount*

An amount per New Bond calculated by multiplying the Repayment Rate by the Principal Amount of such New 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 New Bond to (but excluding) the relevant repayment date.

The Put Repayment Amount reflects a maximum yield of 0.75 points above the yield of the relevant New Bonds on the Issue Date 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 New Bonds that can be traded on N accounts, if investors exercise a right to have the New Bonds repaid early, the actuarial return cannot exceed the actuarial return of the New Bonds upon the issue up to the final maturity by more than 0.75 points.

“**Repayment Rate**” means 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 Issue Date 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.

*Change of Control Step up*

Holdings of New Bonds should be aware that the exercise of the Change of Control Put Option will only be effective under Belgian law if, prior to the earliest of (a) the Company being notified by the FSMA of a formal filing of a proposed offer to the shareholders of the Company or (b) the occurrence of the Change of Control (x) the shareholders of the Company in a general shareholders’ meeting have approved the Change of Control Put Option (such approval, the “**Change of Control Resolutions**”) and (y) the Change of Control Resolutions have been filed with the clerk of the commercial court (griffie van de rechtbank van koophandel) of Kortrijk.

If by no later than July 14, 2014 (a) the Change of Control Resolutions are not passed 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 14, 2014, the rate of interest payable on the New Bonds shall be increased by 0.50 per cent. per annum. In case the duly adopted Change of Control Resolutions are subsequently duly filed with the clerk of the commercial court of Kortrijk, the interest rate shall no longer be increased by 0.50 per cent. per annum as from the first Interest Period following the Interest Period during which such duly adopted Change of Control Resolutions are duly filed.

“**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.

*Governing law and jurisdiction*

- Belgian law
- Exclusive jurisdiction of the courts of Brussels

*Significant differences between the terms and conditions of the New Bonds and the Existing Bonds*

The New Bonds are due October 17, 2020, have a term of seven years and are expected to have a gross coupon of 4.750 per cent. per annum, as opposed to the Existing Bonds, which are due April 16, 2014, have a term of five years from their issue date and a gross coupon of 6.75 per cent. per annum. The gross actuarial yield of the New Bonds is 4.252 per cent. per annum (calculated on the basis of a reference market price of the Existing Bonds of 102.963 per cent on September 18, 2013, an issue of the New Bonds on October 17, 2013 and on the assumption that the New Bonds will be held from their issue date until their maturity date, at which time they will be repaid at 100 per cent. of their principal amount), in comparison to the gross actuarial yield of the Existing Bonds of 6.461 per cent. per annum (calculated on the issue date of the Existing Bonds on the basis of the issue price and the interest rate of the Existing Bonds) that would be received if the Existing Bonds were bought by the investor on their issue date and held until their maturity date, at which time they would be repaid at 100 per cent. of their principal amount. Further, the holders of New Bonds (“**New Bondholders**”) benefit from the right to request early repayment of the New Bonds upon the occurrence of a Change of Control, whereas the Existing Bondholders do not have a similar right. In addition, the Company benefits from a call option to repay all the New Bonds when New Bondholders representing 85 per cent. of the outstanding aggregate Principal Amount of the New Bonds have exercised the right to early repayment mentioned in the previous sentence.

C.10 **Derivative component in the interest payment**

Not applicable; the New Bonds have no derivative component in the interest payment.



C.11 **Listing and admission to trading**

An application has been made with NYSE Euronext Brussels to list the New Bonds on the official list of NYSE Euronext Brussels and to admit the New Bonds to trading on the regulated market of NYSE Euronext Brussels.

## Section D – Risks

D.2 **Key information on the key risks specific to the Company**

- *Globalizing competition and overall pressure on profitability.* The Company is exposed to risks related to margin pressure in an increasingly competitive global environment combined with unstable demand around the world. The competitive landscape consists of international, national, regional and local actors. In new markets, such as China and Korea, competitors enter the market and become not only important local actors, but become also active in the international market. A global economic crisis can impact the most important sectors in which the Company is active, namely automotive, energy and utilities and construction. The energy and utilities relates partly to the market of photovoltaics, which has proven to be a highly volatile market. Overall, the Group manages to defend its strong market positions, but the signs of a global economic recovery in its markets are not yet visible. The continued weak economic environment, the lack of consistent indicators of a global recovery, overcapacity in most markets and the resulting globalization of competition and overall price/margin pressure can continue to weigh on profitability.
- *Political/economic/social instability in emerging countries.* The Company has a high exposure of more than 70 per cent. to emerging countries. Political, economic and social instability, including changes in taxation or trade duties, in these emerging countries cannot be excluded and could impact the performance of the Company. The Company identifies, in particular, Venezuela as one of the political/economic high risk areas.
- *Rubber reinforcement product mix changes in end-markets.* The share of the Group's sales in high-end truck tire markets versus passenger tire markets influences the overall margin level of the rubber reinforcement business platform. At times of difficult economic market conditions, truck sales are usually down and the replacement of truck tires is delayed, which puts a burden on the profitability of this platform as a result of unfavorable product-mix elements.
- *Asset and profit concentration.* While the Group is a truly global company with a global network of manufacturing platforms and sales and distribution offices, reducing the asset and profit concentration to a minimum, the Company still faces a risk of asset and profit concentration in certain locations, such as Zwevegem in Belgium or Jiangyin in China.
- *Intellectual property risk.* The Group is a global technology leader in steel wire transformation and coatings and invests intensively in continued innovation. The Company considers its technological leadership as a differentiator versus the competition. Consequently, effective protection of its intellectual property rights is a key concern and risk.
- *People continuity risk and succession planning.* A competitive labor market can increase costs for the Company and as such decrease the results. The success of the Group depends mainly on its capacity to hire and to retain at all levels qualified people. A shortage of qualified people could force the Group to increase wages or other benefits. An increasingly mobile, young population in emerging markets further enhances the people continuity risk. Succession planning systems are in place to ensure business continuity in light of the people rotation at critical positions.
- *Wire rod price volatility and source dependency.* The cost of raw materials represented 40 per cent. of consolidated sales or 46 per cent. of cost of sales in 2012. Wire rod, a long steel product, is Bekaert's primary raw material. The last years have been characterized by high price volatility for wire rod. 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 Company. Although sales prices do reflect price decreases of raw materials, the drop in wire rod prices can cause important write-downs of inventories.

- *Creditworthiness of customers (e.g., sawing wire customers in 2011).* The Company is exposed to credit risk from its operating activities and certain financing activities. Weak economic conditions and tight credit restrictions from financial institutions can impact the customers' creditworthiness.
- *Taxation.* Changes in taxation can impact the net profitability of the Company. In Belgium, for instance, this may apply to changes in the notional interest policy. In China, this applies to maturing tax holidays. Weak economic conditions on a global scale also may impose higher taxation and/or reduce fiscal stimulus programs in support of industries.
- *Liquidity risk.* Liquidity risk is the risk that the Company will be unable to meet its obligations as they come due because of an inability to liquidate assets or obtain adequate funding. The Company's liquidity can also be impacted by the guarantees given by the Company to third parties on behalf of its subsidiaries. In order to mitigate this risk and ensure liquidity and financial flexibility at all times, the Group, in addition to its available cash, has several uncommitted short-term credit lines at its disposal in the major currencies and in amounts the Company considers adequate for current and near-future financing needs. These facilities are generally of the mixed type and may be utilized, for example, for advances, overdrafts, acceptances and discounting. The Group also has committed credit facilities at its disposal up to an aggregate maximum amount equivalent to EUR 50.0 million at floating interest rates with fixed margins. In addition, the Group has a commercial paper and medium-term note program available for an aggregate maximum of EUR 124 million. Bekaert's debt maturity profile at the end of June 2013 is as follows: EUR 272 million in 2013, EUR 221 million in 2014, EUR 113 million in 2015, EUR 212 million in 2016, EUR 7 million in 2017, EUR 100 million in 2018 and EUR 195 million in 2019. The New Bonds will mature in 2020.

**D.3 Key information on the key risks that are specific to the New Bonds and the Exchange Offer**

- *The Company may not be able to repay the New Bonds.* The Company may not be able to repay the New Bonds at their maturity or may be required to repay all or part of the New Bonds in case of an event of default, in which the Company may not be able to pay the required amount in full. The Company's ability to repay the New 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 Company's failure to repay the New Bonds may result in an event of default under the terms of other outstanding indebtedness.
- *The New Bonds may not be a suitable investment for all investors.* Each potential participant in the Exchange Offer must determine the suitability of that investment in light of its own circumstances. A potential investor should not participate in the Exchange Offer and invest in the New Bonds unless it has the expertise (either alone or with a financial adviser) to evaluate how the New Bonds will perform under changing conditions, the resulting effects on the value of the New Bonds and the impact the investment will have on the potential investor's overall investment portfolio. Investors should note that they may lose all or part of their investment.
- *The Company and the New Bonds do not have a credit rating and the Company currently does not intend to request a credit rating for itself or for the New Bonds at a later date.* This may render the price setting of the New Bonds more difficult.
- *There is no assurance that an active trading market will develop or be*

*maintained for the New Bonds.* The only manner for the holder of the New Bonds to convert his or her investment in the New Bonds into cash before the 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 New Bonds. The New 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 admission of the New Bonds to trading on the regulated market of NYSE Euronext Brussels. If the New Bonds are admitted to trading after their issuance, there is no assurance that an active trading market will develop.

- *There might not be a market for Existing Bonds not exchanged.* Although the Existing Bonds that are not tendered into the Exchange Offer will continue to be listed on the regulated market of NYSE Euronext Brussels until their maturity date on April 16, 2014, the trading market for the Existing Bonds that remain outstanding following such completion may be significantly more limited. Such remaining Existing Bonds may command a lower price than comparable securities with greater market liquidity. A reduced market value and liquidity may also make the trading price of such remaining Existing Bonds more volatile
- *Payments made in respect of the New Bonds may be subject to Belgian withholding tax without tax gross-up.* If the Company, the National Bank of Belgium, the Agent or any other person is required to make any withholding or deduction for, or on account of, any present or future taxes in respect of any payment in respect of the New Bonds, that 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 Company shall not pay additional amounts in respect of any New Bond for such taxes.
- *The New Bonds are exposed to market interest rate risk, inflation risk, exchange rate risk and exchange controls.* The New Bonds provide a fixed interest rate until their maturity date. Investment in the New Bonds involves the risk that subsequent changes in market interest rates may adversely affect the market value of the New Bonds. The inflation risk is the risk of future value of money. The actual yield of an investment in the New Bonds can be reduced by inflation. The longer the maturity of bonds, the more exposed bonds are to fluctuations in market interest rates and inflation risk.
- *The New Bonds may be repaid prior to maturity, including in the event of a Change of Control (see Element C.9).* In such circumstances, a participant in the Exchange Offer may not be able to reinvest the repayment proceeds (if any) at a yield comparable to that of the New Bonds. Participants in the Exchange Offer 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 of the New Bonds, which may not cover all situations where a change of control may occur or where successive changes of control occur in relation to the Company.
- *The market value of the New Bonds may be affected by the creditworthiness of the Company 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.
- *The Company may incur additional indebtedness,* since the conditions of the New Bonds do not limit the amount of unsecured debt instruments that the Company can issue and the amount of other forms of indebtedness (whether secured or unsecured) that the Company can incur.
- *The New Bonds are unsecured obligations which do not benefit from any guarantee.* The right of the New Bondholders to receive payment under the New Bonds is not secured or guaranteed and will effectively be subordinated to any secured indebtedness of the Company.
- *The Company, the Dealer Managers, the Agent and the Calculation Agent may engage in transactions adversely affecting the interests of the holders of New Bonds.* Potential investors should be aware that the Company is involved in a general business relation and/or in specific transactions with the Dealer

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 New Bondholders. Potential participants in the Exchange Offer should also be aware that the Dealer Managers, the Agent and the Calculation Agent may from time to time hold debt securities, shares and/or other financial instruments of the Company.

- *Investors may be required to pay taxes or other documentary charges in Luxembourg or in any other jurisdiction. See Element E.3. This is particularly relevant since the New Bond Conditions do not contain a tax gross-up provision.*

## Section E – Exchange Offer

E.2b	<b>Reasons for the Exchange Offer and use of proceeds</b>	The purpose of the Exchange Offer is to extend the maturity of the Existing Bonds (which are due April 16, 2014). The Company will promptly cancel all Existing Bonds tendered in the Exchange Offer. By exchanging Existing Bonds for New Bonds in the context of the Exchange Offer, the Company does not have to arrange other financing for the repayment of the Existing Bonds on the maturity date of the Existing Bonds. It is therefore a pro-active and optimal way of refinancing that allows the Company to continue the current financing with the same funds. These funds will therefore not serve a new purpose, but will continue to be used for the financing of working capital and the necessary investments in the ordinary course of business.
E.3	<b>Terms and conditions of the Exchange Offer</b>	

### *Consideration*

A holder of Existing Bonds (an “Existing Bondholder”) tendering its Existing Bonds in the Exchange Offer will, in exchange for each tendered Existing Bond receive one New Bond.

The New Bonds will bear interest at a rate that is higher than the market rate that would apply if the Company would issue regular bonds with a tenor of 7 years outside the context of the Exchange Offer. This higher interest rate compensates for the latent capital gain of the Existing Bonds (being the positive difference between 100 per cent. and the actual listing price of the Existing Bonds) and offers, in addition, an incentive premium to the Existing Bondholders to encourage such Existing Bondholders to tender their Existing Bonds in the Exchange Offer. Finally, the interest rate of the New Bonds reflects that the Company recharges the placement fee it pays to the Global Coordinator (for distribution by the Global Coordinator among the Dealer Managers and, where applicable, relevant other Financial Intermediaries) to investors.

The interest rate of the New Bonds is calculated as follows:

(i) The interest rate expected by the market for a seven-year bond issued at par by the Company on a stand-alone basis in the current market environment (excluding any applicable distribution fee), i.e., 4.395 per cent. per annum. This interest rate is the sum of the reference rate for a bond with a seven-year tenor (1.859 per cent. per annum) and a 2.536 per cent. per annum “spread” reflecting the Company’s credit risk. The reference rate used in the market is the mid-swap rate. The credit risk “spread” is assessed on the basis of several criteria, including company size, balance sheet structure, the Group’s business, the quality of the Company’s assets and the tenor of the New Bonds, and of a comparison with similar companies.

(ii) The latent capital gain is the difference between the reference market price of the Existing Bond on September 18, 2013 (102.963 per cent.) and 100 per cent., or 2.963 per cent. The reference market price of the Existing Bond is the mid-market price of the Existing Bonds calculated by Bloomberg Finance L.P. on over-the-counter (OTC) transactions on September 18, 2013 (the Bloomberg mid-market

price of the Existing Bonds is available with the following Bloomberg ticker: BEKBBB 6 ¼ 04/16/14 Corp). Bloomberg calculates a real-time composite of respectively the bid and ask prices for Existing Bonds bid and asked by market participants on OTC markets, balanced by the volume of Existing Bonds so bid and asked on such markets. The reference price calculated by Bloomberg may therefore vary from the trading price of the Existing Bonds as it appears on NYSE Euronext Brussels as such price does not include such a real-time and composite valuation. As of September 18, 2013, the trading price of the Existing Bonds on NYSE Euronext Brussels amounts to 103.01 per cent. (the trading price of the Existing Bonds on NYSE Euronext Brussels is available at the following internet address: <https://bonds.nyx.com/en/products/bonds/BE0002167337-XBRU/quotes>). The spreading of this latent capital gain over the 7-year duration of the New Bond results in an increase of the gross coupon by 0.501 per cent. per annum (i.e., the annuity that must be paid each year to pay 2.963 per cent. over 7 years at a discount factor of 4.395 per cent., being the expected market interest rate of a new 7-year bond issued by the Company at par, as calculated in (i)).

(iii) The premium offered to incentivize holders to tender their Existing Bonds in the Exchange Offer has been set by the Company at 0.150 per cent per annum.

(iv) The Company will pay a placement fee of 1.75 per cent. of the nominal amount of each Existing Bond tendered in the context of the Exchange Offer to the Global Coordinator (for distribution by the Global Coordinator among the Dealer Managers and, where applicable, relevant other Financial Intermediaries). This placement fee will be recharged to investors in the form of a reduction of the interest rate. As the recharge to investors takes the form of an interest rate reduction, the recharge is being spread over the 7-year duration of the New Bond. Accordingly, the gross coupon which is obtained by adding (i), (ii) and (iii) is reduced by 0.296 per cent. per annum (0.296 per cent. is the annuity that must be paid each year to repay 1.75 per cent. over a period of seven years, calculated on the basis of an interest rate of 4.395 per cent. per annum).

Holders of Existing Bonds (the “**Existing Bondholders**”) who tender their Existing Bonds in the Exchange Offer will therefore receive, in exchange of the Existing Bond tendered at 100 per cent., a New Bond with a nominal value of 100 per cent. bearing a gross coupon of 4.750 per cent. per annum or the sum of the four foregoing elements, 4.395 per cent. + 0.501 per cent. + 0.150 per cent. - 0.296 per cent.

*Existing Bonds*

The Company acts both as bidder and as target within the meaning of applicable takeover legislation. Only Existing Bondholders can participate in the Exchange Offer. The decision to participate in the Exchange Offer is in each Existing Bondholder's sole discretion. The Company cannot force any Existing Bondholder to tender its Existing Bonds in the Exchange Offer. The Existing Bonds that are not tendered in the Exchange Offer remain listed on the regulated market of NYSE Euronext Brussels.

*Acceptance period*

From September 23, 2013 to October 7, 2013 (including).

*Acceptance procedure*

Existing Bondholders can accept the Exchange Offer and exchange their Existing Bonds for New Bonds by submitting acceptance form customarily used by the relevant Financial Intermediary or, when not available, the form included in this Prospectus as Appendix 1 (the “**Acceptance Form**”) prior to 16:00 CET on the last day of the Acceptance Period, duly completed and signed, to the Centralizing Agent, one of the Dealer Managers or any other Financial Intermediary. The duly completed and executed Acceptance Form can be deposited free of charge directly at the counters of the Dealer Managers or the Centralizing Agent. In case the Existing Bondholder elects to submit his or her Acceptance Form with another Financial Intermediary, he or she should inquire about the costs and fees that these Financial Intermediaries might charge and which they will have to bear.

Existing Bondholders that have accepted the Exchange Offer can withdraw their acceptance, prior to the end of the Acceptance Period or, in the event a supplement to the Prospectus is published, during a period of two business days following the day of the publication of such supplement, even if such period would occur after the closing of the acceptance period of the Exchange Offer. Such withdrawal of an acceptance shall only be valid, if the relevant Existing Bondholder notifies the relevant Financial Intermediary with whom such Existing Bondholder has deposited its Acceptance Form in writing, respectively, prior to the end of the Acceptance Period or within two business days following the publication of a supplement (in accordance with, as the case may be, the specific withdrawal procedure that will be set out in such supplement).

<i>Publication of results</i>	The results of the Exchange Offer will be published on October 11, 2013.
<i>Settlement Date</i>	Transfer of ownership of the tendered Existing Bonds to the Company, and listing of the New Bonds, is expected to occur on October 17, 2013 (the “ <b>Settlement Date</b> ”).
<i>Dealer Managers</i>	BNP Paribas Fortis SA/NV, ING Bank N.V. (Belgian Branch) and KBC Bank NV (the “ <b>Dealer Managers</b> ”).
<i>Global Coordinator</i>	KBC Bank NV (the “ <b>Global Coordinator</b> ”).
<i>Domiciliary, Paying, Calculation and Listing Agent</i>	KBC Bank NV (the “ <b>Agent</b> ”).
<i>Exchange Offer jurisdictions</i>	Belgium and the Grand Duchy of Luxembourg.
<i>Conditions to which the Exchange Offer is subject</i>	The Exchange Offer is not subject to any conditions.
<i>Tax aspects of the Exchange Offer</i>	<p><b>Belgium</b> – The exchange of the Existing Bonds for New Bonds is neither subject to Belgian withholding tax (except in respect of interest accrued between April 16, 2013 and the Settlement Date on the Existing Bonds that have been tendered into the Exchange Offer, as described above under Section E.3, hereinafter “<b>Accrued Interest</b>”), nor does it give rise to a stock exchange tax (<i>taks op beursverrichtingen</i>). The tax treatment of Accrued Interest is the same as the tax treatment of interest on the New Bonds.</p>

**Luxembourg - Withholding tax** - The exchange of the Existing Bonds for New Bonds is not subject to Luxembourg withholding tax (except in respect of Accrued Interest when paid through a paying agent established in Luxembourg; see below).

*Taxation of Non-Resident Participants* - Luxembourg non-resident Existing Bondholders who tender Existing Bonds in the Exchange Offer (“**Participants**”) not holding the Existing Bonds through a permanent establishment established or a permanent representative resident in Luxembourg will not be subject to other Luxembourg taxation than withholding tax, if any.

*Taxation of Resident Participants* - Luxembourg resident Participants will be subject to Luxembourg income taxation for the Accrued Interest, depending on their personal tax status. The exchange of the Existing Bonds for New Bonds is a taxable transaction for Luxembourg tax purposes. No roll-over relief is applicable for such exchange. For the Participant, the taxable basis is the difference between the fair value of the Existing Bonds (“*valeur estimée de réalisation*” on the Settlement Date; the “**Fair Value**”) and the acquisition price of the Existing Bonds (such difference, the “**Exchange Gain**”). Except if the Participant is an individual who has been

holding the Existing Bonds in the framework of his or her private wealth management for more than six months prior to the Settlement Date, any Exchange Gain will be subject to income tax for Luxembourg resident Participants, depending on their personal tax status.

For Luxembourg tax purposes, the acquisition price of the New Bonds will be the Fair Value for the Participants. Since, upon maturity of the New Bonds, the Company will in principle only repay the par value of the New Bonds to the New Bondholders, Participants who hold the New Bonds as business assets should in principle be in a position to record a value adjustment on the New Bonds which overtime should amount to the excess of the acquisition price of the New Bonds (*i.e.*, the Fair Value) over the par value of the New Bonds. Participants who hold the New Bonds in the framework of their private wealth management and transfer such New Bonds within 6 months from the date of their acquisition (*i.e.*, the Settlement Date), will be taxable if and to the extent the fair value of the New Bonds exceeds at that time the Fair Value.

**E.4 Interest material to the Exchange Offer**

So far as the Company is aware, other than the Dealer Managers, no person involved in the Exchange Offer has any interest, including conflicting ones, that is material to the Exchange Offer and the issue of the New Bonds. In the framework of its normal business relationship or financing agreements with its banks, Bekaert has entered into loans or other facilities (the "Debt Financings") and it can enter into additional Debt Financings in the future, with each of the Dealer Managers or one or more of their respective affiliates (via bilateral transactions and/or syndicated loans together with other banks). The Debt Financings at the moment are committed credit facilities up to an aggregate maximum amount of EUR 50 million with BNP Paribas Fortis, a commercial paper and medium-term note program with Belfius Bank SA/NV and ING Belgium SA/NV for an aggregate maximum of EUR 124 million and several uncommitted short-term credit lines with different lenders, including with the Dealer Managers and/or their respective affiliates in Europe and Asia. The Dealer Managers or their respective affiliates can enter into new Debt Financings with Bekaert in the future. The Dealer Managers, the Agent and/or the Calculation Agent or their respective affiliates can, from time to time, keep debt instruments, shares and/or other financial instruments of the Company.

**E.7 Expenses charged**

The costs and expenses related to the structuring of the Exchange Offer, including related to the issue of the New Bonds, will be borne by the Company. Such costs include any fees and expenses charged by the Dealer Managers, the Agent, legal and administrative expenses, the fees and expenses charged by the FSMA and the stock exchange, the legally required publications, the costs related the publication of this Prospectus and the fees of any advisors.

In addition, the Company will pay a placement fee of 1.75 per cent. of the nominal amount of the Existing Bonds tendered in the context of the Exchange Offer to the Global Coordinator (for distribution by the Global Coordinator among the Dealer Managers and, where applicable, relevant other Financial Intermediaries) on the Settlement Date. In the context of stand-alone retail bond offerings, investors typically bear the sale and distribution fee by means of an issue price above par. In the context of the Exchange Offer, the "issue price" will be equal to 100 per cent. (as the bonds will be exchanged at 100 per cent. of their nominal value – this is a theoretical value in the context of the Exchange Offer, given that, as it concerns an exchange offer, the consideration for the New Bonds consists of the foregone value of the Existing Bonds tendered in the Exchange Offer), but the placement fee paid by the Company will be recharged to the investors as set out in "*Consideration*" above.

Except as set out above, no costs will be charged to the Existing Bondholders

tendering their Existing Bonds through any of the Dealer Managers or the Centralizing Agent. Existing Bondholders considering to tender their Existing Bonds through any other than the Centralizing Agent or any of the Dealer Managers, should inquire about the costs and fees that such intermediaries might charge and which they will have to bear.



## **I. RISK FACTORS**

*The following is a description of risk factors that are material in respect of the Exchange Offer, the New Bonds and the financial situation of the Company and that may affect the Company's ability to fulfil its repayment obligations under the New Bonds, which prospective investors should consider carefully before deciding to participate in the Exchange Offer. 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. Additional risks and uncertainties not presently known, or that management currently believes to be immaterial, may also affect the Company and an investment in the New Bonds. Prospective participants in the Exchange Offer and investors in the New Bonds 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.*

### **1. RISK FACTORS RELATED TO THE COMPANY**

#### **1.1 Overall pressure on profitability**

Like many global companies, the Company is exposed to risks related to margin pressure in an increasingly competitive global environment combined with unstable demand around the world. Overcapacity in most markets and an overall slowdown in global demand led to fierce competition and persistent price and margin pressure in 2012. Following the sawing wire business collapse as from mid-2011 the Company implemented measures to rightsize the respective activities with the new business reality. This included a major restructuring program, mainly in Belgium and China. Bekaert also initiated a global savings project in 2012 targeting a cost reduction of EUR 100 million annually and is on track with its implementation (*i.e.*, implementation of the last actions of the program has started in the course of 2013, but not all actions will have their full impact already on the 2013 results). The global savings project had a EUR 20 million impact on Bekaert's cost structure in 2012 and Bekaert estimates a EUR 70 million impact on its cost structure in 2013, while savings actions have been identified and either started up or implemented for the full EUR 100 million on an annualized basis.

In the first half year of 2013, non-recurring costs related to restructuring costs and asset impairments amounted to EUR 2.3 million. In 2012, Bekaert incurred EUR 202 million of non-recurring costs, largely related to the restructuring program in Belgium and China (EUR 117 million related to the sawing wire restructuring) and to actions under the global savings project that involved restructuring costs. More details can be found in note 5.1 to the 2012 consolidated financial statements (see Section XIII ("Documents incorporated by reference")). In 2011, Bekaert incurred EUR 12.4 million of non-recurring costs, which mainly related to restructuring costs, including impairment of fixed assets and severance payments, related to adjusting the sawing wire footprint in China.

Notwithstanding the difficult economic and business climate, Bekaert managed to achieve stable sales volumes in 2012, a solid cash flow from operating activities and also a significant reduction in its net debt position at year-end.

In the first half of 2013, Bekaert maintained stable volumes and gross margins compared with the same period last year. While depressed markets, competitive price pressure and unfavorable currency movements affected Bekaert's top line by 7.5 per cent., the effects were offset at the REBIT level thanks to the restructuring measures of 2012 and the realized cost savings.

Strategically, the Company defends itself against economic and cyclical risks by being active in different regions and different sectors. The Company operates manufacturing sites and offices in 39 countries and its products can be clustered in seven sectors. This sectorial spread is an advantage as it makes the Company less sensitive to sector-specific trends. Nevertheless, a global economic crisis can impact the most important sectors in which the Company is active, namely automotive, energy and utilities and construction. The energy and utilities relates partly to the market of photovoltaics, which has proven to be a highly volatile market.

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 lead to uncertain global financial and economic conditions for which the Company remains cautious on the outlook for the medium term. In response to growing competition, mainly in China, the Company 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 Company is active. Although the Company 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 Company's profitability.

Short and long-term visibility on market developments remain extremely limited. The Company 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 Company.

Notwithstanding the economic circumstances, the Company is confident that its broad geographical coverage, as well as its growing diversified portfolio and its strong innovation focus will be of strategic importance. The Company will closely monitor market developments and customer requirements, so that opportunities can be seized the moment they arise.

## **1.2 Political, economic and social instability in emerging countries**

The Company has a high exposure of more than 70 per cent. 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. Economic instability due to changes in taxation or trade duties can impact the Company's performance in certain countries. Social instability can also impact the Company's performance in certain countries.

Furthermore, Bekaert identifies Venezuela as one of the political/economic high risk areas: the lack of stable wire rod supply in Vicson, Venezuela led to activity losses and temporary production shutdowns in the last quarter of 2012, while market demand remained solid. In view of the continued currency risk, Bekaert applies hyper-inflation accounting and the corresponding economic exchange rate since the beginning of 2013. As a result, the share contributed by the Venezuelan business is expected to decline significantly. The adverse impact on revenues in 2013 is estimated at EUR 100 million (notwithstanding high sales volumes, revenue dropped significantly (minus EUR 48 million) in the first semester of 2013) and the adverse impact on REBIT in 2013 is expected to be EUR 12 million (EUR 6 million in the first semester of 2013).

## **1.3 Credit risk**

The ability to pay the principal amount of and interest on the New 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 Company, and consequently the Company 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 REBITDA (*Recurring Earnings Before Interest Taxes, Depreciation and Amortization*) ratio amounted only to 2.1 at the end of the difficult year 2012 and to 2.2 at the end of June 2013. 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 Company's profitability. The Company is exposed to credit risk from its operating activities and certain financing activities. In respect of its operating activities, the Company 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. Weak economic conditions and tight credit restrictions from financial institutions can impact the customers' creditworthiness (e.g., sawing wire customers in 2011).

#### **1.4 Risks related to raw materials**

The cost of raw materials represented about 40 per cent. of consolidated sales, or 46 per cent. of the cost of sales in 2012. The primary raw material is wire rod, a steel product. The last years have been characterized by high price volatility for wire rod. 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 Company.

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.

#### **1.5 Rubber reinforcement product mix changes in end-markets**

Bekaert's product offering for the tire industry includes steel cord and bead wire for rubber reinforcement. The share of Bekaert's sales in high-end truck tire markets versus passenger tire markets influences the overall margin level of the rubber reinforcement business platform. At times of difficult economic market conditions, truck sales are usually down and the replacement of truck tires is delayed. Therefore a long lasting economic crisis may put a burden on the profitability of this platform as a result of unfavorable product-mix elements.

#### **1.6 Competition**

The Company 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 Company 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, Bridgestone, Pirelli, Sumitomo and others do not only use steel cord from the Company, 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. Xingda and Jiangsu are Bekaert's principal competitors in the Chinese tire cord market.

Examples of other competitors are KIS (Korea), Davis Wire (USA), Keystone (USA), Gerda (Latin America), Uralkord (Russia), Zholobin (Belarus), etc. In solar energy, sawing wire

competitors as Fundant, Naisi, Henan Hengxing, Asahi Diamond, etc. arose and became major players.

The continued weak economic environment, the lack of consistent indicators of a global recovery and the overcapacity in most markets have led to a globalization of competition. Previously serving their Asian domestic markets only, some of the industry players in steel wire – as in other industries – are targeting export markets to compensate for a demand decline in their local markets. Also the volatile currency movements have an impact on the competitiveness of trade flows and can lead to increased import flows in direct competition with local industries. This way, the competition globalizes, creating highly competitive conditions also in other parts of the world.

The globalizing competition and Bekaert's efforts to remain competitive, and to keep or to increase market positions against competition, put pressure on Bekaert's margins and could influence the net result and the operational cash flow and are not a guarantee for a sales increase.

### **1.7 Asset and profit concentration**

While Bekaert is a truly global company with a global network of manufacturing platforms and sales and distribution offices, reducing the asset and profit concentration to a minimum, Bekaert still faces a risk of asset and profit concentration in certain locations. In case another risk would materialize, such as a political or social risk, or an environmental risk with major damage, then the risk of asset and profit concentration could materialize in certain locations, such as Zwevegem in Belgium or Jiangyin in China.

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

As part of a business continuity plan, Bekaert has measures in place to reduce this risk through back-up scenarios and delivery approvals from other locations.

### **1.8 Intellectual property risk**

The Company is a global technology leader in steel wire transformation and coatings and invests intensively in continued innovation. Bekaert considers its technological leadership as a differentiator versus the competition. Consequently, intellectual property protection is a key concern and risk. Intellectual property leakages can harm the Company and help the competition, both in terms of product development, process innovation, and machine engineering.

### **1.9 Labor market**

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

However, succession planning systems are in place to ensure business continuity in light of the people rotation at critical positions.

#### **1.10 Financial risk management**

The Company 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 Company 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 Company hedges only the risks that affect the Company'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 Company's financial risk policy are defined by the audit and finance committee of the Company (the "**Audit and Finance Committee**") and overseen by the Board of Directors. The Company'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 Company strives to continue its historically strong balance structure, its relatively low gearing and strong cash flow. Traditionally the Company has a capital ratio (equity to total assets) of more than 40 per cent. and a gearing (net financial debt to equity) of about 50 per cent. 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 2012 on pages 70-83 (see Section XIII of this Prospectus).

#### **1.11 Internal control**

An effective internal control on financial reporting is necessary to reach a reasonable level of assurance related to the Company'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 financial information.

#### **1.12 Risks related to suppliers**

Political and economic instability in countries where key suppliers are based, the financial instability of suppliers, suppliers not complying with the Company's standards, labor issues at the supplier, availability of raw material with the Company 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 Company's control. Moreover, (changes in) 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 Company's control. All those factors that have an influence on the Company's suppliers and access to products can negatively influence the financial results of the Company.

### **1.13 Risks related to IT failures**

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

### **1.14 Compliance with laws and regulations**

Many aspects of the Company'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 Company to develop activities.

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

The Company 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 Company 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 Company to pay for cleaning up and damages for sites where dangerous waste was dumped. Under the environmental laws, the Company 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 Company owns, rents or sublets those production sites, warehouses and offices and irrespective of whether the environmental damage was caused by the Company 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 Company through, for instance, a business interruption, repair costs or reputation damage.

The Company has booked certain environmental provisions, which mainly relate to sites in EMEA and North America. The expected future soil sanitation costs are reviewed at each balance sheet date, supported by an external expert assessment. Timing of settlement is uncertain as it is often triggered by decisions on the destination of the premises.

### **1.16 No audited financial information for the period after December 31, 2012**

The Prospectus does not contain audited financial information for the period after December 31, 2012. The interim financial information in Sections V.2 and XIII 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, 2013 may reveal differences compared to the unaudited financial information incorporated by reference in this Prospectus. However, there has been no material adverse change in the prospects of the Company since December 31, 2012. However, the Prospectus does not contain any profit forecasts or profit estimates within the meaning of the Prospectus Regulation.

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

The Company'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 analyzed and monitored in the company's Enterprise Risk Management system (ERM), on the basis of which the Company 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) and in the section corporate governance on the website of the Company.

### **1.18 Risks related to the upstreaming of cash-flows from the Company's subsidiaries**

Although the Company has operational activities of its own, it is also the group holding company. Therefore its ability to repay the New Bonds is partially subject to the ability of its subsidiaries to upstream their revenues through dividends, intercompany receivables, management fees and other payments. The Company's subsidiaries may not be able to pay dividends to the Company.

### **1.19 Taxation**

Changes in taxation can impact the net profitability of the Company. In Belgium, for instance, this may apply to changes in the notional interest policy. In China, this applies to maturing tax holidays. Weak economic conditions on a global scale also may impose higher taxation and/or reduce fiscal stimulus programs in support of industries.

### **1.20 Liquidity risk**

Liquidity risk is the risk that the Company will be unable to meet its obligations as they come due because of an inability to liquidate assets or obtain adequate funding. The Company's liquidity can also be impacted by the guarantees given by the Company to third parties on behalf of its subsidiaries.

In order to mitigate this risk and ensure liquidity and financial flexibility at all times, the Group, in addition to its available cash, has several uncommitted short-term credit lines (including with Dealer Managers and/or their affiliates in Europe and Asia) at its disposal in the major currencies and in amounts the Company considers adequate for current and near-future financing needs. These facilities are generally of the mixed type and may be utilized, for example, for advances, overdrafts, acceptances and discounting. The Group also has committed credit facilities at its disposal up to an aggregate maximum amount equivalent to EUR 50.0 million at floating interest rates with fixed margins with BNP Paribas Fortis. In addition, the Group has a commercial paper and medium-term note program available with Belfius Bank SA/NV and ING Belgium SA/NV for an aggregate maximum of EUR 124 million.

Bekaert's debt maturity profile at the end of June 2013 is as follows: EUR 272 million in 2013, EUR 221 million in 2014, EUR 113 million in 2015, EUR 212 million in 2016, EUR 7 million in 2017, EUR 100 million in 2018 and EUR 195 million in 2019. The New Bonds will mature in 2020.

The attention of potential participants in the Exchange Offer is drawn to the fact that this risk factor is particularly relevant in the case at hand due to the long tenor of the New Bonds.

## **2. RISK FACTORS RELATED TO THE EXCHANGE OFFER AND THE NEW BONDS**

### **2.1 The Company may not be able to repay the New Bonds**

The Company may not be able to repay the New Bonds at their maturity. The Company may also be required to repay all or part of the New Bonds in case of an Event of Default. If the New Bondholders were to ask the Company to repay their New Bonds following an Event of Default, the Company cannot be certain that it will be able to pay the required amount in full. The Company's ability to repay the New 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 Company's failure to repay the New Bonds may result in an event of default under the terms of other outstanding indebtedness.

## **2.2 The New Bonds may not be a suitable investment for all investors**

Each potential participant in the Exchange Offer 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 New Bonds, the merits and risks of participating in the Exchange Offer and investing in the New 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 New Bonds and the impact the New 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 New Bonds, including where the currency for principal or interest payments is different from the potential investor's currency;
- understand thoroughly the New Bond Conditions 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 participate in the Exchange Offer and invest in the New Bonds unless it has the expertise (either alone or with a financial adviser) to evaluate how the New Bonds will perform under changing conditions, the resulting effects on the value of the New Bonds and the impact the investment will have on the potential investor's overall investment portfolio. Investors should note that they may lose all or part of their investment.

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

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

## **2.4 There is no assurance that an active trading market will develop or be maintained for the New Bonds**

The only manner for the holder of the New Bonds to convert his or her investment in the New Bonds into cash before the 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 New Bonds. The New 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 admission of the New Bonds to trading on the regulated market of NYSE Euronext Brussels. If the New 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 Company. 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 New Bonds.



Therefore, participants in the Exchange Offer may not be able to sell their New 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 New Bonds. In the event that put options are exercised in accordance with New Bond Condition 5(b), liquidity will be reduced for the remaining New Bonds. Furthermore, it cannot be guaranteed that the admission for listing and trading on the regulated market of NYSE Euronext Brussels, once approved, will be maintained. In case the admission for listing and trading on the regulated market of NYSE Euronext Brussels were to be withdrawn, the New Bonds would no longer be traded on the regulated market of NYSE Euronext Brussels. This may in turn reduce the liquidity of the New Bonds as well.

## **2.5 Uncertainty as to the market for Existing Bonds not exchanged**

Although the Existing Bonds that are not tendered into the Exchange Offer will continue to be listed on the regulated market of NYSE Euronext Brussels until their maturity date on April 16, 2014, the trading market for the Existing Bonds that remain outstanding following such completion may be significantly more limited. Such remaining Existing Bonds may command a lower price than comparable securities with greater market liquidity. A reduced market value and liquidity may also make the trading price of such remaining Existing Bonds more volatile.

As a result, the market price for Existing Bonds that remain outstanding after the completion of the Exchange Offer may be adversely affected as a result of the Exchange Offer. Neither the Company nor any Dealer Manager has any duty to make a market in any such remaining Existing Bonds. The Company has no obligation to purchase the Existing Bonds (other than pursuant to the Exchange Offer) and if it does decide to make any such purchase, is under no obligation to do so by any date.

## **2.6 Responsibility for complying with the procedures of the Exchange Offer**

Holders of Existing Bonds (the “**Existing Bondholders**”) must comply with all of the procedures for offering Existing Bonds for exchange, as summarized in this Prospectus (see Section X.4.2 of this Prospectus). None of the Company, any Dealer Manager, the Centralizing Agent or any person who controls, or is a director, officer, employee, agent or affiliate of, any such person, assumes any responsibility for informing any Existing Bondholder of irregularities with respect to such holder's participation in the Exchange Offer.

## **2.7 Other purchases of Existing Bonds**

The Dealer Managers may, to the extent permitted by applicable law, acquire (from time to time both during and after the Exchange Offer) Existing Bonds, including on the market or by way of private arrangements, tender offers, exchange offers or otherwise. Such purchases may be on such terms and at such prices as the Dealer Managers, as the case may be, may determine, *i.e.*, on terms more or less favourable than those contemplated by the Exchange Offer.

If prior to the publication of the results of the Exchange Offer, the Company (or any other person acting in concert with the Company, including its Subsidiaries) acquires, or agrees to acquire Existing Bonds or pledges to acquire such bonds in any other way than by way of the Exchange Offer and against a higher consideration than one New Bond per Existing Bond, the consideration offered in the Exchange Offer will be altered to correspond to that higher consideration, in accordance with article 15 of the Takeover Decree. In accordance with article 45 of the Takeover Decree, neither the Company nor any other person acting in concert with the Company (including its Subsidiaries) can acquire, directly or indirectly, Existing Bonds of a higher consideration than offered in the context of the Exchange Offer,

unless an amount corresponding to the difference in consideration is paid to all Existing Bondholders who have tendered their Existing Bonds in the Exchange Offer. However, the Dealer Managers do not act in concert with the Company and therefore these restrictions do not apply to acquisitions of Existing Bonds by the Dealer Managers.

## **2.8 Payments made in respect of the New Bonds may be subject to Belgian Withholding Tax without tax gross-up**

If the Company, 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 New Bonds, the Company, 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 Company shall not pay additional amounts in respect of any New Bond for such taxes.

Currently, no Belgian withholding tax will be applicable to the interest on the New Bonds held by an Eligible Holder in an exempt securities account (an X account) in the X/N System, as further described in Section XI ("Tax in respect of the New Bonds"). Potential investors should be aware that any relevant tax law or practice applicable as at the date of this Prospectus and/or the date of acquisition of the New Bonds may change at any time (including during the Exchange Offer or the term of the New Bonds). Any such change may have an adverse effect on a New Bondholder, including that the liquidity of the New Bonds may decrease and/or the amounts payable to or receivable by an affected New Bondholder may be less than otherwise expected by such New Bondholder.

Potential investors who are in any doubt as to their tax position should consult their own independent tax advisers.

## **2.9 The New Bonds are exposed to market interest rate risk**

The New Bonds provide a fixed interest rate until the Maturity Date. Investment in the New Bonds involves the risk that subsequent changes in market interest rates may adversely affect the market value of the New Bonds. The longer the maturity of bonds, the more exposed bonds are to fluctuations in market interest rates. An increase in the market interest rates can result in the New Bonds trading at prices lower than the nominal amount of such New Bonds. The attention of potential participants in the Exchange Offer is drawn to the fact that this risk factor is particularly relevant in the case at hand due to the long tenor of the New Bonds.

## **2.10 Inflation risk**

The inflation risk is the risk of future value of money. The actual yield of an investment in the New Bonds can be reduced by inflation. The higher the rate of inflation, the lower the actual yield of a New Bond will be. If the rate of inflation is equal to or higher than the nominal yield of the New Bonds, then the actual yield is equal to zero or the actual yield will even be negative. The attention of potential participants in the Exchange Offer is drawn on the fact that this risk factor is particularly relevant in the case at hand due to the long tenor of the New Bonds.

## **2.11 The New Bonds may be repaid prior to maturity**

In the event (i) of the occurrence of an Event of Default or (ii) the Company would choose to repay all outstanding New Bonds if New Bondholders have submitted Change of Control Put Exercise Notices in respect of a least 85 per cent. of the aggregate principal amount of the New Bonds in accordance with New Bond Condition 5(b), the New Bonds may be repaid in accordance with the New Bond Conditions. In each case of early repayment (other than upon

the occurrence of a Change of Control), the holder of a New Bond is entitled to receive the principal amount and the interest, if any, accrued since the last interest payment date. In such circumstances, a participant in the Exchange Offer may not be able to reinvest the repayment proceeds (if any) at a yield comparable to that of the New Bonds.

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

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

The put option may arise at times when prevailing interest rates may be relatively low. In such circumstances, a participant in the Exchange Offer may not be able to reinvest the repayment proceeds (if any) at a yield comparable to that of the New Bonds. Participants in the Exchange Offer 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 New Bond 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 Company. Once given, a Change of Control Put Exercise Notice is irrevocable and New Bondholders will be required to undertake in the Change of Control Put Exercise Notice not to sell or transfer the relevant New Bonds until the relevant Change of Control Put Date.

New Bondholders deciding to exercise their put option shall do it through the bank or other Financial Intermediary through which the New Bondholder holds its New Bonds and are advised to check when such Financial Intermediary would require to receive instructions and Change of Control Put Exercise Notices from New Bondholders in order to meet the deadlines for such exercise to be effective. The fees and/or costs, if any, of the relevant Financial Intermediary shall be borne by the relevant New 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 a Financial 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, New Bondholders exercise their put option, liquidity of any trading market for the remaining New Bonds may be reduced.

However, New 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 Company being notified by the FSMA of a formal filing of a proposed offer to the shareholders of the Company, or (b) the occurrence of the Change of Control, the general shareholders' meeting of the Company has approved the provisions of New Bond Condition 5(b)(i), (ii) and (iii) 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, New Bondholders should be aware of the fact that if (a) a Change of Control occurs prior to the date on which the Company'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 14, 2014, then the New 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).

**2.13 The market value of the New Bonds may be affected by the creditworthiness of the Company and a number of additional factors**

The market value of the New Bonds may be affected by the creditworthiness of the Company 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 New Bonds will be traded. The Company 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 Company. The price at which a New Bondholder will be able to sell the New 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 participants in the Exchange Offer is drawn on the fact that this risk factor is particularly relevant in the case at hand due to the long tenor of the New Bonds.

**2.14 The New Bonds may be affected by the global credit market conditions**

Potential participants in the Exchange Offer 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 New Bonds. The Company 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 New Bonds and instruments similar to the New Bonds will not return in the future.

**2.15 New Bondholders could modify certain New Bond Conditions upon approval by defined majorities of New Bondholders**

The New Bond Conditions contain provisions for calling meetings of New Bondholders to consider matters affecting their interests generally. The meeting of New Bondholders may amongst others and subject to certain defined majorities decide to modify the New Bond Conditions. The provisions on meeting of New Bondholders further permit defined majorities to bind all New Bondholders, including New Bondholders who did not attend and vote at the relevant meeting and New Bondholders who voted in a manner contrary to the majority.

**2.16 The Company may incur additional indebtedness**

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

**2.17 The New Bonds are unsecured obligations which do not benefit from any guarantee**

The right of the New Bondholders to receive payment under the New Bonds is not secured or guaranteed and will effectively be subordinated to any secured indebtedness of the Company, which the Company is allowed to incur pursuant to, and subject to the conditions set forth in, New Bond Condition 3 (*Negative Pledge*). In the event of liquidation, dissolution, reorganization, bankruptcy or similar procedure, whether voluntary or not, affecting the Company, 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 New Bonds and other unsecured indebtedness.

## **2.18 Extension of the financing obtained to purchase the Existing Bonds**

Investors could have obtained financing to purchase the Existing Bonds and should, prior to accepting the Exchange Offer, examine whether the maturity and other terms and conditions of their financing can, as the case may be, be extended until the maturity of the New Bonds.

If the maturity date of such financing is extended or if the financing is refinanced with the view of participating in the Exchange Offer and an Event of Default occurs with respect to the New Bonds or the price at which the New Bonds are traded on the regulated market, decreases significantly, then the New Bondholders will possibly not only be confronted with a loss on its investment, but may also be required to repay the loan as well as the interest in respect of such a loan. Such credit can therefore lead to a significant increase in the loss on the investment for the investor. Potential investors in the New Bonds should therefore not assume that they will be in a position to repay a loan (principal as well as interests on the loan) solely based on a transaction involving the New Bonds. On the contrary, potential investors must carefully assess of their financial situation and in particular assess whether they would be capable to pay interest and to repay the loans. Potential investors must also take into account that they may incur a loss instead of a gain in respect of their investment in the New Bonds.

## **2.19 Belgian insolvency legislation**

The Company is incorporated and has its registered office in Belgium and can therefore be subject to Belgian insolvency legislation and procedures. The application of these insolvency laws may substantially affect the New Bondholders' claim to obtain repayment (partial or in full) of the New Bonds, e.g., as the result of a suspension of payments, a stay on enforcement measures or an order providing for partial repayment of the New Bonds.

## **2.20 Certain payments in respect of the New Bonds may be impacted by the 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 (the "**Disclosure of Information Method**"). However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system (the "**Source Tax**") 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 Source Tax in the case of Switzerland). On April 10, 2013 Luxembourg officially announced that it will no longer apply the Source Tax as from January 1, 2015 and will apply the Disclosure of Information Method as from this date.

Investors should note that the European Commission has proposed certain amendments to the Savings Directive, which may, if implemented, amend or broaden the scope of the requirements described above. Potential investors who are in doubt of their tax position, should consult their own independent tax advisers.

If a payment were to be made or collected through a paying agent established in a state which applies the Source Tax and an amount of, or in respect of, tax were to be withheld from that payment, neither the Company nor the Agent nor any other person would be obliged to pay additional amounts to the New Bondholders or to otherwise compensate New Bondholders for the reductions in the amounts that they will receive as a result of the imposition of such Source Tax.

## **2.21 Change in governing law could modify certain New Bond Conditions**

The New Bond Conditions 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.

## **2.22 Relationship with the Company**

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

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

The New Bonds will be issued in dematerialized form under the Belgian Companies Code and cannot be physically delivered. The New 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 New Bonds. X/N System participants include certain banks, stockbrokers (*beursvennootschappen*), and Euroclear and Clearstream, Luxembourg. Transfers of interests in the New 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 New Bonds. The Company and the 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 New Bondholder must rely on the procedures of the X/N System, Euroclear and Clearstream, Luxembourg to receive payments under the New Bonds. The Company will have no responsibility or liability for the records relating to, or payments made in respect of, the New Bonds within the X/N System.

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

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

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

KBC will act as the Company's calculation agent for the calculation of the Put Redemption Amount (as defined in the New Bond Conditions) in accordance with the New Bond

Conditions (the “**Calculation Agent**”). In its capacity as Calculation Agent, it will act in accordance with the New Bond Conditions in good faith and endeavour at all times to make its determinations in a commercially reasonable manner. However, New Bondholders should be aware that the Calculation Agent does not assume any fiduciary or other obligations to the New Bondholders and, in particular, is not obliged to make determinations that protect or further the interests of the New 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 New Bondholders) of any errors or omissions in (i) the calculation by the Calculation Agent of any amount due in respect of the New Bonds or (ii) any determination made by the Calculation Agent in relation to the New 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 New 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.

## **2.26 Exchange rate risks and exchange controls**

The Company will pay principal and interest on the New 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 New Bonds, (ii) the Investor's Currency equivalent value of the principal payable on the New Bonds and (iii) the Investor's Currency equivalent market value of the New 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.

## **2.27 Eurozone crisis**

Potential participants in the Exchange Offer should be aware of the crisis affecting the Eurozone, the turbulence in the global credit markets and the general economic outlook. The Company cannot predict when these circumstances will change and potential investors need to be aware of the significant uncertainty about future developments in this regard.

## **2.28 The Company, the Dealer Managers, the Agent and the Calculation Agent may engage in transactions adversely affecting the interests of the New Bondholders**

The Dealer Managers, the Agent and the Calculation Agent might have conflicts of interest that could have an adverse effect on the interests of the New Bondholders. Potential investors should be aware that the Company is involved in a general business relation and/or in specific transactions with the Dealer Managers, the Agent and the Calculation Agent as set out in Section XI.1 and that they might have conflicts of interest that could have an adverse effect on the interests of the New Bondholders. Potential participants in the Exchange Offer should also be aware that the Dealer Managers, the Agent and the Calculation Agent may from time to time hold debt securities, shares and/or other financial instruments of the Company.

Within the framework of its normal business relationship or financing arrangements with its banks, Bekaert has entered or could enter into loans or other facilities with the Dealer Managers and/or the Agent (or some of its affiliates) (via bilateral transactions and/or syndicated loans together with other banks) (the “**Debt Financings**”). The terms and conditions of the Debt Financings may differ from the New Bond Conditions. In addition, as

part of the Debt Financings, the respective lenders may have the benefit of guarantees and/or security rights, whereas the New Bondholders will not have the benefit from similar guarantees and/or security rights, because the grant of guarantees and/or security rights to such lenders is not restricted by the negative pledge under the New Bond Conditions. This results in the New Bondholders being subordinated to the lenders under such Debt Financings. As a consequence the Dealer Managers and/or the Agent may have interests that are different than and/or adverse to the interests of the New Bondholders during the term of the New Bonds. Such diverging interests may manifest themselves, for example, in case of an event of default under such facility agreements before the maturity of the New Bonds or in case of a mandatory early repayment and may have a negative impact on the repayment capacity of the Company. The Dealer Managers and/or Agent have, in their capacity of lender, no obligation to take into account the interests of the New Bondholders when exercising their rights as lender under such facility agreements.

The New Bondholders should be aware of the fact that the Agent and Dealer Manager(s), when they act as lender to the Company or any of its affiliates (or when they act in any other capacity whatsoever), have no fiduciary duties or other duties whatsoever *vis-à-vis* the New Bondholders. They are under no obligation to take into account the interests of the New Bondholders.

## **2.29 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 participant in the Exchange Offer should consult its own legal advisers to determine whether and to what extent (i) New Bonds are legal investments for it, (ii) New Bonds can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of any New Bonds. The investors should consult their own legal advisers to determine the appropriate treatment of New Bonds under any applicable risk-based capital or similar rules.

## **2.30 Investors may be required to pay taxes or other documentary charges or duties in Luxembourg or in any other jurisdiction**

Potential purchasers and sellers of the New 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 New Bonds are transferred or other jurisdictions. Existing Bondholders tendering their Existing Bonds in the Exchange Offer, may be subject to income tax in Luxembourg (see Section X.15.2). 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 New 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. In addition, Existing Bondholders intending to participate in the Exchange Offer should be aware that tax regulations and their application by the relevant taxation authorities change from time to time. Accordingly, it is not possible to predict the precise tax treatment which will apply at any given time. This is particularly relevant since the New Bond Conditions do not contain a tax gross-up provision.



## II. TERMS AND CONDITIONS OF THE NEW BONDS

*Set forth below are the terms and conditions (the “**Terms and Conditions**”) of the New Bonds (as defined below), save for the paragraphs in italics that shall be read as complementary information.*

The issue of the 4.750 per cent. fixed rate new bonds due October 17, 2020 (the “**New Bonds**”, which expression shall, in these Terms and Conditions unless otherwise indicated or unless the context otherwise requires, include any Further New Bonds) by NV Bekaert SA (the “**Company**”) was (save in respect of any Further New Bonds) authorized by a resolution of the board of directors of the Company adopted on September 12, 2013. The issue and delivery of the New Bonds will occur on October 17, 2013 (the “**Issue Date**”) and trading of the New Obligations on the regulated market of NYSE Euronext Brussels will start on the same date.

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

A clearing agreement in Dutch will be entered into in relation to the clearing of the New Bonds between the Company, the NBB and the Agent on or about the Issue Date (the “**Clearing Agreement**”).

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

### 1. DEFINITIONS

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

“**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 Company (or all (or as nearly as may be practicable all) such shareholders of the Company other than the offeror and/or any parties acting in concert (as defined in article 3, §1, 5°, of the Takeover Law) with the offeror) to acquire all or a majority of the issued ordinary share capital of the Company 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 Company or other voting rights of the Company 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 Company, 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 Belgian Royal Decree of April 27, 2007 on 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 New Bondholders.

**"Change of Control Resolutions"** means one or more resolutions duly adopted at a general shareholders' meeting of the Company approving the provisions (i), (ii) and (iii) 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*, 42, avenue J.F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg.

**"Company"** has the meaning attributed thereto in the introduction to the Terms and Conditions.

**"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, B-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 Takeover Law).

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

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

**"FSMA"** means the Belgian Financial Markets and Services Authority (*Autoriteit voor Financiële Markten en Diensten*).

**"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 New Bond(s) holds New Bond(s).

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

**“Maturity Date”** means October 17, 2020.

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

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

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

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

**“Paying, Domiciliary and Calculation 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 New Bond calculated by the Calculation Agent by multiplying the Repayment Rate by the Principal Amount of such New 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 New 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 Company, 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 MIN (101 per cent.; 100 per cent. x Exp (T x 0.74720148386 per cent.)), 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 New 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 New Bonds on the date of issue of the New 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 New Bonds that can be traded on N accounts, if investors exercise a right to have the New Bonds repaid early, the actuarial return cannot exceed the actuarial return of the New Bonds upon the issue up to the final maturity by more than 0.75 points.*

“**Takeover Law**” means the Belgian law of April 1, 2007 on takeover bids, as amended.

“**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 New Bonds are issued in dematerialized form in accordance with article 468 *et seq.* of the Belgian Companies Code (*Wetboek van Vennootschappen*) and cannot be physically delivered. The New 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 New Bonds can be held by their holders through participants in the X/N System, including Euroclear and Clearstream, Luxembourg and through other Intermediaries that in turn hold the New Bonds through Euroclear and Clearstream, Luxembourg, or other participants in the X/N System.

The New 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 New Bonds will pass by account transfer. The New Bonds may not be exchanged for New Bonds in bearer form.

If at any time the New 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 New Bonds will have a denomination of EUR 1,000 each (the “**Principal Amount**”).

### (c) **Status**

The New Bonds constitute direct, unconditional, unsubordinated and (subject to Condition 3) unsecured obligations of the Company. The New 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 obligations of the Company, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

### 3. **NEGATIVE PLEDGE**

The Company undertakes that, so long as any New 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 New 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 Company 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 Company 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 Company to grant security over a certain asset with a view to the financing of such asset; and
- (d) the right of the Company to grant security interests over existing assets upon the acquisition of such assets by the Company.

### 4. **INTEREST**

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

Each New Bond bears interest from (and including) the Issue Date at the rate of 4.750 per cent. per annum (gross) calculated by reference to its Principal Amount (*i.e.*, EUR 47.50 per New Bond) and such interest amount is payable annually in arrears in equal instalments on October 17 ( "**Interest Payment Date**"), commencing with the Interest Payment Date falling on October 17, 2014.

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 New 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 New 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 New Bonds will be repaid by the Company at their Principal Amount on the Maturity Date.

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

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

*(i) At the Option of New Bondholders*

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

To exercise such right, the relevant New Bondholder must deliver to his/her Intermediary (for further delivery to the Company) 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, as Annex 4, and obtainable upon request during usual business hours from the specified office of the Agent or on the website of the Company ([www.bekaert.com](http://www.bekaert.com)).

A Change of Control Put Exercise Notice, once delivered, shall be irrevocable. By delivering a Change of Control Put Exercise Notice, the New Bondholder shall undertake to hold the relevant New Bonds up to the date of effective repayment of the relevant New Bonds.

Payment in respect of any such New 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 New Bondholder in the relevant Change of Control Put Exercise Notice.

The Company shall repay all New Bonds that are the subject of Change of Control Put Exercise Notices delivered as aforesaid on the Change of Control Put Date.

*New 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 Company being notified by the FSMA of a formal filing of a proposed offer to the shareholders of the Company or (b) the occurrence of the Change of Control, the Change of Control Resolutions (x) have been approved by the shareholders of the Company in a general shareholders' meeting and (y) have been filed with the clerk of the commercial court (griffie van de rechtbank van koophandel) of Kortrijk.*

*The Company undertakes to (a) submit the Change of Control Resolutions for approval at the general shareholders' meeting of the Company scheduled to be held in the second quarter of 2014 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, New Bondholders will not be entitled to exercise the option set out in Condition 5(b)(i).***

*(ii) Company's Call*

If, as a result of Condition 5(b)(i), New Bondholders submit Change of Control Put Exercise Notices in respect of at least 85 per cent. of the aggregate Principal Amount of the New

Bonds that are outstanding at such time, the Company may, having given not less than 15 nor more than 30 calendar days' notice to the New Bondholders 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 New Bonds then outstanding at the Put Repayment Amount. Payment in respect of any such New Bond shall be made as specified above.

*(iii) Change of Control Notice*

Within ten (10) Business Days following a Change of Control, the Company shall give notice thereof to the New Bondholders in accordance with Condition 12 (a "**Change of Control Notice**"). The Change of Control Notice shall contain a statement informing New Bondholders of their entitlement to exercise their rights to require repayment of their New 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 New 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 New 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 14, 2014 (a) the Change of Control Resolutions are not adopted at a general shareholders' meeting of the Company 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 14, 2014, the rate of interest payable on the New 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 Company 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 New Bonds may be admitted to listing and trading at the relevant time and subject to compliance with applicable laws and regulations, the Company and each of its subsidiaries may at any time purchase New Bonds, both on the open market or otherwise, at any price.

**(d) Cancellation**

All New Bonds that are repaid will be cancelled and may not be reissued or resold. New Bonds purchased by any of the subsidiaries of the Company 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 Companies Code, all payments of principal or interest in respect of the New 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 Company under the New Bonds will be discharged by payment to the Agent in respect of each amount so paid.

### **(b) Payments**

Each payment in respect of the New 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 New Bonds are subject in all cases to any applicable tax or other laws and regulations.

### **(d) Agents, etc.**

The Company reserves the right under the Paying, Domiciliary and Calculation 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 Company to the New Bondholders in accordance with Condition 12.

### **(e) No Charges**

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

### **(f) Fractions**

When making payments to New 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 New 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 New 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 New Bond may, by notice in writing given by any New Bondholder to the Company 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 Company fails to pay the Principal Amount of or interest on any of the New Bonds (in the case of a New Bondholder holding one or more New 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 Company 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 Company by any New Bondholder; or
- (c) Cross-Default: any other present or future indebtedness of the Company 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 Company 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 Company; or
- (e) Winding-up: an order is made or an effective resolution passed for the winding-up or dissolution of the Company; or
- (f) Reorganization: the Company 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 New 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 Company (whereby “**control**” has the meaning ascribed to such term in article 5 of the Belgian Companies 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 Company prior to such reorganization, 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 Company prior

to such reorganization shall severally guarantee the obligations of the New Issuer under the New Bonds); or

iii. for the purposes of or pursuant to any other form of reorganization or restructuring while solvent (other than those set forth under ii above) that does not adversely affect the interests of the New Bondholders; or

(g) Delisting: the cancellation or suspension of trading of the New Bonds on the regulated market of NYSE Euronext Brussels during 15 consecutive Business Days as a result of a default of the Company, except if the Company obtains the effective listing of the New 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 Company for payment in respect of the New Bonds shall be time-barred and become void unless made within, in the case of the Principal Amount of the New Bonds, ten (10) years from the date set for its repayment, or, in the case of interest on the New Bonds, five (5) years from its relevant maturity date.

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

## **9. MEETINGS OF NEW BONDHOLDERS AND MODIFICATION**

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

Meetings of New Bondholders may be convened to consider certain matters relating to the New Bonds, including the modification of certain provisions of these Conditions, in accordance with articles 568 *et seq.* of the Belgian Companies Code. The matters in respect of which the Belgian Companies 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 New Bondholders.

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

The meeting of New Bondholders shall be entitled to exercise the powers set out in article 568 of the Belgian Companies Code and to otherwise modify or waive any provision of these Terms and Conditions, in each case, in accordance with the quorum and majority requirements set out in the Belgian Companies Code, and if New Bondholders voting in favor of the relevant resolution represent less than one-third of the outstanding New 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 New Bondholders, whether or not they are present at the meeting and whether or not they vote in favor of such resolution.

A resolution in writing signed by or on behalf of all New Bondholders shall for all purposes be as valid and effective as a resolution passed at a meeting of New 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 New Bondholders.

**(b) Modification**

The Agent and the Company may agree, without the consent of the New Bondholders, to (i) any modification of the provisions of the Paying, Domiciliary and Calculation Agency Agreement or any agreement supplemental thereto that is not materially prejudicial to the interests of the New Bondholders, or (ii) any modification of the New Bonds, the Terms and Conditions of the New Bonds, or the Paying, Domiciliary and Calculation 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 New Bondholders and any such modification shall be notified to the New Bondholders in accordance with Condition 12 as soon as practicable thereafter.

**10. FURTHER ISSUES**

Subject to Condition 3, the Company may from time to time without the consent of the New Bondholders create and issue further securities either having the same terms and conditions in all respects as the outstanding New 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 New Bonds or upon such terms as to interest, premium, repayment and otherwise as the Company may determine at the time of their issue. In that case, New Bondholders holding New Bonds of the same series shall form one meeting of New Bondholders.

**11. SUBSTITUTION**

The Company 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 New Bonds, provided that each of the following conditions is satisfied:

- (a) the New Issuer expressly assumes all obligations undertaken by the Company and arising under the relevant New 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 Company (for purposes of this Condition 11, "**control**" means that the controlling person, directly or indirectly, owns at least 75 per cent. 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 New 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 New Bonds; and

- (d) the Company unconditionally and irrevocably guarantees the obligations of the New Issuer.

In the case of such a substitution, the Terms and Conditions of the relevant New 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 New Bonds. In the case of such a substitution, the rights and obligations of the Company that are defined under the Paying, Domiciliary and Calculation Agency Agreement will be fully transferred to the New Issuer. The New Bondholders will be informed of every substitution of the Company in accordance with the provisions of Condition 12.

## 12. NOTICES

Notices to the New Bondholders shall be valid if:

- (a) delivered by or on behalf of the Company to the X/N System for communication by it to the X/N System participants; and
- (b) published on the website of the Company ([www.bekaert.com](http://www.bekaert.com)); and
- (c) so long as the New Bonds are admitted to trading on the regulated market of NYSE Euronext Brussels and the rules of that exchange so require, published either (i) in a daily newspaper having general circulation in Belgium or (ii) on the website of NYSE Euronext Brussels ([www.beurs.be](http://www.beurs.be) / [www.bourse.be](http://www.bourse.be)).

Any such notice shall be deemed to have been given on the latest day of (i) seven days after its delivery to the X/N System and (ii) publication on the website of the Company.

The Company shall further ensure that all notices are duly published in a manner which complies with the rules and regulations of NYSE Euronext Brussels and any other regulated market of the European Economic Area on which the New Bonds are listed. Any such notice shall be deemed to have been given on the date of such publication or, if required to be published in more than one newspaper or in more than one manner, on the date of the first such publication in all the required newspapers or in each required manner.

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

## 13. GOVERNING LAW AND JURISDICTION

### (a) *Governing Law*

The New Bonds and any non-contractual obligations arising out of or in connection with the New 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 New Bonds and accordingly any legal action or proceedings between any New Bondholder and the Company arising out of or in connection

with the Paying, Domiciliary and Calculation Agency Agreement or the New Bonds is to be brought in such courts.

### **III. CLEARING**

The New Bonds will be accepted for clearance through the X/N System under the ISIN number BE0002206721 and Common Code 097392013 and will accordingly be subject to the X/N System Regulations.

The number of New Bonds in circulation at any time will be registered in the register of registered securities of the Company 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 New Bonds.

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

Transfers of interests in the New 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 New Bonds.

The Agent will perform the obligations of domiciliary agent included in the Clearing Agreement. The Company and the Agent do 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.

## **IV. DESCRIPTION OF THE COMPANY**

### **1. OVERVIEW**

Bekaert ([www.bekaert.com](http://www.bekaert.com)) is a world market and technology leader in steel wire transformation and coatings. Bekaert (NYSE Euronext Brussels: BEKB) is a global company with headquarters in Belgium, employing about 27,000 people worldwide. Serving customers in 120 countries, Bekaert pursues sustainable profitable growth in all its activities and generated combined sales of EUR 4.4 billion in 2012. Bekaert's core skills are transforming steel wire and applying coating technologies. The combination of these competences makes Bekaert unique. As the leading purchaser in the world, Bekaert annually buys more than 2.7 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 the past decade, the presence in emerging markets was strengthened and in 2012, Bekaert generated and realized 70 per cent. of its combined sales in growth markets, versus 30 per cent. 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 it forms with its 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.

Both in a significant global expansion mode like in the past decade, or in a realignment scenario like in 2012, Bekaert constantly evaluates its operational, technological and organizational set-up. The Company continues to pay increased attention to the efficiency of its organization and to integrate its corporate philosophy in the recently developed business production platforms. It is crucial that all Bekaert employees continue working better together at delivering top performance, resulting in satisfied customers.

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 important engine of growth for the Company.

One of the elements that differentiates Bekaert from its competitors 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. Bekaert's global Corporate Social Responsibility ("CSR") strategy is centered on four main pillars, namely the Bekaert's responsibility in the workplace, in the marketplace, towards the environment and towards society. Bekaert's CSR efforts and activities are therefore focused in such a way that balanced consideration is given to the

interests of all respective stakeholders, *i.e.*, employees, customers, shareholders, partners, local governments and the communities in which Bekaert is active.

Bekaert's CSR reports 2011 and 2012 are based on the GRI G3 Guidelines regarding the GRI Sustainability Reporting Framework. Global Reporting Initiative (GRI) is a non-profit organization that promotes economic sustainability. Other CSR related certificates and references valid for the reporting years 2011-2012 regard Vigeo, Ethibel Excellence Index and Kempen SRI.

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.

Better together for a cleaner world is one of Bekaert's ambitions: we continuously strive to use fewer materials, bring down our energy consumption and reduce waste. Bekaert's concern for the environment is three-fold:

Firstly, we develop new, eco-friendlier production processes for our plants worldwide. In 2012, we executed audits in no less than 90 per cent. of our plants to check the implementation of our internal procedures for avoiding the pollution of soil and groundwater. Action plans were defined to take proactive measures and keep awareness for the environment top of mind. We continued to work on the 'New Environmental Technologies' project that was launched in 2011, in order to build up knowledge and expertise in environmental technologies and thereby boost the environmental performance of plants worldwide. Some examples include increased recuperation of chemicals through improvement of the scrubbers, the treatment of waste lubricants, and improvement projects toward attaining zero disposal of copper and zinc. In 2012, 90per cent. of our consolidated plants worldwide were ISO 14001 certified. Bekaert's full worldwide certification remains an on-going goal and an element in the integration process of newly acquired entities and of the companies that have been added to the consolidation perimeter.

Secondly, Bekaert invests in product innovation that allow process improvements at the production sites of our customers. Special wire coatings, for example, can eliminate certain process steps for our customers and hence improve environmental impact as well as decrease the production cost.

Thirdly, Bekaert also develops products that contribute to a cleaner environment. To name a few, we manufacture super and ultra-tensile steel cord that answers the need for light-weight materials in cars, stainless steel wedge wires used for oil and water filtration, cable armouring solutions for green power transmission, and substitutes for solvent-based coatings.

## **2. INCORPORATION**

Bekaert 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 0405.388.536 RPR Kortrijk. Its telephone number is +32 56 76 61 11.



### 3. STATUTORY AUDITOR

The statutory auditor of Bekaert (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. The Statutory Auditor has been re-appointed during the ordinary shareholders meeting of May 8, 2013 for a period of three (3) years, ending at the ordinary shareholders meeting of 2016.

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

The consolidated financial statements of Bekaert for the financial years ending on December 31, 2012 and December 31, 2011 have been audited and approved without reserve by Deloitte Bedrijfsrevisoren BV o.v.v.e. CVBA.

### 4. HISTORY AND DEVELOPMENT OF BEKAERT

Leo Leander Bekaert started in 1880 with the production of barbed wire as an answer on a request for fencing material. The product range gradually expanded and 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 steel wire transformation and coatings.

Bekaert crossed the Belgian borders for the first time in the early 20s by taking a participation in a French company. Considering the high market potential in Latin America, the internationalization started there from 1950 onwards. The strong growth required additional capital and Bekaert was first listed in 1972, allowing additional growth in North America in the 70s. Bekaert launched new products such as metal fibers and started high tech processes for coatings. In 1993, Bekaert initiated 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 2012, Bekaert realized 70 per cent. of its combined sales in the growth countries. The Asia-Pacific market (23 per cent.) represents about the same share in Bekaert's combined turnover as the EMEA market (24 per cent.). North America accounts for (15 per cent.) and the Latin American market (38 per cent.) 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.

### 5. INVESTMENTS

Bekaert gradually increased its investment program over the past decade in line with the fast expansion in the growth markets. Both at times of fast growth as well as at the occasion of deep crisis or heavily impacted market conditions, the Company adjusts its capital expenditure in line with the best possible expectations in determining its investment needs.

Capital expenditures amounted to EUR 127 million in 2012 of which EUR 123 million in property, plant and equipment. Manufacturing extensions and innovation-driven investments took place in, amongst others, Slovakia, Russia, Belgium, India, China and Peru. Bekaert estimates its 2013 capital expenditures in property, plant and equipment between EUR 130 million and EUR 150 million, of which about EUR 80 million for investments in maintenance and about EUR 60 million for investments in expansion (in the first semester of 2013, property, plant and equipment has already been purchased for an amount of EUR 32.2 million). These investments will be funded by cash generated by Bekaert's current business.

The sawing wire business collapse, which began at the end of the first half of 2011, hit the Company hard and wiped out the profitability of a once exceptionally successful platform in no time. Bekaert took drastic measures to realign its related manufacturing and technology footprint with the new business reality. The further prospects and importance of this platform have become limited within Bekaert's overall strategy. This business evaluation is fully reflected in the major employment and machine capacity reduction as well as in the respective non-recurring costs in the 2012 financial statements. This included the respective asset impairments of sawing wire equipment, amongst others.

## **6. ACQUISITIONS AND DIVESTMENTS**

Early 2012 Bekaert and its Chilean partners announced the successful closing of their shareholding transaction by which Bekaert became the principal shareholder (52 per cent.) in the partnership with operations in Chile, Peru and Canada. As a consequence, Bekaert consolidates the results of all respective entities since the start of 2012 in Bekaert's financial statements. In support of the growing importance of the region in Bekaert's strategy and results, Bekaert has established a regional management office in Bogotá, Colombia in 2012.

Bekaert acquired the Qingdao Hansun steel wire plant in Qingdao (Shandong Province ) from Hankuk Steel Wire Co. Ltd (South Korea) in September 2011 for an enterprise value of approximately CNY 270 million. The operations were fully integrated in the Bekaert China manufacturing platform during 2012. Bekaert (Qingdao) Wire Products Co., Ltd produces a wide range of wires and ropes serving construction and mining markets as well as the hoisting equipment and paper industry.

In December of 2011, Bekaert and Xinyu Iron & Steel Co. Ltd (Xinsteel) announced that Bekaert acquired 50 per cent. of the spring wire and Aluclad activities of Xinsteel in Xinyu (Jiangxi Province). The transaction represented a purchase value of CNY 107 million. The results of the joint venture have been included in Bekaert's financial records under the equity accounting method as from 1 December 2011. In 2012, the ground works for the construction of a new plant, Bekaert (Xinyu) New Materials Co., Ltd, were started. The new building will house the spring wire manufacturing activities which are now located in two separate factories.

Bekaert strengthened its position in South-East Asia by establishing a joint venture on May 24, 2012, 55 per cent. owned by Bekaert, with Southern Steel Berhad (SSB), a leading Malaysian steel group. Bekaert Southern Wire Pte Ltd has its registered office in Singapore and serves customers in the southeast Asian markets with steel wires and ropes. SSB contributed its interests in the Malaysian wire activities based in Shah Alam and Ipoh, while Bekaert added its galvanized wire platform located in Karawang, Indonesia. The transaction had an enterprise value of approximately EUR 47 million. The financial statements of the joint venture have been integrated in Bekaert's consolidated statements as of September 1, 2012.

In 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.

Two relatively small business activities were divested in 2012: Bekaert sold its small-scale Clean Enclosed Burner activities to Flare Industries LLC on July 5, 2012. Bekaert's Industrial Coatings activities were sold to Element Partners early 2012. The rotatable sputter equipment business of the divested platform included a maintenance activity at Spring Green (U.S.) and manufacturing facilities in Belgium and China.

These transactions are a confirmation of Bekaert's strategic focus on activities related to the Company's core technological competences in steel wire transformation and related coatings.

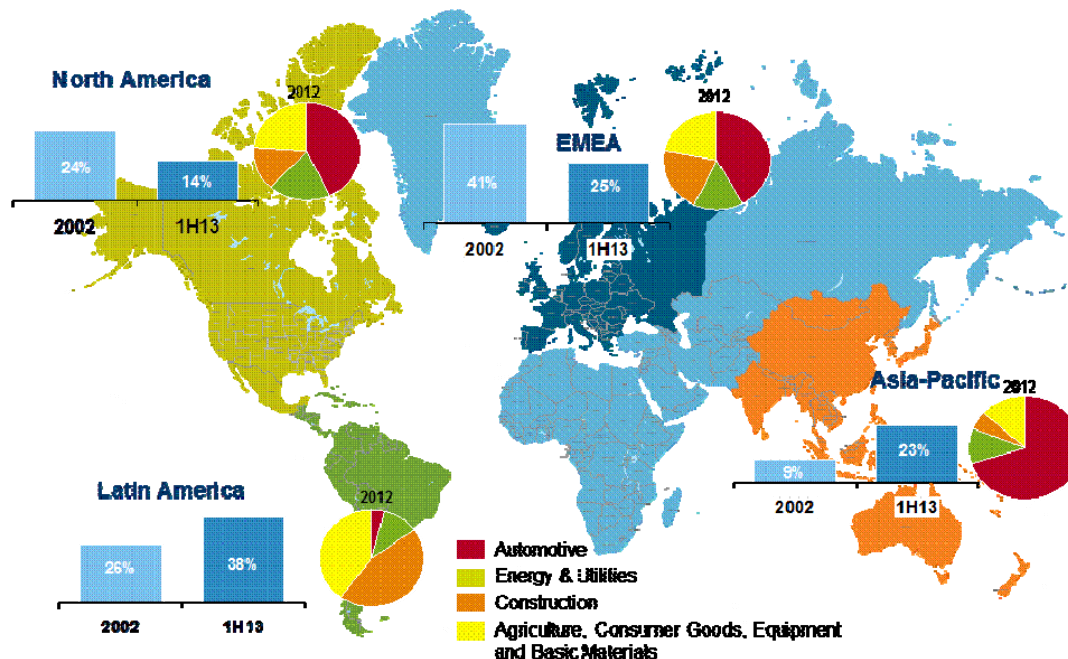
## **7. PRINCIPAL ACTIVITIES**

Bekaert's activities are built on two core competences: advanced steel wire transformation and 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 centres in Belgium and China, and in local development centres. Often they work together for specific domains with renowned external research centres and institutions, such as the American *Massachusetts Institute of Technology* in Boston and the Chinese *Tsinghua University* in Beijing. Added value can be offered through Bekaert's technological leadership.

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

The following chart shows the percentage of sales of each of the four regions EMEA, Latin America, North America and Asia Pacific for the financial year 2002 and the first half of financial year 2013, as well as an estimate of the share of sales of the various industry sectors within those regions:



### 7.1. Automotive Sector

In the automotive sector, Bekaert distinguishes itself by consistently creating high-quality and innovative products that are tailored to customers' needs. This sector is the largest user of Bekaert products and accounts for 34 per cent. of combined sales. Both the original equipment market and the replacement market are end customers of the Company's product offering.

Bekaert supplies rubber reinforcement products to nearly all tire manufacturers in the world. Steel cord is used as reinforcement for radial tires. The new EU tire labelling regulation poses opportunities as well as challenges for tire makers. Bekaert's new generation tire cord types, such as the ultra-tensile range, provide increased strength. This allows our customers to produce tires with a lower weight and lower rolling resistance, thereby increasing fuel efficiency and the respective performance ranking of tire models.

Bekaert also provides its customers with specialized wire products such as for windscreen wipers and blades, suspension springs and diesel filtration.

### 7.2. Construction Sector

The construction sector accounts for 26 per cent. of Bekaert's sales in 2012. 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.

In construction markets, Bekaert was able to gain market share in the difficult economic circumstances since 2012 thanks to successful product innovation. This applied both to innovative products as well as in traditional reinforcement applications.

Bekaert expanded its portfolio of Dramix® fibers for concrete reinforcement with new steel fibers. The existing product portfolio was re-branded as the 3D series. The addition of the new

steel fibers in the 4D and 5D series takes concrete reinforcement to the next performance class: previously unknown levels of anchorage, tensile strength and ductility guarantee the best possible solution for an ever wider range of applications.

In Latin America, Bekaert invested in cut & bend equipment to further broaden its product offering in the construction markets there.

### **7.3. Energy and Utilities Sector**

Whether it concerns onshore or offshore oil extraction, gas mining, power transmission, solar energy, or even telecommunications, Bekaert products are key contributors to sustainable, safer and more cost-effective operations. This sector represented 13 per cent. of combined sales in 2012.

The green energy sector grew strongly and fast until mid-2011, driven by exponential growth in solar energy. The sector collapsed, however, as from mid-2011 as a result of the cancellation of fiscal stimulus programs in Europe and the huge overcapacity for the sector's suppliers built up in Asia in no time. Bekaert was a major player in this sector as a leading sawing wire producer but saw the profitability of a once exceptionally successful platform wiped out in no time. Bekaert took drastic actions to realign its related manufacturing and technology footprint with the new business reality.

The sector remains important though, with continued innovations in other energy-related applications such as oil & gas, power transmission, and telecommunications.

### **7.4. Equipment Sector**

Accounting for a combined 8 per cent. of sales in 2012, machine builders and operators utilize a variety of specialized wire products for components. These include spring and shaped wire, hydraulic filter media, carding solutions for the textile sector, fine cord and hose wire. The products are used both in the construction of machines and in the machine equipment itself.

### **7.5. Consumer Goods Sector**

Consumer goods comprise a combined 8 per cent. of Bekaert's sales in 2012. 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.

### **7.6. Agriculture Sector**

Agriculture accounts for 7 per cent. of Bekaert's sales in 2012. The sector is a customer for specialized fencing solutions, vineyard wire, and spiral wire for the livestock feed industry among other products.

Also in this sector, Bekaert continues to innovate, to meet the changing needs – *e.g.*, in order to help customers comply with changing standards and regulations. For example, a European Union Council Directive of 1999 banned the conventional battery cage in the EU from 2012 and determined the minimum sizes and comfort features for chicken batteries in Europe. Bekaert was the preferred supplier of many cage manufacturers in Europe who target animal husbandry markets.

## 7.7. Basic Materials Sector

5 per cent. of sales in 2012 related to supplies for the production or exploration of basic materials: coal, metals, glass, pulp and paper, chemicals and textiles. Examples are cables and wefts for conveyor belts for diverse industries, filter media for the production of synthetic fibers, and ropes that find their way in mining industries.

Bekaert's wire rope activities in Canada, for instance, have a leading technology in a large variety of applications, among which the mining ropes. Cushion Ultra™ ropes were developed to serve the mining industry's dragline equipment. This new, plastic-enhanced rope ensures a long service life and reduced equipment maintenance.

## 8. 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, China). Bekaert is a market leader in steel cord reinforcement of tires (one tire out of four worldwide is reinforced by Bekaert tire cord), in rubber 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.

Our new generation tire cord types, for example, such as the ultra-tensile range, provide increased strength. This allows our customers to produce tires with a lower weight and lower rolling resistance, thereby increasing fuel efficiency and the respective (EU tire label) performance ranking of tire models.

Bekaert, BASF and Voestalpine Plastics Solutions continued to co-develop thermoplastic components reinforced with steel cord. This hybrid material has promising applications for the automotive industry, as it improves collision performance and reduces weight. They combine excellent energy-absorption and structural-integrity characteristics with low manufacturing complexity and cost. The automotive application opportunities of these crash resistant, weight reduced components include bumper beams and body-in-white parts.

In 2012 Bekaert invested in state-of-the art equipment and further product innovation in high precision wedge wires. These triangular shaped steel wires are used to produce wedge screens and filters. Thanks to their high precision tolerance and mechanical stability, these complex wires can be integrated in fine filtration processes for oil & gas as well as for drinking water.

As described above, 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 the risks regarding competition and possible substitution products. Technological leadership and continuous investments in R&D are the foundations for maintaining a strong competitive position.

The statements on Bekaert's competitive position are based on available market studies and on publicly available information.

## 9. INFORMATION RELATED TO THE SUBSIDIARIES OF THE COMPANY

The following table provides an overview of the countries in which subsidiaries of the Company 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 2012 under Note 7.8 starting on page 83 (See Section XIII of this Prospectus).

<u>Continent</u>	<u>Country</u>	<u>Production entity</u>	<u>Sales office and other</u>
Europe	Austria		✓
	Belgium	✓	✓
	Czech Republic	✓	
	Denmark		✓
	Finland		✓
	France	✓	✓
	Germany		✓
	Ireland		✓
	Italy	✓	✓
	Luxembourg		✓
	The Netherlands	✓	✓
	Norway		✓
	Poland		✓
	Romania		✓
	Russian Federation	✓	✓
	Slovakia	✓	
	Spain	✓	✓
	Sweden		✓
	Switzerland		✓
	United Kingdom	✓	✓
North America	Canada	✓	✓
	United States	✓	✓
Latin America	Argentina		✓
	Brazil	✓	✓
	Chile	✓	✓
	Colombia	✓	
	Curaçao		✓
	Ecuador	✓	✓
	Guatemala		✓
	Mexico		✓
Panama		✓	

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

## 10. 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.

The overall organization of Bekaert has been changed in the course of 2012 in order to respond in the most effective way to future growth opportunities and global challenges. The new structure represents a balanced responsibility allocation for regions, business platforms and global support functions. The regional management focuses primarily on operational efficiency and synergies. The business platforms develop the business from an overall perspective across the regions and focus on our customers' interests and future business development. Global support functions manage functional excellence and compliance. The Bekaert Group Executive has been redesigned in line with the new global organization set-up.

Bekaert's segment reporting is based on a regional split-up since 2009. In order to provide further insight in the nature of the activities and the markets, the Company also provides information concerning the products, their applications and the sectors in which Bekaert is active, but without publishing segment reporting on the basis of these sectors. The Company is of the opinion that, with respect to financial information, the regional segmentation is more relevant than the underlying product and sector breakdown, considering the differences in growth trend, investment efforts and the evolution of the markets (for identical products and sectors in different regions).

## 11. MATERIAL CONTRACTS

There are no material contracts that have been entered into in the ordinary course of Bekaert's business and that could result in any member of the Bekaert group being under an obligation or entitlement that is material to Bekaert's ability to meet its repayment obligations in respect of the debt securities being issued.

## 12. LEGAL AND ARBITRATION PROCEEDINGS

Neither Bekaert 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 Company 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 Bekaert or the Bekaert group.

### 13. TREND INFORMATION AND RECENT EVENTS – SIGNIFICANT CHANGES IN THE COMPANY’S FINANCIAL OR TRADING POSITION

*Highlights half year results 2013 (all comparisons are made relative to the figures for the first half of 2012)*

Bekaert maintained stable volumes and gross margins in the first half of 2013. While depressed markets, competitive price pressure and unfavorable currency movements affected Bekaert’s top line by 7.5 per cent., the effects were offset at the REBIT level thanks to the restructuring measures of 2012 and the realized cost savings.

<b>Item</b>	<b>First half 2013</b>	<b>Compared to first half 2012</b>
Consolidated sales	EUR 1.65 billion	-7.5 per cent.
Combined sales	EUR 2.14 billion	-5.1 per cent.

<b>Item</b>	<b>First half 2013</b>	<b>First half 2012</b>
Gross profit	EUR 249 million (15.1 per cent. margin)	EUR 268 million (15.0 per cent. margin)
REBIT	EUR 91 million (5.5 per cent. margin)	EUR 85 million (4.8 per cent. margin)
Non-recurring items	EUR -2.3 million	EUR -80.9 million
EBIT	EUR 89 million (5.4 per cent. margin)	EUR 4 million (0.2 per cent. margin)
EBITDA	EUR 172 million (10.4 per cent. margin)	EUR 160 million (9.0 per cent. margin)
EPS	EUR 0.45	EUR -1.35
Net debt	EUR 770 million (on June 26, 2013)	EUR 866 million

#### *Outlook*

The lack of consistent indicators of a global economic recovery and the usual seasonal effects in the second half of the year are expected to weigh on profitability. Moreover, the volatile and increasingly competitive environment in Asia may lead to renewed price pressure, imposing a cautious outlook for the coming months. In view of restoring its desired profitability, Bekaert takes all measures needed to secure its unchanged strategic ambitions of sustainable profitable growth. Responding in the most effective way to global challenges and future growth opportunities, Bekaert has changed its overall organization structure and is on track with the implementation of its cost reduction programs, which are expected to continue to support profitability. Bekaert is determined to remain a market and technology leader through its global positioning and broad product portfolio, in full support of its customers and all other stakeholders worldwide.

#### *Financial Review*

#### Results

Bekaert achieved an operating result before non-recurring items (REBIT) of EUR 91.0 million, up 7.4 per cent. from the same period last year. This equates to a REBIT margin on sales of 5.5 per cent.. Non-recurring expenses amounted to EUR 2.3 million compared with the EUR 80.9 million in the first half of 2012 which were related to restructuring costs and asset

impairments. Including non-recurring items, EBIT was EUR 88.7 million compared with EUR 3.8 million. EBITDA amounted to EUR 172.0 million, compared with EUR 160.5 million and representing an EBITDA margin on sales of 10.4 per cent.. Selling and administrative expenses decreased by 10.2 per cent. as a result of reversed bad debt reserves and realized cost savings. Research and development expenses decreased by 17.7 per cent. to EUR 32.0 million and reflect the reduction of budgets in solar related activities. Net interest expenses amounted to EUR 32.8 million (versus EUR 41.7 million) as a result of the lower average gross and net debt. Taxation on profit amounted to EUR 29.7 million versus EUR 27.5 million in the same period last year. The share in the result of joint ventures and associated companies increased from EUR 6.0 million to EUR 17.1 million, reflecting the strong performance of the Brazilian joint ventures and one-off items. The result for the period was EUR 34.9 million compared with EUR -71.1 million. After non-controlling interests (EUR 8.8 million), the result for the period attributable to the Bekaert group was EUR 26.2 million.

### Balance Sheet

As at June 30, 2013, shareholders' equity represented 44.2 per cent. of total assets. Net debt increased to EUR 770 million from EUR 700 million at year-end 2012 as a result of the dividend payment and the share buy-back in the first half of 2013, and of an increase of the working capital in line with the usual seasonality. The net debt level remained significantly lower than at the balance sheet date of June 30, 2012 (EUR 866 million) and resulted in a net debt on EBITDA ratio of 2.24, compared with 2.70. The gearing ratio (net debt to equity) was 49.3 per cent.

### Cash Flow Statement

Cash from operating activities amounted to EUR 61.8 million (versus EUR 165.9 million in the same period last year), mainly as a result of a higher operating working capital compared with the closing balance of December 31, 2012. The purchase of property, plant and equipment amounted to EUR 32.2 million versus EUR 58.4 million in the first half of 2012. The bond repayment of February 2013 (EUR 100 million), the higher gross dividend payment (EUR 58.5 million in the first half of 2013 compared with EUR 38.9 million in the same period last year), and the share buy-back program (EUR 15.3 million) were the main drivers in the cash flows from finance activities.

For more details on the half year results, we refer to the press release of July 26, 2013 (see also Section XIII ("Documents incorporated by reference")).

There have been no significant changes in the financial or trading position of the Company since June 30, 2013.

## V. SELECTED FINANCIAL INFORMATION

### 1. AUDITED FIGURES

The key figures for the financial years 2011 and 2012 are listed below.

#### 1.1. Key Figures

<b>Combined key figures</b> in millions of EUR	<b>2011</b>	<b>2012</b>
Sales	4,599	4,387
Capital expenditure (PP&E)	313	139
Employees as at December 31	28,353	27,063
<b>Consolidated financial statements</b> in millions of EUR	<b>2011</b>	<b>2012</b>
<b>Income statement</b>		
Sales	3,340	3,461
Operating result (EBIT)	289	-49
Operating result before non-recurring items (REBIT)	281	118
Result from continuing operations	207	-191
Result from discontinued operations	-	-
Result for the period	207	-191
attributable to the Group	193	-197
attributable to minority interests	15	6
EBITDA	497	274
Depreciation PP&E	171	195
Amortization and impairment	37	129
<b>Balance sheet</b>		
Equity	1,766	1,604
Non-current assets	1,900	1,747
Capital expenditure (PP&E)	267	123
Balance sheet total	4,169	3,668
Net debt	856	700
Capital employed	2,568	2,375
Working capital	1,031	898
Employees as at December 31	22,413	22,549
<b>Ratio's</b>		
EBITDA on sales	14.9%	7.9%
REBIT on sales	8.4%	3.4%
EBIT on sales	8.7%	-1.4%
EBIT interest coverage	4.8	-0.7
ROCE	12.0%	-2.0%
ROE	12.0%	-11.3%
Capital ratio	42.4%	43.7%
Gearing (Net debt on equity)	48.5%	43.7%
Net debt on EBITDA	1.7	2.6

<b>Joint Ventures and Associated Companies</b>	<b>2011</b>	<b>2012</b>
in millions of EUR		
Sales	1,259	926
Operating result	90	49
Net result	61	36
Group's share net result	25	10
Capital expenditure	46	16
Depreciation	28	23
Group's share equity	252	162
Employees as at December 31	5,940	4,514

## 1.2. Key Figures per Share

<b>NV Bekaert SA</b>	<b>2011</b>	<b>2012</b>
Number of shares as at December 31	59,976,198	60,000,942
Market capitalization as at December 31 (in millions of EUR)	1,487	1,313
<b>Per share</b> (in EUR)		
EPS	3.27	-3.30
Gross dividend	1.1700	0.8500
Net dividend	0.8775	0.6375
<b>Valorization</b> (in EUR)		
Price as at December 31	24.785	21.875
Price (average)	54.694	22.592

## 2. UNAUDITED INTERIM FIGURES

The unaudited key figures for the half year ending as of June 30, 2012 and as of June 30, 2013 are listed below (source: Bekaert's internal accounts).

### 2.1. Key Figures

<b>Combined key figures</b>	<b>June 30, 2012</b>	<b>June 30, 2013</b>
in millions of EUR		
Sales	2,255	2,139
Capital expenditure (PP&E)	67	36
Employees as at June 30	27,138	26,648
<b>Consolidated financial statements</b>	<b>June 30, 2012</b>	<b>June 30, 2013</b>
in millions of EUR		
<b>Income statement</b>		
Sales	1,783	1,649
Operating result (EBIT)	4	89
Operating result before non-recurring items (REBIT)	85	91
Result from continuing operations	-71	35
Result from discontinued operations	-	-
Result for the period	-71	35
attributable to the Group	-80	26
attributable to minority interests	8	9
EBITDA	160	172
Depreciation, amortization and impairment losses	157	83
<b>Balance sheet</b>		
Equity	1,761	1,564
Non-current assets	1,912	1,694

Capital expenditure (PP&E)	58	32
Balance sheet total	4,055	3,535
Net debt	866	770
Capital employed	2,718	2,393
Working capital	1,117	974
Employees as at June 30	22,566	22,022

#### Ratio's

EBITDA on sales	9.0 %	10.4 %
REBIT on sales	4.8 %	5.5 %
EBIT on sales	0.2 %	5.4 %
EBIT interest coverage	0.10	2.97
ROCE	0.3 %	7.4 %
ROE	-8.1 %	4.4 %
Capital ratio	43.4 %	44.2 %
Gearing (Net debt on equity)	49.2 %	49.3 %
Net debt on EBITDA	2.70	2.24

#### Joint Ventures and Associated Companies

in millions of EUR	June 30, 2012	June 30, 2013
Sales	472	491
Operating result	32	55
Net result	19	42
Group's share net result	6	17
Capital expenditure	8	4
Depreciation	12	11
Group's share equity	172	168
Employees as at June 30	4,572	4,626

## 2.2. Key Figures per Share

NV Bekaert SA	June 30, 2012	June 30, 2013
Number of shares as at June 30	59,976,198	60,000,942
Market capitalization as at June 30 (in millions of EUR)	1,170	1,466
<b>Per share</b> (in EUR)		
EPS	-1.35	0.45
<b>Valorization</b> (in EUR)		
Price as at June 30	19.510	24.440
Price (average)	24.416	22.362

## 3. DEFINITIONS

Subsidiaries	The companies in respect of which the Company exercises control and generally has an interest of more than 50 per cent.
Group	The Company and its Subsidiaries.
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, business combinations, business disposals, environmental provisions or other events and transactions that have a one-time effect.
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.
Associated Companies	Companies, other than Subsidiaries and Joint Ventures, in which Bekaert has a significant influence, generally reflected by an interest of at least 20 per cent. Associated Companies are accounted for using the equity method.
Combined figures	Consolidated figures plus 100 per cent. 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 per cent. 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, non-current financial receivables and cash guarantees, 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 per cent. 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.

## VI. MANAGEMENT AND CORPORATE GOVERNANCE

### 1. BOARD OF DIRECTORS

The Board of Directors consists of fourteen members, who are appointed by the General Meeting of Shareholders. Eight of the Directors are appointed from among candidates nominated by the principal shareholders. In accordance with provision 1.5 of the Belgian Corporate Governance Code, the Chairman and the Chief Executive Officer are not the same individual. The Chief Executive Officer is the only Board member with an executive function. All other members are non-executive Directors.

Three of the Directors are independent in accordance with the criteria of article 526<sup>ter</sup> of the Belgian Companies Code and provision 2.3 of the Belgian Corporate Governance Code: Dr. Alan Begg (first appointed in 2008), Lady Barbara Thomas Judge (first appointed in 2007), and Mr. Manfred Wennemer (first appointed in 2009, independent since January 1, 2010). Sir Anthony Galsworthy (first appointed in 2004) ceased to be independent upon his appointment to a fourth consecutive term of office on May 9, 2012.

Name	First appointed	Expiry of current term	Principal occupation*	Office address
<b>Chairman</b>				
Baron Buysse	2000	2014	NV Bekaert SA	NV Bekaert SA, Diamant Building, A. Reyerslaan 80, 1030 Brussels, Belgium
<b>Managing Director</b>				
Bert De Graeve	2006	2015	NV Bekaert SA	NV Bekaert SA, President Kennedypark 18, 8500 Kortrijk, Belgium
<b>Members nominated by the principal shareholders</b>				
Baron Bekaert	1994	2015	Director of different companies in Belgium and abroad	Hoekestraat 25, 8340 Oostkerke-Damme, Belgium
Roger Dalle	1998	2015	Director of different companies in Belgium and abroad	Rue de Belle Vue 20, 1050 Brussels, Belgium
Count Charles de Liedekerke	1997	2015	Director of different companies in Belgium and abroad	Nestor Plissartlaan 8, 1040 Brussels, Belgium
François de Visscher	1992	2016	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 Merlen	Jacobs van	2003	2015	President & CEO, IEE S.A. (Luxembourg)	IEE S.A., ZAE Weiergewan, 11 rue Edmond Reuter, 5326 Contern, Grand Duchy of Luxembourg	
Maxime Jadot		1994	2015	CEO and Chairman of the Executive Board BNP Paribas Fortis (Belgium)	BNP Paribas Fortis SA/NV, Warandeborg 3, 1000 Brussels, Belgium	
Bernard van de Walle de Ghelcke		2004	2016	Of Counsel, Linklaters LLP (Belgium)	Linklaters LLP, Brederodestraat 13, 1000 Brussels, Belgium	
Baudouin Velge		1998	2016	Managing Partner, Interel (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
Lady Barbara Thomas Judge		2007	2016	Chairman of the UK Pension Protection Fund (United Kingdom); Chairman Emeritus of the UK Atomic Energy Authority (United Kingdom)	Eversheds, One Wood Street, London EC2V 7WS, United Kingdom
Manfred Wennemer		2009	2015	Director of different companies in Belgium and abroad	Mierendorffstrasse 27, 64625 Bensheim, Germany

#### Other Directors

Sir Anthony Galsworthy		2004	2014	Advisor to Standard Chartered Bank (United Kingdom)	Church Path 11, Merton Park, London SW19 3HJ, United Kingdom
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The detailed resumes of the Board members are available on [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 Companies Code, Title III of the Articles of Association of the Company and Section II.1 of the Bekaert Corporate Governance Charter.

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



## 2. EXECUTIVE MANAGEMENT: THE BEKAERT GROUP EXECUTIVE

The Bekaert Group Executive has eight members. It is chaired by the Chief Executive Officer and further consists of seven members who bear the title of Executive Vice President and who are responsible for the global business platforms, the regional operations and the global functions.

Name	Position	Appointed	Office address
Bert De Graeve	Chief Executive Officer	2006	President Kennedypark 18, 8500 Kortrijk, Belgium
Matthew Taylor	Chief Executive Officer Designate and Executive Vice President	2013	President Kennedypark 18, 8500 Kortrijk, Belgium
Bruno Humblet	Chief Financial Officer and Executive Vice President Regional Operations Latin America	2006	President Kennedypark 18, 8500 Kortrijk, Belgium
Dominique Neerincx	Chief Technology Officer and Executive Vice President	2006	Bekaertstraat 2, 8550 Zwevegem, Belgium
Curd Vandekerckhove	Executive Vice President Regional Operations North Asia and South East Asia	2012	17F, Block E, Waterfront Place No. 31, Lane 168, Daduhe Road, 200062 Shanghai, China
Henri-Jean Velge	Executive Vice President Business Platforms	1998	Bekaertstraat 2, 8550 Zwevegem, Belgium
Frank Vromant	Executive Vice President Regional Operations Europe, North America and South Asia	2011	Bekaertstraat 2, 8550 Zwevegem, Belgium
Bart Wille	Chief Human Resources Officer and Executive Vice President	2013	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 IV.1 of the Bekaert Corporate Governance Charter.

The Bekaert Group Executive meets on average twice a month.

## 3. COMMITTEES OF THE BOARD OF DIRECTORS

The Board of Directors has established three advisory committees.

### 3.1 Audit and Finance Committee

The Audit and Finance Committee is composed as required by article 526*bis*, §2 of the Belgian Companies 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	2014
François de Visscher	2016
Baudouin Velge	2016
Lady Barbara Thomas Judge	2016

The powers of the Audit and Finance Committee are described in article 526bis, §4 of the Belgian Companies Code, article 20*bis* of the articles of Association of the Company and Section III.2.1 of the Bekaert Corporate Governance Charter:

- monitoring the financial reporting process, including:
  - reviewing the Company's annual accounts and the consolidated annual accounts, and the Company's annual report and the consolidated annual report before submission to the Board of Directors; reviewing the Company'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 Company'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 Company'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 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; reviewing 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 ensuring compliance with such policy.

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

### 3.2 Nomination and Remuneration Committee

The Nomination and Remuneration Committee is composed as required by article 526quater, §2 and §3 of the Belgian Companies 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.

Name	Expiry of current term
Baron Buysse	2014
Dr. Alan Begg	2014
Lady Barbara Thomas Judge	2016

The powers of the Nomination and Remuneration Committee are described in article 526quater, §5 of the Belgian Companies Code, article 20bis of the Articles of Association of the Company and Section III.3.1 of the Bekaert Corporate Governance Charter:

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 base remuneration, short term, mid term and long term variable remuneration, 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 Company's long term incentive plans.

In addition, the Nomination and Remuneration Committee prepares the remuneration report, to be included by the Board of Directors 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 Company 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.

### 3.3 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.

Name	Expiry of current term
Baron Buysse	2014
Bert De Graeve	2015
Baron Bekaert	2015
Count Charles de Liedekerke	2015
Maxime Jadot	2015
Sir Anthony Galsworthy	2014

The powers of the Strategic Committee are described in article 20*bis* of the Articles of Association of the Company and Section III.4.1 of the Bekaert Corporate Governance Charter: 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.

### 3.4 Corporate Governance

The Company 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 Company and revised the Bekaert Corporate Governance Charter for alignment with the 2009 Code.

The Company applies the corporate governance principles laid down in the Belgian Corporate Governance Code. In addition, the Company complies with the corporate governance provisions of the Code, except as described in Section VI.3.1 above.

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

#### **4. LEADERSHIP SUCCESSION**

Bekaert announced on August 27, 2013 that Baron Buysse, chairman of the Board of Directors, will retire in May 2014 after 14 years in the chair of Bekaert's Board of Directors. Bert De Graeve, chief executive officer of Bekaert since 2006, will succeed Baron Buysse as from May 2014. The Board of Directors of Bekaert has appointed Matthew Taylor as chief executive officer designate, executive vice president and member of the Bekaert Group Executive, effective September 1, 2013. Mr. Taylor will assume the position of chief executive officer of Bekaert in May 2014. His nomination as member of the Board of Directors will then be subject to approval by the annual shareholders meeting of the Company.

For more details on the leadership succession of Bekaert, reference is made to the Company's press release of August 27, 2013 (see also Section XIII ("Documents incorporated by reference")).

#### **5. CONFLICTS OF INTERESTS OF THE ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES**

##### **5.1. Belgian Companies Code**

In accordance with article 523 of the Belgian Companies 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 Company, and should refrain from participating in the discussion of and voting on those items. This would for instance include any resolutions by the Board of Directors in relation to the remuneration of the Chairman and the CEO (both of which are directors of the Company).

During the past five years, a number of such conflicts of interest have been reported in the annual report of the Company, each time in connection with the remuneration of the Chairman and/or the CEO. The Company is not aware of any other such conflicts of interest.

##### **5.2. Other potential conflicts of interest**

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 Companies Code. These guidelines apply, for instance, to members holding, directly or indirectly, a significant interest in the share capital of the Company, and to members performing activities outside of the Company for persons that may have adverse interests from the Company. For purposes of the conduct guidelines, those members have to report on an annual basis any material direct or indirect transactions they have with the Company or its subsidiaries.

During the past five years, only one such conflict of interest has been reported, namely in 2008: a Slovak subsidiary of the Company had entered into transactions for the sales of wire products to another company that was controlled by a member of the Board of Directors. The transactions were effected at arm's length. No guarantees have been given or received. For more information, see p. 48 of the annual report 2012, p. 52 of the annual report 2011, – see Section XIII ("Documents incorporated by reference") – and p. 110 of the annual report 2010,

p. 113 of the annual report 2009 and p. 92 and 170 of the annual report 2008 – (see <https://annualreport.bekaert.com>)

Bekaert is not aware of any other potential conflicts of interest between the members of the administrative, management and supervisory bodies and the Company.

## VII. PRINCIPAL SHAREHOLDERS

### 1. PRINCIPAL SHAREHOLDERS

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

<u>Shareholder</u>	<u>Date of latest notification</u>	<u>Number of voting rights</u>	<u>Percentage of total number of voting rights</u>
Stichting Administratiekantoor Bekaert, Velge International NV, Berfin SA, Subeco SA, Millenium 3 SA and Gedecor SA	28.08.2013	22,913,101	38.18 per cent.

Stichting Administratiekantoor Bekaert (holding 22,441,381 shares, which represents 37.39 per cent. of the total number of shares and voting rights) 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 per cent. and (ii) who (on an individual basis) have an interest of less than 3 per cent..

On December 8, 2007, Stichting Administratiekantoor Bekaert disclosed in accordance with article 74 of the Takeover Law that it was holding individually more than 30 per cent. of the securities with voting rights of the Company on September 1, 2007.

### 2. CHANGE OF CONTROL

In accordance with article 11 of Bekaert's Articles of Association, an acquisition of shares of the Company or of instruments entitling the holder to the acquisition of, the subscription for or the conversion into shares of Bekaert (collectively referred to hereinafter as securities), that leads to a change of control of the Company, is subject to the prior approval of the Board of Directors of the Company, 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.

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

### **1. SHARE CAPITAL**

The registered capital of the Company amounts to EUR 176,640,000 as of the date of the Prospectus, and is represented by 60,019,107 fully paid-up shares without par value of one and the same class.

An aggregate 601,019 subscription rights will be convertible into new shares of Bekaert in accordance with the Company's existing stock option plans during the period running from August 15, 2013 through September 30, 2013, which may result in the issue of up to 601,019 new shares of Bekaert and an increase of the registered capital by a maximum amount of EUR 1,768,799 on a date that is close to the issue date of the New Bonds.

### **2. ARTICLES OF ASSOCIATION**

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

The corporate purpose of the Company is described in article 3 of its Articles of Association as follows:

*The Company's corporate purpose, in Belgium and abroad, is 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 purpose.*

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



**IX. USE OF PROCEEDS; PURPOSE OF THE EXCHANGE OFFER**

The purpose of the Exchange Offer is to extend the maturity of the Existing Bonds (which are due April 16, 2014).

The Company will promptly cancel all Existing Bonds tendered in the Exchange Offer.

By exchanging Existing Bonds for New Bonds in the context of the Exchange Offer, the Company does not have to arrange other financing for the repayment of the Existing Bonds on the maturity date of the Existing Bonds. It is therefore a pro-active and optimal way of refinancing that allows the Company to continue the current financing with the same funds. These funds will therefore not serve a new purpose, but will continue to be used for the financing of working capital and the necessary investments in the ordinary course of business.

The expenses in connection with the transaction are described under Section X (“The Exchange Offer and offering of the New Bonds”).

## **X. THE EXCHANGE OFFER AND OFFERING OF THE NEW BONDS**

### **1. CONTEXT AND CHARACTERISTICS OF THE BID**

#### **1.1 Corporate approval**

On September 12, 2013, the Board of Directors has in accordance with the provisions of the Takeover Law and the Takeover Decree decided to launch the Exchange Offer and approved the Prospectus.

On the same date, the Board of Directors approved the response memorandum (*memorie van antwoord*) in respect of the Exchange Offer pursuant to article 27 of the Takeover Decree (the “**Response Memorandum**”). The Response Memorandum is included in this Prospectus as Appendix 2.

#### **1.2 Number of Existing Bonds held by the Company and its subsidiaries**

On the date of this Prospectus, the Company and its subsidiaries do not hold any Existing Bonds, nor have they acquired any Existing Bonds in the last twelve (12) months preceding the date of this Prospectus.

#### **1.3 Compliance with the requirements of Article 3 of the Takeover Decree**

The Exchange Offer is made on the basis of article 47 of the Takeover Decree and complies with the provisions of article 3 of that Takeover Decree:

- the Board of Directors has decided on September 12, 2013 to issue a number of New Bonds corresponding to the number of Existing Bonds tendered in the Exchange Offer;
- the Exchange Offer and the offering of the New Bonds, including the Exchange Offering and the offering's terms and conditions, comply with applicable laws, in particular the Takeover Law, the Takeover Decree and the Prospectus Law. The Company considers that the Exchange Offer's terms and conditions are such that they allow the Company to achieve its goal to acquire Existing Bonds;
- the Company commits to complete the Exchange Offer in accordance with the terms set out in this Prospectus; and

the Centralizing Agent will collect the information concerning the Existing Bonds that were exchanged on the basis of the Acceptance Forms received by the Financial Intermediaries.; and

- the Agent will deliver the New Bonds on the Settlement Date.

The Luxembourg Takeover Law does not apply to public exchange offers in respect of securities without voting rights, such as the Existing Bonds.

#### **1.4 Scope of the Exchange Offer**

##### **a. *Subject of the Exchange Offer***

The Company acts both as bidder and as target within the meaning of the Takeover Law.

The Exchange Offer extends to all 150,000 Existing Bonds.

Only Existing Bondholders can participate in the Exchange Offer. The decision to participate in the Exchange Offer belongs solely to the Existing Bondholder.

The Existing Bonds that are not tendered in the Exchange Offer remain listed on the regulated market of NYSE Euronext Brussels. The Company cannot force any Existing Bondholder to tender its Existing Bonds in the Exchange Offer.

***b. Significant differences between the Existing Bond Conditions and the New Bond Conditions***

Taken as a whole, the New Bond Conditions are fairly similar to the terms and conditions of the Existing Bonds (the “**Existing Bond Conditions**”), which are included in this Prospectus as Appendix 3 and summarized in Section X.14. However, in addition to the differences relating to pricing and maturity, the New Bond Conditions include certain differences compared to the Existing Bond Conditions.

This section only highlights the significant differences between the Existing Bond Conditions and the New Bond Conditions, and does not purport to give an exhaustive description of the Existing Bond Conditions and the New Bond Conditions. Potential investors should carefully review the Existing Bond Conditions as set out in Appendix 3 and the New Bond Conditions set out in Section II of this Prospectus.

The significant differences between the Existing Bond Conditions and the New Bond Conditions are the following :

- (i) The New Bonds are due on October 17, 2020, while the Existing Bonds are due on April 16, 2014;
- (ii) The term of the New Bonds is seven years, while the term of the Existing Bonds, was five years from their issue date;
- (iii) The nominal fiscal interest rate for the New Bonds is 4.750 per cent., due on October 17 of each year, as opposed to a gross coupon of 6.75 per cent. for the Existing Bonds, due on April 16 of each year;
- (iv) The gross actuarial yield of the New Bonds is 4.252 per cent. per annum (calculated on the basis of a reference market price of the Existing Bonds of 102.963 per cent on September 18, 2013, an issue of the New Bonds on October 17, 2013 and on the assumption that the New Bonds will be held from their issue date until their maturity date, at which time they will be repaid at 100 per cent. of their Principal Amount), in comparison to the gross actuarial yield of the Existing Bonds of 6.461 per cent. per annum (calculated on the issue date of the Existing Bonds on the basis of the issue price and the interest rate of the Existing Bonds) that would be received if the Existing Bonds were bought by the investor on their issue date and held until their maturity date, at which time they would be repaid at 100 per cent. of their principal amount;
- (v) The New Bondholders benefit from the right to request the early repayment of the New Bonds upon the occurrence of a Change of Control (see New Bond Condition 5 (b)(i)), whereas the Existing Bond Holders do not have a similar right;

- (vi) The Company benefits from a call option to repay all the New Bonds when New Bondholders representing 85 per cent. of the outstanding aggregate Principal Amount of the New Bonds have exercised their right mentioned above under (iv) (see New Bond Condition 5 (b)(ii)), whereas such option does not exist under the Existing Bonds; and
- (vii) The interest rate payable on the New Bonds will be increased if the Change of Control Resolutions have not been passed and filed with the clerk of the commercial court of Kortrijk by July 14, 2014 (see New Bond Condition 5 (b)(iv)), whereas the Existing Bond Conditions do not provide for such an interest rate step up.

### **1.5 Conditions of the Exchange Offer**

The Exchange Offer is not subject to any conditions.

## **2. DEALER MANAGER AND CENTRALIZING AGENCY AGREEMENT**

The Company and the Dealer Managers entered into a dealer manager agreement (the “**Dealer Manager Agreement**”) on September, 18 2013, and the Company and the Centralizing Agent entered into a centralizing agency agreement (the “**Centralizing Agency Agreement**”), on September, 18 2013, in relation to the Exchange Offer.

## **3. CONSIDERATION AND RATIONALE**

### **3.1 Consideration**

The Company offers New Bonds in consideration for the Existing Bonds. For each Existing Bond tendered in the Exchange Offer, one New Bond will be issued and delivered to the tendering Existing Bondholder.

The New Bond Conditions are set out in Section II (“Terms and Conditions of the New Bonds”) of the Prospectus.

An application has been submitted for listing of the New Bonds on the regulated market of NYSE Euronext Brussels.

The interest accrued since April 16, 2013 on the Existing Bonds tendered in the Exchange Offer (being EUR 34.027 for each tendered Existing Bond) will be paid on the Settlement Date.

### **3.2 Valuation**

An Existing Bondholder tendering its Existing Bonds in the Exchange Offer will, in exchange for each tendered Existing Bond with a nominal value of 100 per cent., receive one New Bond with a nominal value of 100 per cent.

The New Bonds will bear interest at a rate that is higher than the market rate that would apply if the Company would issue regular bonds with a tenor of 7 years outside the context of the Exchange Offer. This higher interest rate compensates for the latent capital gain of the Existing Bonds (being the positive difference between 100 per cent. and the actual listing price of the Existing Bonds) and offers, in addition, an incentive premium to the Existing Bondholders to encourage such Existing Bondholders to tender their Existing Bonds in the Exchange Offer. Finally, the interest rate of the New Bonds reflects that the Company recharges the placement fee it pays to the Global Coordinator (for distribution by the Global

Coordinator among the Dealer Managers and, where applicable, relevant other Financial Intermediaries) to investors.

As a result, the interest rate of the New Bonds equals the sum of (i) the interest rate expected by the market for a seven-year bond issued at par by the Company on a stand-alone basis (excluding any applicable distribution fee), (ii) the spreading of the latent capital gain on the Existing Bonds (as computed below), and (iii) an incentive premium to encourage Existing Bondholders to tender their Existing Bonds in the Exchange Offer, less (iv) the placement fee as computed below.

The interest rate of the New Bonds is calculated as follows:

(i) The interest rate expected by the market for a seven-year bond issued at par by the Company on a stand-alone basis in the current market environment (excluding any applicable distribution fee), *i.e.*, 4.395 per cent. per annum. This interest rate is the sum of the reference rate for a bond with a seven-year tenor (1.859 per cent. per annum) and a 2.536 per cent. per annum “spread” reflecting the Company’s credit risk. The reference rate used in the market is the mid-swap rate. The credit risk “spread” is assessed on the basis of several criteria, including company size, balance sheet structure, the Group’s business, the quality of the Company’s assets and the tenor of the New Bonds, and of a comparison with similar companies.

(ii) The latent capital gain is the difference between the reference market price of the Existing Bond on September 18, 2013 (102.963 per cent.) and 100 per cent., or 2.963 per cent. The reference market price of the Existing Bond is the mid-market price of the Existing Bonds calculated by Bloomberg Finance L.P. on over-the-counter (OTC) transactions on September 18, 2013 (the Bloomberg mid-market price of the Existing Bonds is available with the following Bloomberg ticker: BEKBBB 6 ¾ 04/16/14 Corp). Bloomberg calculates a real-time composite of respectively the bid and ask prices for Existing Bonds bid and asked by market participants on OTC markets, balanced by the volume of Existing Bonds so bid and asked on such markets. The reference price calculated by Bloomberg may therefore vary from the trading price of the Existing Bonds as it appears on NYSE Euronext Brussels as such price does not include such a real-time and composite valuation. As of September 18, 2013, the trading price of the Existing Bonds on NYSE Euronext Brussels amounts to 103.01 per cent. (the trading price of the Existing Bonds on NYSE Euronext Brussels is available at the following internet address: <https://bonds.nyx.com/en/products/bonds/BE0002167337-XBRU/quotes>). The spreading of this latent capital gain over the 7-year duration of the New Bond results in an increase of the gross coupon by 0.501 per cent. per annum (*i.e.*, the annuity that must be paid each year to pay 2.963 per cent. over 7 years at a discount factor of 4.395 per cent., being the expected market interest rate of a new 7-year bond issued by the Company at par, as calculated in (i)).

(iii) The premium offered to incentivize holders to tender their Existing Bonds in the Exchange Offer has been set by the Company at 0.150 per cent per annum.

(iv) The Company will pay a placement fee of 1.75 per cent. of the nominal amount of each Existing Bond tendered in the context of the Exchange Offer to the Global Coordinator (for distribution by the Global Coordinator among the Dealer Managers and, where applicable, relevant other Financial Intermediaries). This placement fee will be recharged to investors in the form of a reduction of the interest rate. See also “—Costs and Fees related to the Company of the New Bonds”. As the recharge to investors takes the form of an interest rate reduction, the recharge is being spread over the 7-year duration of the New Bond. Accordingly, the gross coupon which is obtained by adding (i), (ii) and (iii) is reduced by 0.296 per cent. per annum (0.296 per cent. is the annuity that must be paid each year to repay 1.75

per cent. over a period of seven years, calculated on the basis of an interest rate of 4.395 per cent. per annum).

Holders of Existing Bonds who tender their Existing Bonds in the Exchange Offer will therefore receive, in exchange of the Existing Bond tendered at 100 per cent., a New Bond with a nominal value of 100 per cent. bearing a gross coupon of 4.750 per cent. per annum or the sum of the four foregoing elements, 4.395 per cent. + 0.501 per cent. + 0.150 per cent. - 0.296 per cent. The net actuarial yield of the New Bonds for individuals who are tax resident in Belgium calculated in economic terms (taking into account the direct taxes due by investors on the date of this Prospectus, including the Belgian withholding tax of 25 per cent.), amounts to 3.085 per cent. (calculated on the basis of a reference market price of the Existing Bonds of 102.963 per cent on September 18, 2013, an issue of the New Bonds on October 17, 2013 and on the assumption that the New Bonds will be held from their issue date until their maturity date, when they will be repaid at 100 per cent. of their Principal Amount.(see Section XI of this Prospectus for more information on the tax treatment of the New Bonds).

The net present value of the cash flows of this Exchange Offer until the maturity of the New Bonds amounts to EUR 1,055.03 per Principal Amount (calculated on the basis of an interest rate that would apply to the New Bonds if issued at par on a stand-alone basis (excluding any applicable distribution fee)). In the theoretical situation where the investor would sell an Existing Bond at the current reference market price (as mentioned under (ii) above) and would then subscribe to a new 7-year bond issued at par (increased with an applicable distribution fee of 1.875 per cent.) by Bekaert in the current market environment, the net present value of the cash flows until maturity would amount to EUR 1,044.91 per Principal Amount. The difference is EUR 10.12 (gross) in favor of the holders of Existing Bonds that are exchanged in the Exchange Offer.

The maturity date of the New Bonds is October 17, 2020, which is about 6.5 years after the maturity date of the Existing Bonds. Participation in the Exchange Offer will thus allow Existing Bondholders extending their exposure to the Company with about 6.5 years. See also risk factor 1.20 ("Liquidity risk") in Section I of this Prospectus.

#### **4. ACCEPTANCE PERIOD AND ACCEPTANCE PROCEDURE**

##### **4.1 Acceptance Period**

The Acceptance Period of the Exchange Offer commences on September 23, 2013 and closes on October 7, 2013, at 16:00 CET.

##### **4.2 Acceptance Procedure**

- (i) Existing Bondholders can accept the Exchange Offer and exchange their Existing Bonds for New Bonds by submitting the duly completed and signed acceptance form customarily used by the relevant Financial Intermediary or, when not available, the form included in this Prospectus as Appendix 1 (the "**Acceptance Form**") prior to 16:00 CET on the last day of the Acceptance Period to the Centralizing Agent, one of the Dealer Managers or any other Financial Intermediary.

By submitting an Acceptance Form, the relevant Existing Bondholder shall be deemed to represent that, at the date of submission of the Acceptance Form and the Settlement Date, (A) it is participating in the Exchange Offer in accordance with Regulation S under the Securities Act and that it is not participating in the Exchange Offer from the United States nor is it an agent, fiduciary or other intermediary acting on a non-discretionary basis for a principal giving instructions from within the United States and (B) it is (1) either located in Belgium or the Grand Duchy of Luxembourg

or (2) located in another member state of the European Economic Area and a “qualified investor” for the purpose of Article 3(2)(a) and otherwise authorized to accept the Exchange Offer in such member state. If such Existing Bondholder is unable to give such representation, such Existing Bondholder should immediately contact the Centralizing Agent.

- (ii) The duly completed and executed Acceptance Form can be deposited free of charge directly at the counters of the Dealer Managers, being BNP Paribas Fortis, KBC and ING or the Centralizing Agent, being KBC. Subject to the procedures of the relevant financial institution, the Existing Bonds to which the Acceptance Form relates may be blocked to another account. As a result, the Existing Bondholder may no longer be able to transfer such Existing Bonds (unless and until it has withdrawn its acceptance in accordance with this Section 4.2 (v) and (vi)).
- (iii) In case the Existing Bondholders elect to submit their acceptance with another Financial Intermediary, they should inquire about the costs and fees that these Financial Intermediaries might charge and which they will have to bear. These Financial Intermediaries shall, in any event and as the case may be, comply with the process described in this Prospectus. Furthermore, each Existing Bondholder who accepts the Exchange Offer will have to comply with the relevant procedures of its Financial Intermediary (including, where applicable, any blocking instructions required by such Financial Intermediary in relation to the Existing Bonds tendered). As a result of such procedures, the Existing Bondholder may no longer be able to transfer such Existing Bonds (unless and until it has withdrawn its acceptance in accordance with 4.2 (v) and (vi)).
- (iv) If the Existing Bonds are owned by two or more persons, the Acceptance Form must be executed jointly by such persons. In the event Existing Bonds are subject to usufruct (*vruchtgebruik*), the Acceptance Form must be executed jointly by the beneficial owner (*vruchtgebruiker*) and the bare owner (*naakte eigenaar*). If the Existing Bonds are pledged, the Acceptance Form must be executed jointly by the pledgor and the pledgee, with the pledgee expressly confirming the irrevocable and unconditional release of the relevant Existing Bonds from the pledge. If the Existing Bonds are encumbered in any other manner or are subject to any other claim or interest, all beneficiaries of such encumbrance, claim or interest must jointly execute the Acceptance Form and all such beneficiaries must irrevocably and unconditionally waive any and all such encumbrance, claim or interest relating to such Existing Bonds.
- (v) Existing Bondholders that have accepted the Exchange Offer, can pursuant to article 25, 1° of the Takeover Decree, withdraw their acceptance, prior to the end of the Acceptance Period, *i.e.*, prior to October 7, 2013, at 16:00 CET. Such withdrawal of an acceptance shall only be valid, if the relevant Existing Bondholder notifies the relevant Financial Intermediary with whom such Existing Bondholder has deposited its Acceptance Form in writing prior to end of the Acceptance Period.
- (vi) Existing Bondholders who have accepted the Exchange Offer can further withdraw their acceptance, during a period of two business days following the day on which a supplement to this Prospectus is published even if such period would occur after the end of the Acceptance Period of the Exchange Offer (see page 5 “*Prior Warning*”). In such circumstances, the Dealer Managers will ensure that all Existing Bondholders who have accepted the Exchange Offer will have the opportunity to withdraw such acceptance. Such withdrawal shall only be valid if the relevant Existing Bondholder notifies the relevant Financial Intermediary with whom such Existing Bondholder has

deposited its Acceptance Form in writing. More specific instructions on the procedure of withdrawing an acceptance following publication of a supplement on or after the penultimate day of the Acceptance Period will be set out in such supplement). If a supplement were published on the scheduled Settlement Date (*i.e.* October 17, 2013), the Existing Bondholders who had previously accepted the Exchange Offer could withdraw their acceptance at the latest on October 21, 2013 prior to 16:00 CET.

- (vii) Any increase by the Company of the consideration offered in connection with the Exchange Offer pursuant to article 25, 2° of the Takeover Decree, will also apply to the Existing Bondholders who have already tendered their Existing Bonds prior to such increase.
- (viii) In the event of a valid and more favorable bid, all Existing Bondholders, who have already tendered their Existing Bonds in the Exchange offer, are entitled to use their withdrawal right during the extended Acceptance Period.

#### **5. ISSUE PRICE OF THE NEW BONDS**

The issue price will be 100 per cent. However, this is a theoretical value in the context of the Exchange Offer, given that, as it concerns an exchange offer, the consideration for the New Bonds consists of the foregone value of the Existing Bonds tendered in the Exchange Offer.

#### **6. AGGREGATE PRINCIPAL AMOUNT**

The aggregate principal amount of the New Bonds will amount to maximum EUR 150,000,000.

The final aggregate principal amount of the New Bonds (the “**Aggregate Principal Amount**”) that will be issued, will be equal to the aggregate principal amount of the Existing Bonds tendered in the Exchange Offer.

#### **7. PUBLICATION OF THE RESULTS OF THE EXCHANGE OFFER**

The results of the Exchange Offer will be published within five (5) Business Days following the end of the Acceptance Period on the websites of the Company ([www.bekaert.com](http://www.bekaert.com)), BNP Paribas Fortis ([www.bnpparibasfortis.be/emissies](http://www.bnpparibasfortis.be/emissies) or [www.bnpparibasfortis.be/emissions](http://www.bnpparibasfortis.be/emissions)) ING ([www.ing.be](http://www.ing.be), go to “Beleggen – Obligaties” or “Investir – Obligations”) and KBC ([www.kbc.be/bekaert](http://www.kbc.be/bekaert)).

#### **8. SETTLEMENT DATE AND DETAILS**

The New Bonds will be delivered and trading of the New Bonds on NYSE Euronext Brussels will commence on October 17, 2013 (the “**Settlement Date**”). The Settlement Date is expected to be on October 17, 2013. In case a supplement to the Prospectus (see page 5 “*Prior Warning*”) is published on or after the penultimate day of the Acceptance Period, this date may change, and any such change would be announced in the supplement.

The Company will issue New Bonds on the Settlement Date in a principal amount equal to the principal amount of the Existing Bonds tendered in the Exchange Offer. Upon its account with the NBB being credited with such New Bonds, the Agent will transfer the New Bonds to the accounts of the relevant direct participants in the X/N System in exchange for the Existing Bonds that have been tendered. At the same time, the Agent will transfer the interest accrued since April 16, 2013 on the Existing Bonds that have been tendered in the Exchange Offer (being EUR 34.027 for each tendered Existing Bond) to the relevant financial institutions. The



New Bonds and such accrued interest will then be transferred to the relevant Existing Bondholders participating in the Exchange Offer through the relevant financial institution.

**9. COSTS AND FEES RELATED TO THE ISSUE OF THE NEW BONDS**

The costs and expenses related to the structuring of the Exchange Offer, including related to the issue of the New Bonds, will be borne by the Company. Such costs include any fees and expenses charged by the Dealer Managers, the Agent, legal and administrative expenses, the fees and expenses charged by the FSMA and the stock exchange, the legally required publications, the costs related the publication of this Prospectus and the fees of any advisors.

In addition, the Company will pay a placement fee of 1.75 per cent. of the nominal amount of the Existing Bonds tendered in the context of the Exchange Offer to the Global Coordinator (for distribution by the Global Coordinator among the Dealer Managers and, where applicable, relevant other Financial Intermediaries) on the Settlement Date. In the context of stand-alone retail bond offerings, investors typically bear the sale and distribution fee by means of an issue price above par. In the context of the Exchange Offer, the “issue price” will be equal to 100 per cent. (as the bonds will be exchanged at 100 per cent. of their nominal value – however, this is a theoretical value in the context of the Exchange Offer, given that, as it concerns an exchange offer, the consideration for the New Bonds consists of the foregone value of the Existing Bonds tendered in the Exchange Offer), but the placement fee paid by the Company will be recharged to the investors as set out in Section X.3.2 above.

Except as set out above, no costs will be charged to the Existing Bondholders tendering their Existing Bonds through any of the Dealer Managers or the Centralizing Agent. Existing Bondholders considering to tender their Existing Bonds through any other than the Centralizing Agent or any of the Dealer Managers, should inquire about the costs and fees that such intermediaries might charge and which they will have to bear.

**10. FINANCIAL SERVICES**

The financial services will be provided free of charge by the Dealer Managers.

The custody fee for the New Bonds to be held in a custody account will be charged to the New Bondholders.

Investors must inform themselves about the costs Financial Intermediaries, other than the Dealer Managers and the Centralizing Agent might charge them.

**11. EXPECTED TIMETABLE OF THE EXCHANGE OFFER**

<b>Step</b>	<b>Timing</b>
Announcement by the FSMA of the notification by the Company of the Exchange Offer in accordance with Article 7 of the Takeover Decree	September 19, 2013
Publication of the Prospectus	September 23, 2013
Start of the Acceptance Period	September 23, 2013 9:00 a.m.
End of the Acceptance Period	October 7, 2013 4:00 p.m.
Publication of the results of the Exchange Offer	October 11, 2013

Settlement Date and listing of the New Bonds on the regulated market of NYSE Euronext Brussels	October 17, 2013
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**12. TRANSFER OF THE NEW BONDS**

The New Bonds will be freely transferable.

**13. SELLING RESTRICTIONS**

This Prospectus may only be used on the territory of the Kingdom of Belgium and the Grand Duchy of Luxembourg and does not constitute an offer to exchange, buy back, purchase, sell, transfer or assign by any means (or solicitation from anyone to this end) on any territory where its publication, disclosure, lecture or communication by any means or any reliance on its content would be illegal or subject to the approval and authorization of, or filing with, any authority or entity, or in which such an offer or solicitation is prohibited, or to any person located on a territory where it is illegal to make such an offer or solicitation.

No Existing Bonds may be tendered in the Exchange Offer, and neither the Prospectus nor any information relating to the Exchange Offer may be distributed or published in any jurisdiction, except in circumstances that will result in compliance with any applicable laws and regulations. Any person which has access to this Prospectus should obtain information on these restrictions and, if applicable, comply with such restrictions. By accepting a copy of the Prospectus or any notice or information relating to the Exchange Offer and/or by submitting an Acceptance Form, each holder of Existing Bonds shall be deemed to agree with, and represent that it complies with, such restrictions.

No step has been taken outside of the Kingdom of Belgium and the Grand Duchy of Luxembourg to authorize a public offer on a territory where formalities are required for this purpose.

Neither this Prospectus nor any other information or publicity may be provided to the public on a territory other than the territory of the Kingdom of Belgium and the Grand Duchy of Luxembourg where registration, approval or any other obligation is or will be applicable in connection with the exchange, buy-back, purchase, sale, transfer or assignment of securities (or a solicitation by anyone to this end) and may not be distributed in the European Economic Area (other than the Kingdom of Belgium and the Grand Duchy of Luxembourg or to “qualified investors” within the meaning of the Prospectus Directive as implemented in the member state in which such person is located to the extent such person is authorized to accept the Exchange Offer in such member state)), Canada, Japan and the United States. Any breach of these restrictions may constitute a breach of any laws and regulations applicable in the member states of the European Economic Area, Canada, Japan, the United States or any other country. Neither the Company, nor any of the Dealer Managers, the Centralizing Agent or the Global Coordinator shall be liable for any breach of these restrictions by third parties.

In particular, the Exchange Offer is not being made, and will not be made, directly or indirectly, in or into, or by use of the mail of, or by any means or instrumentality of interstate or foreign commerce of or of any facilities of a national securities exchange of, the United States. This includes, but is not limited to, facsimile transmission, electronic mail, telex, telephone and the internet. Accordingly, copies of this Prospectus and any other documents or materials relating to the Exchange Offer are not being, and must not be, directly or indirectly, mailed or otherwise transmitted, distributed or forwarded (including without limitation, by custodians, nominees or trustees) in or into the United States and the Existing Bonds cannot be offered for exchange by any such use, means, instruments or facilities or

from within the United States. Any purported offer to exchange Existing Bonds resulting directly or indirectly from a violation of these restrictions will be invalid, and any purported offer to exchange made from the United States or from any agent, fiduciary or other intermediary acting on a non-discretionary basis for a principal giving instructions from within the United States or otherwise in violation of the restrictions on offers of the New Bonds set forth herein, will be invalid and will not be accepted.

This document is not an offer of securities for sale in the United States. The Existing Bonds and the New Bonds have not been, and will not be, registered under the Securities Act or the securities laws of any state or jurisdiction of the United States, and may not be offered, sold or delivered, directly or indirectly, in the United States. The purpose of this document is limited to the Exchange Offer, and this document may not be sent or given to any person other than in an offshore transaction in accordance with Regulation S under the Securities Act.

By accepting a copy of the Prospectus or any notice or information relating to the Exchange Offer, each Existing Bondholder participating in the Exchange Offer shall be deemed to represent that it is participating in the Exchange Offer in accordance with Regulation S under the Securities Act and that it is not participating in the Exchange Offer from the United States nor is it an agent, fiduciary or other intermediary acting on a non-discretionary basis for a principal giving instructions from within the United States.

## **14. THE EXISTING BONDS**

### **14.1 Existing Bond Conditions**

The public offer for subscription of the Existing Bonds in Belgium and in the Grand Duchy of Luxembourg was made on the basis of a prospectus that consisted of a registration document, a securities note and a summary, published on March 16, 2009. The terms and conditions of the Existing Bonds are included in this Prospectus as Appendix 3.

The Existing Bonds bear interest at a rate of 6.75 per. cent (gross) per annum, payable on April 16 of each year.

The maturity date of the Existing Bonds is April 16, 2014. The Existing Bonds can be repaid by the Company prior to their maturity date in the event of a change in Belgian tax law or in the application or interpretation of the laws and treaties after the issue date of the Existing Bonds that would endanger the payment of the principal amount and/or the interest on the Existing Bonds and would oblige the Company to pay additional amounts to guarantee the payment of the originally specified amount and interest.

The Existing Bonds are direct, unconditional, unsubordinated and unsecured obligations of the Company. The Existing Bonds 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 Company, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

The Existing Bonds are dematerialised securities pursuant to article 468 of the Belgian Companies Code. Each Existing Bond has a nominal value of EUR 1,000.

The Existing Bonds are immediately due and payable in case of:

- *a change in law to which the [Company] is subject and under which it becomes illegal for the [Company] to fulfil its obligations under the [Existing] Bonds;*

- *the non-payment of the interest or the principal sum within 5 (five) working days of their due date;*
- *the non-compliance by the [Company] with its obligations as provided in this Securities Note during 15 working days after notification of this to the [Company];*
- *the cancellation or suspension of trading of the [Existing] Bonds on the Euronext Brussels regulated market during 15 consecutive working days as a result of a default of the [Company], except if the [Company] obtains the effective listing of the Bonds on another regulated market of the European Economic Area at the latest upon expiration of this period;*
- *the non-repayment of any other loan indebtedness than the [Existing] Bonds, totalling an aggregate total amount of 20 000 000 euros by the [Company] on the maturity date or, if applicable, after the end of the applicable deferral periods;*
- *a reorganization of the [Company] resulting in a substantial reduction in its assets and which damages the interests of the [Existing] Bondholders;*
- *suspension of payment by the [Company] or appointment at the [Company] of a liquidator, legal administrator or ad hoc authorized representative, introduction of a liquidation procedure or legal or voluntary dissolution, legal or voluntary suspension of payment for all debts or a part of them, arrangement with all its creditors, bankruptcy or other similar procedure introduced against the [Company].*

## **15. TAXES PAYABLE IN RESPECT OF THE EXCHANGE**

The information below is of a general nature and is not intended to deal with all aspects of the Exchange Offer. 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, of the acceptance of the Exchange Offer are urged to consult their own financial and tax advisors.

### **15.1 Belgium**

The exchange of the Existing Bonds for New Bonds is neither subject to Belgian withholding tax (except in respect of interest accrued between April 16, 2013 and the Settlement Date on the Existing Bonds that have been tendered into the Exchange Offer, as described above under Section X.3.1, hereinafter “**Accrued Interest**”), nor does it give rise to a stock exchange tax (*taks op beursverrichtingen*).

The tax treatment of Accrued Interest is the same as the tax treatment of interest on the New Bonds, which is described under Section XI.1.

### **15.2 Grand Duchy of Luxembourg**

#### *Withholding tax*

The exchange of Existing Bonds for New Bonds is not subject to Luxembourg withholding tax (except in respect of Accrued Interest when paid through a paying agent established in Luxembourg; see below under Section XI.3).

#### *Taxation of Non-Resident Participants*

Luxembourg non-resident Existing Bondholders who tender Existing Bonds in the Exchange Offer (“**Participants**”) not holding the Existing Bonds through a permanent establishment established or a permanent representative resident in Luxembourg will not be subject to other Luxembourg taxation than withholding tax, if any.

#### *Taxation of Resident Participants*

Luxembourg resident Participants will be subject to Luxembourg income taxation for the Accrued Interest, depending on their personal tax status (see below under Section XI.3).

The exchange of the Existing Bonds for New Bonds is a taxable transaction for Luxembourg tax purposes. No roll-over relief is applicable for such exchange. For the Participant, the taxable basis is the difference between the fair value of the Existing Bonds (“*valeur estimée de réalisation*” on the Settlement Date; the “**Fair Value**”) and the acquisition price of the Existing Bonds (such difference, the “**Exchange Gain**”).

Except if the Participant is an individual who has been holding the Existing Bonds in the framework of his or her private wealth management for more than six months prior to the Settlement Date, any Exchange Gain will be subject to income tax for Luxembourg resident Participants, depending on their personal tax status.

For Luxembourg tax purposes, the acquisition price of the New Bonds will be the Fair Value for the Participants.

Since, upon maturity of the New Bonds, the Company will in principle only repay the par value of the New Bonds to the New Bondholders, Participants who hold the New Bonds as business assets should in principle be in a position to record a value adjustment on the New Bonds which overtime should amount to the excess of the acquisition price of the New Bonds (*i.e.*, the Fair Value) over the par value of the New Bonds.

Participants who hold the New Bonds in the framework of their private wealth management and transfer such New Bonds within 6 months from the date of their acquisition (*i.e.*, the Settlement Date), will be taxable if and to the extent the fair value of the New Bonds exceeds at that time the Fair Value.

The tax treatment of interest on the New Bonds is described under XI.2 .

## **XI. TAX IN RESPECT OF THE NEW BONDS**

### **1. EU SAVINGS DIRECTIVE**

On June 3, 2003, the Council of the European Union adopted 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 “**Exchange 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 (hereinafter the “**Source Tax Method**”). The ending of such transitional period depends on the conclusion of certain other agreements relating to the exchange of information with certain other countries. On April 10, 2013, Luxembourg announced that it will apply the Exchange of Information Method instead of the Source Tax Method as from January 1, 2015. A certain number of countries and territories that are not part of the European Union (e.g., Switzerland) have adopted similar methods (a source tax system in the case of Switzerland).

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

Investors should be aware that the European Commission proposed amendments to 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.

### **2. TAXATION IN BELGIUM**

The information below is of a general nature and is not intended to deal with all aspects of an investment in the New 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 in the New Bonds who wish to have more detailed information concerning the tax consequences, both in Belgium and elsewhere, of the acceptance of the Exchange Offer, the acquiring, holding and transfer of the New Bonds, are urged to consult their own financial and tax advisors.

## 2.1 Belgian withholding tax

### *General rules*

The payments of interest on the New Bonds by or on behalf of the Company as a rule are subject to Belgian withholding tax on the gross amount of the interest. This withholding tax currently amounts to 25 per cent..

For Belgian income tax purposes, the term interest not only includes periodic interest income, but also (i) any amount paid or granted by or on behalf of the Company in excess of the issue price, regardless of whether or not the paying or granting has occurred before the maturity date set in the agreement; and (ii) in case of a transfer of the New Bonds between interest payment dates to any third party, excluding the Company, the *pro rata* of accrued interest corresponding to the detention period.

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

The holding of the New Bonds in the X/N System permits investors to collect interest on their New Bonds free of Belgian withholding tax if and as long as at the moment of payment or attribution of interest the New Bonds are held by certain investors (the “**Eligible 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 New Bonds in the X/N System enables Eligible Investors to receive interest on their New Bonds without incurring withholding tax and to trade the New Bonds gross.

The Participants in the X/N System must enter the New Bonds that they hold on account for Eligible Investors on an X Account. Eligible Investors are those entities referred to in article 4 of the Belgian Royal Decree of May 26, 1994 on the deduction of withholding tax (*Koninklijk besluit van 26 mei 1994 over de inhouding en de vergoeding van de roerende voorheffing*), which includes the following categories:

1. Belgian resident companies referred to in article 2, §1, 5°, b) of the Belgian Income Tax Code 1992 (*Wetboek van de inkomstenbelastingen van 1992* (“**ITC 1992**”));
2. without prejudice to article 262, 1° and 5° ITC 1992, institutions, associations or companies referred to in article 2, §3 of the Law of July 9, 1975 concerning the supervision of insurance companies, other than those referred to in 1. and 3.;
3. semi-governmental organizations for social security and equivalent organisations referred to in article 105, 2° of the Belgian Royal Decree of August 27, 1993 implementing the ITC 1992 (“**RD ITC 1992**”);
4. non-resident investors referred to in article 105, 5° RD ITC 1992;
5. investment funds referred to in article 115 RD ITC 1992;
6. taxpayers referred to in article 227, 2° ITC 1992, that are subject to non-resident income tax (*belasting van niet-inwoners*) in accordance with article 233 ITC 1992 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 ITC 1992;
8. investment funds governed by foreign law, that are an undivided estate managed by a management company, for the account of the participants, provided that the fund units are not publicly issued in Belgium and are not traded in Belgium; and

9. Belgian resident companies, not referred to under 1. above, whose sole or principal activity consists of granting credits and loans.

The categories of investors that do not qualify as Eligible Investors (“**Non-Eligible Investors**”) include, *inter alia*, Belgian resident individuals and Belgian non-profit organisations other than those mentioned under 2. and 3. above.

The Participants in the X/N System must enter the New Bonds which they hold on behalf of Non-Eligible 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 New Bonds by the holders of N Accounts, the *pro rata* accrued interest since the date of the previous interest payment is subject to a withholding tax of currently 25 per cent.. This withholding tax is withheld by the NBB from the interest payment and transferred to the tax authorities.

Transfers of New Bonds between X Accounts and N Accounts 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-Eligible 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-Eligible Investor of withholding tax on the accrued fraction of interest calculated from the last interest payment date up to the transfer date.
- Transfers of New Bonds between two X Accounts do not give rise to any adjustment on account of withholding tax.
- Transfers of New Bonds between two N Accounts give rise to the payment by the transferor Non-Eligible 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-Eligible Investor of withholding tax on the same interest amount.

When opening an X Account for holding the New Bonds, the Eligible Investor will be required to certify its eligible status on a standard form approved by the Belgian Minister of Finance and send it to the Participant where this account is kept. This statement needs not be periodically reissued (although Eligible Investors must update their certification should their eligible status change). Participants are however required to make declarations to the NBB as to the eligible status of each investor for whom they hold the New Bonds in an X Account during the preceding calendar year.

These identification conditions do not apply to New Bonds held by Eligible 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.

## 2.2 Belgian income tax

### *BELGIAN RESIDENT INDIVIDUALS*

For Belgian resident individuals (*i.e.*, individuals who have their residence or seat of wealth in Belgium) who hold New Bonds as private investments, the withholding tax is a final tax and, consequently, the interest does not need to be declared in their annual income tax return.



Belgian resident individuals can nevertheless opt to declare the interest in their annual income tax return, in which case the interest will be separately taxed at a rate of 25 per cent. (or, if it is more favorable, at the applicable progressive rates, taking into account the other income declared). In the event the interest is declared, the withholding tax may be credited against the final income tax liability in accordance with the usual conditions.

In principle, capital gains realized upon the transfer of the New Bonds are tax exempt, except for the *pro rata* accrued interest included in a capital gain on the New Bonds, which is taxable as interest. Capital losses are in general not deductible for tax purposes.

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

#### *BELGIAN RESIDENT COMPANIES*

The interest that is attributed or paid to a Bondholder that is subject to Belgian corporate income tax, as well as the gains realized as a result of the transfer of the New Bonds, are subject to corporate income tax at a rate of currently 33.99 per cent., or at a lower tax rate applicable to small companies if certain conditions are satisfied. The losses realized upon the transfer of the New Bonds are tax deductible in accordance with the applicable rules.

#### *BELGIAN RESIDENT LEGAL ENTITIES*

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-Eligible Investors, are subject to the withholding tax of 25 per cent. on the interest, which is a final tax.

Belgian legal entities qualifying as Eligible Investors will receive the interest without deduction of withholding tax, but, pursuant to article 262, 1° ITC 1992, must themselves declare and pay the withholding tax.

In principle, capital gains realized upon the transfer of New Bonds are tax exempt, except for the *pro rata* accrued interest included in a capital gain on the New Bonds, which is taxable as interest. Capital losses are generally not deductible for tax purposes.

#### *NON-RESIDENTS*

New Bondholders who are not resident in Belgium for Belgian tax purposes, who have not attributed the New Bonds to a Belgian establishment, and who hold the New Bonds as a private investment, will not incur or become liable for any Belgian tax on income or capital gains by reason only of holding or transferring the New Bonds, subject to the condition that they qualify as Eligible Investors and hold their New Bonds in an X Account.

### **2.3 Tax on stock exchange transactions**

Secondary market trades in respect of the New Bonds will give rise to a stock exchange tax (*taks op de beursverrichtingen*) if they are carried out in Belgium through a professional intermediary. The rate applicable for secondary sales and purchases is 0.09 per cent.. 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 650 per transaction per party.

However, the tax referred to above will not be payable by exempt persons acting for their own account including investors who are 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 (*Wetboek diverse rechten en taksen*).

### **3. TAXATION IN THE GRAND DUCHY OF LUXEMBOURG**

The current legislation of Luxembourg contains the following provisions for the acquiring, holding and transferring of the New 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 New Bonds. Candidate investors are therefore urged to consult their own tax advisor to ascertain what tax treatment is applicable in their own specific case concerning the acquisition, 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.

#### **3.1. 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 New Bonds, provided that the payment is not made through a paying agent (according to the definition of the EU Savings Directive) established in Luxembourg to the benefit of individuals or certain entities.

#### **3.2. 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 EU 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 EU 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 per cent. (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 stamped by 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).

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

The Luxembourg 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 EU 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 per cent. 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 paying agents (in the meaning of the EU Savings Directive) established in a jurisdiction having concluded an Agreement with Luxembourg. Under certain conditions, Luxembourg taxpayers involved can declare and pay the 10 per cent. withholding tax themselves in the absence of it being withheld by the foreign paying agent.

### **3.4. Capital gains**

Capital gains (which are not unpaid accrued interest amounts) realised by the transfer of New Bonds by an individual holder of the New Bonds residing in Luxembourg and holding the New Bonds in the framework of his or her private wealth management are not taxable in Luxembourg, unless the transfer of New Bonds occurs within six (6) months after the acquisition of the New Bonds. With the transfer, exchange or repurchase of the New Bonds, the 10 per cent. 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 realize capital gains by the transfer of New Bonds in the context of their professional activities, must declare this income together with their other professional income. With the transfer, exchange or repurchase of the New Bonds, the 10 per cent. withholding tax that has been withheld on the amount of the accrued but unpaid interest can be credited against the overall income tax liability.

### **3.5. 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 New Bonds.

### **3.6. 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 New Bonds are connected to a permanent establishment or a permanent representative of a company in Luxembourg to which the New Bonds are attributable and that does not have its tax residence in Luxembourg.

### **3.7. 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 acquiring, holding or transferring of New Bonds. No VAT is levied in Luxembourg on payments related to interest payment, repayment of the principal amount, or the transfer of New 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 New Bonds, which would involve a proportional fee or a fixed fee of 12 euro. However, registration of New Bonds can be recommended, with the same tax treatment as a result, when the New Bonds are directly or indirectly presented to an authority that is established in Luxembourg.

## **4. FINANCIAL TRANSACTION TAX**

On February 14, 2013, the EU Commission adopted a proposal for a Council Directive (the "**Draft Directive**") on a common financial transaction tax ("**FTT**"). According to the Draft Directive, the FTT shall be implemented and enter into effect in eleven EU Member States (Austria, Belgium, Estonia, France, Germany, Greece, Italy, Portugal, Spain, Slovakia and Slovenia; the "**Participating Member States**") on January 1, 2014. Member States may join or leave the group of Participating Member States at later stages.

Pursuant to the Draft Directive, the FTT shall be payable on financial transactions provided at least one party to the financial transaction is established or deemed established in a Participating Member State and there is a financial institution established or deemed established in a Participating Member State which is a party to the financial transaction, or is acting in the name of a party to the transaction. The FTT shall, however, not apply to (inter alia) primary market transactions referred to in article 5(c) of Regulation (EC) No 1287/2006, including the activity of underwriting and subsequent allocation of financial instruments in the framework of their issue.

The rates of the FTT shall be fixed by each Participating Member State but for transactions involving financial instruments other than derivatives shall amount to at least 0.1 per cent. of

the taxable amount. The taxable amount for such transactions shall be determined by reference to the consideration paid or owed in return for the transfer, or, under certain circumstances, by reference to the market price. The FTT shall be payable by each financial institution which is a party to the financial transaction, is acting in the name of a party to the transaction, or where the transaction has been carried out on its account. The FTT shall be payable to the tax authorities of the Participating Member State in the territory of which the financial institution is deemed to be established. Where the FTT due has not been paid within the applicable time limits, each party to a financial transaction, including persons other than financial institutions, shall become jointly and severally liable for the payment of the FTT due.

The Draft Directive is still subject to negotiation between the Participating Member States and therefore may be changed at any time. Moreover, once the Draft Directive has been adopted (the "**Directive**"), it will need to be implemented into the respective domestic laws of the Participating Member States and the domestic provisions implementing the Directive might deviate from the Directive itself. Prospective holders of the New Bonds should consult their own tax advisers in relation to the consequences of the FTT associated with subscribing for, acquiring, holding and disposing of the New Bonds.

## **XII. GENERAL INFORMATION**

1. So far as the Company is aware, other than the Dealer Managers, the Agent and the Calculation Agent, no person involved in the Exchange Offer has any interest, including conflicting ones, that is material to the Exchange Offer and the issue of the New Bonds.

In the framework of its normal business relationship or financing agreements with its banks, Bekaert has entered into loans or other facilities (the “**Debt Financings**”) and it can enter into additional Debt Financings in the future, with each of the Dealer Managers, the Agent and the Calculation Agent or one or more of their respective affiliates (via bilateral transactions and/or syndicated loans together with other banks). The Debt Financings at the moment are committed credit facilities up to an aggregate maximum amount of EUR 50 million at floating interest rates with fixed margins with BNP Paribas Fortis, a commercial paper and medium-term note program with Belfius Bank SA/NV and ING Belgium SA/NV for an aggregate maximum of EUR 124 million and several uncommitted short-term credit lines with different lenders, including with the Dealer Managers and/or their respective affiliates in Europe and Asia. The Dealer Managers or their respective affiliates can enter into new Debt Financings with Bekaert in the future. The Dealer Managers, the Agent and/or the Calculation Agent or their respective affiliates can, from time to time, keep debt instruments, shares and/or other financial instruments of the Company.

2. The Existing Bonds cannot be subject to a squeeze out bid or other mandatory sale.
3. The Prospectus does not contain any statement or report sourced from third parties, except the audit opinions of the Statutory Auditor and the information included in the Response Memorandum that is included in this Prospectus as Appendix 2. The Company 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, 2012 and December 31, 2011, and (b) such audit opinions have been accurately reproduced and as far as the Company 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.
4. 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 Company at President Kennedypark 18, 8500 Kortrijk, Belgium:
  - (a) the Articles of Association of the Company;
  - (b) the consolidated historical financial information of the Company for the financial years ended on December 31, 2012 and December 31, 2011 and the unaudited, unreviewed and condensed consolidated interim financial statements as of and for the six months ended June 30, 2013 of the Company;
  - (c) all reports, letters, and other documents, historical financial information, valuations and statements prepared by any expert at the Company’s request any part of which is included or referred to in this Prospectus;
  - (d) the Prospectus; and
  - (e) a copy of the Clearing Agreement and the Paying, Domiciliary and Calculation Agency Agreement.

5. The Prospectus will be available on the Company's website (<http://www.bekaert.com>) for as long as the New Bonds, with the Company's consent, continue to be listed on a regulated market.

### **XIII. 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 FSMA 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 Company are incorporated by reference in this Prospectus, as follows:

1. The unaudited, unreviewed and condensed consolidated interim financial statements as of and for the six months ended June 30, 2013 of the Company, set out in the "Half year results 2013" press release of the Company dated July 26, 2013.

- Consolidated income statement	p. 9
- Reconciliation of segment reporting	p. 10
- Consolidated statement of comprehensive income	p. 11
- Consolidated balance sheet	p. 12
- Consolidated statement of changes in equity	p. 13
- Consolidated cash flow statement	p. 14
- Additional key figures	p. 15
- Restatement effects	p. 16
- Additional disclosure on fair value of financial instruments	pp. 17-20
- Other disclosures	p. 21

2. The auditors' report and audited consolidated annual financial statements as of and for the financial year ended December 31, 2012 of the Company set out in the "Bekaert Annual Report 2012", set out in the section "Financial Review" at pages 4 to 94 inclusive of such section, including:

- Consolidated income statement	p. 4
- Consolidated statement of comprehensive income	p. 5
- Consolidated balance sheet	p. 6
- Consolidated statement of changes in equity	p. 7
- Consolidated cash flow statement	p. 8
- Notes to the consolidated financial statements	pp. 9-86
- Report of the statutory auditor	pp. 90-91

3. The auditors' report and audited consolidated annual financial statements as of and for the financial year ended December 31, 2011 of the Company set out in the "Bekaert Annual Report 2011", set out in the section "Financial Review" at pages 4 to 87 inclusive of such section, including:

- Consolidated income statement	p. 4
- Consolidated statement of comprehensive income	p. 5
- Consolidated balance sheet	p. 6
- Consolidated statement of changes in equity	p. 7
- Consolidated cash flow statement	p. 8
- Notes to the consolidated financial statements	pp. 9-79
- Report of the statutory auditor	pp. 83-84



- B. The articles of association of the Company.
- C. The “Leadership succession” press release of the Company dated August 27, 2013.

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 Company ([www.bekaert.com](http://www.bekaert.com)).

**APPENDIX 1  
Acceptance Form**

To: **Centralizing Agent**

KBC BANK NV  
Havenlaan 2, 1080 Brussels  
Belgium  
Fax no.: 0032 (0)2 429 1715  
Email: Support@kbc.be - Sylvia.dekoninck@kbc.be  
Attention: Sylvia De Koninck

**NV BEKAERT SA**  
**Bekaertstraat 2, 8550 Zwevegem, Belgium**  
**with enterprise number 0405.388.536**  
*(incorporated with limited liability under  
the laws of the Kingdom of Belgium)*  
(the "**Company**")

**EUR denominated 6.75 per cent. fixed rate bonds due 16 April 2014 (BE0002167337)**  
(the "**Existing Bonds**")  
**to offer to exchange any and all of their Existing Bonds for**  
**EUR denominated 4.750 per cent. fixed rate bonds due October 17, 2020**  
(the "**New Bonds**")  
**to be issued by the Company**

**ACCEPTANCE FORM**

(Please read the notes overleaf and the Exchange Offer Prospectus before completing this Acceptance Form)

Name:..... Date:.....

Address:.....

Email: ..... Fax: .....

Signature: .....

Terms used in this Acceptance Form and not otherwise defined have the meanings given to them in the Exchange Offer Prospectus dated September 18, 2013 in relation New Bonds offered by the Company in exchange for Existing Bonds (the "**Exchange Offer Prospectus**").

**I/** We confirm to have read and agreed to (i) the notes overleaf and (ii) the terms and conditions of the Exchange Offer Prospectus.

**II/** We, being the holders of the Existing Bond(s) specified below, hereby irrevocably elect to exchange the Existing Bonds as specified below of which we are the holders for an even number of New Bonds in accordance with the Exchange Offer Prospectus.

**III /** We hereby confirm that the Existing Bonds held in the X/N System may be blocked on the securities account of the relevant Financial Intermediary in accordance with the applicable procedures of the relevant Financial Intermediary, immediately after filing this Acceptance Form and, on the Issue Date, will be transferred to the securities account 0401 of KBC Bank NV for the following position.

**A) Total principal amount of Existing Bonds to which this Acceptance Form applies:**

Number of the instructed amount of Existing Bonds: .....

Total principal amount: .....

.....

Details of the account where the Existing Bonds are held in the X/N System:

Participant ID: .....

Securities account: .....

Sending agent (BIC SWIFT).....

Seller (BIC SWIFT).....

Trade date ("TD"): October 17, 2013

Settlement date ("SD"): October 17, 2013

**B) Existing Bonds to be transferred in accordance with the below trade details:**

1/ Receiving agent: .....[•]

2/ Buyer: [•]

3/ Place of settlement: NBBEBEBB216

4/ ISIN BE0002167337

**IV/** We hereby request that the New Bonds which are to be delivered as a result of this Acceptance Form be credited to the following securities account and that the interest accrued since April 16, 2013 on the Existing Bonds tendered in the Exchange Offer (being EUR 34.027

for each tendered Existing Bond) payable as a result of this Acceptance Form be made into the below cash account.

*Securities account:*

Clearing system:.....

Participant ID: .....

Member account ID: .....

Name: .....

Address: .....

.....

.....

*Cash account:*

Account no: .....

Account name: .....

Bank: .....

Branch: .....

Sort code: .....

*Notes*

- (1) This Acceptance Form will be void unless the introductory details and Sections III and IV are duly completed.
- (2) Your attention is particularly drawn to the Exchange Offer section and the New Bond Conditions of the Exchange Offer Prospectus.
- (3) The holding of an interest in an Existing Bond by an accountholder of the X/N System in which the relevant Existing Bond is held which will be exchanged for New Bonds will be confirmed by the NBB.
- (4) The Acceptance Form will be valid upon receipt by the Centralizing Agent of the relevant Existing Bonds on its securities account with the NBB.

**APPENDIX 2**  
**Response Memorandum**

**UNCONDITIONAL PUBLIC EXCHANGE OFFER**

by

**NV BEKAERT SA**

to exchange

**all 150,000 6.75 per cent. fixed rate bonds, issued on April 16 2009 and due April 16, 2014 (ISIN BE0002167337) (the “Existing Bonds”) issued by**



**NV BEKAERT SA**

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

**for a corresponding number of 4.750 per cent. fixed rate bonds due October 17, 2020 to be issued by NV Bekaert SA (the “New Bonds”)**

(the “Exchange Offer”)

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**RESPONSE MEMORANDUM OF THE BOARD OF DIRECTORS OF NV BEKAERT SA**

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September 12, 2013

## 1. INTRODUCTION

### 1.1. The Exchange Offer

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 0405.388.536, Register of Legal Entities Kortrijk ("**Bekaert**") is launching a public exchange offer (the "**Exchange Offer**"), in Belgium and the Grand Duchy of Luxembourg, for the 150,000 6.75 per cent. fixed rate bonds issued on April 16, 2009 and due April 16, 2014 (ISIN BE0002167337) (the "**Existing Bonds**") and the corresponding issue, offer to the public and listing of 4.750 per cent. fixed rate bonds due October 17, 2020 (the "**New Bonds**").

For each Existing Bond tendered in the Exchange Offer, one New Bond will be issued and delivered to the respective Existing Bondholder.

### 1.2. Decision of the Board of Directors

This response memorandum (the "**Response Memorandum**") was approved by the board of directors of Bekaert (the "**Board of Directors**") on September 12, 2013. All directors of Bekaert were present or represented, with the exception of Baron Buysse, Chairman.

### 1.3. Approval by the FSMA

The Dutch version of this Response Memorandum has been approved by the FSMA on September 20, 2013 in accordance with article 18 and 28 of the law of April 1, 2007 on public takeover bids (the "**Takeover Law**"). This approval does not imply any opinion by the FSMA on the economic and financial soundness of the Exchange Offer and the quality or solvency of Bekaert, and the FSMA assumes no responsibility in this regard.

This Response Memorandum is also available in English. The Company has verified and is responsible for the consistency between the respective versions. In case of differences between the Dutch and English, the Dutch version will prevail.

### 1.4. Responsible persons

Bekaert, represented by its board of directors, assumes the responsibility for the information in this Response Memorandum. Bekaert declares that, having taken all reasonable care to ensure that such is the case, the information contained in the Response Memorandum is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

### 1.5. New significant fact

The information contained in this Response Memorandum is accurate as of the date of the Response Memorandum.

Any new significant fact, or material error or inaccuracy concerning the information contained in this Response Memorandum that can influence the assessment of the Exchange Offer and the New Bonds and which arises or becomes known between the date of this Response Memorandum and the admission to trading of the New Bonds, will be made public in Belgium by means of a supplement to the Prospectus in accordance with article 34 of the Prospectus Law and, until the end of the acceptance period of the Exchange Offer, in accordance with article 17 and 30 of the Takeover Law.



## 2. DECLARATION OF INTENT

On the date of this Response Memorandum the members of the Board of Directors and the shareholders they represent in fact make the following declarations:

### *Members of the Board of Directors*

- Baron Buysse owns no Existing Bonds;
- Mr. Bert De Graeve owns no Existing Bonds;
- Baron Bekaert owns no Existing Bonds;
- Mr. Roger Dalle owns no Existing Bonds;
- Count Charles de Liedekerke owns no Existing Bonds;
- Mr. François de Visscher owns no Existing Bonds;
- Mr. Hubert Jacobs van Merlen owns no Existing Bonds;
- Mr. Maxime Jadot owns no Existing Bonds;
- Mr. Bernard van de Walle de Ghelcke owns no Existing Bonds;
- Mr. Baudouin Velge owns no Existing Bonds;
- Dr. Alan Begg owns no Existing Bonds;
- Lady Barbara Thomas Judge owns no Existing Bonds;
- Mr. Manfred Wennemer owns no Existing Bonds; and
- Sir Anthony Galsworthy owns no Existing Bonds.

*Shareholders represented in fact by Baron Bekaert, Mr. Dalle, Count de Liedekerke, Mr. de Visscher, Mr. Jacobs van Merlen, Mr. Jadot, Mr. van de Walle de Ghelcke and Mr. Velge*

- Stichting Administratiekantoor Bekaert owns no Existing Bonds;
- Velge International NV owns no Existing Bonds;
- Berfin SA owns no Existing Bonds;
- Subeco SA owns no Existing Bonds;
- Millenium 3 SA owns no Existing Bonds; and
-

**APPENDIX 3**  
**Existing Bond Conditions**

## EXISTING BOND CONDITIONS

### 1. DEFINITIONS

“Company”, “Existing Bondholders”, “Existing Bond Conditions”, “Existing Bonds” and “X/N System” shall have the meaning given to such terms in the Prospectus.

“Domiciliary Agent” means KBC Bank NV.

“Paying Agent” means KBC Bank NV.

### 2. CONDITIONS

#### 2.1 Type and categories of Existing Bonds – Identification

The Existing Bonds give right to the payment of an annual interest and are redeemable at their nominal value on the maturity date. The Existing Bonds are identified by the ISIN code BE0002167337. Settlement occurs through the X/N System of the National Bank of Belgium (the “NBB”).

#### 2.2 Governing Law and Jurisdiction

The Existing Bonds are subject to Belgian law. The courts of Brussels are exclusively competent to pass judgment concerning disputes between the Existing Bondholders and the Company with respect to the Bonds.

#### 2.3 Form

The Existing Bonds are dematerialized securities that are only deliverable in the form of an entry in a custody account. No request for physical delivery of the Existing Bonds can be made.

#### 2.4 Currency

The Existing Bonds are denominated in euros.

#### 2.5 Rank

The Existing Bonds are unsubordinated, direct and unconditional bonds of the Company and are unsecured. The Existing Bonds have equal rank (pari passu), without any priority on the basis of date of issue, payment currency or any other basis, vis-à-vis each other and every other current or future, unprivileged and unsubordinated bonds or other debt instruments of the Company.

#### 2.6 Negative pledge

The Company undertook, for the term of the Existing Bonds, until the effective repayment of the capital and interest of the Existing Bonds, not to grant any security or other rights of priority in favor of other creditors over its assets unless the Existing Bonds equally benefit from the latter in the same rank.

The term ‘creditors’ means each person or entity that is a holder of bonds or debt instruments of the Company, traded on a regulated market, a private market or otherwise, and for which the period to maturity amounts to more than one year.

The above, however, is without prejudice to (i) the right of the Company to grant security over its assets or to set other privileges in favor of other persons than holders of bonds or debt instruments, as referred to in the preceding paragraph, (ii) the right or the obligation of the Company to grant security or privileges or have security or privileges granted over its assets, such pursuant to mandatory provisions of any applicable law, or (iii) the right of the Company to grant security over a certain asset, with a view to the financing of such asset or (iv) the right of the Company to grant security over existing assets upon the acquisition of such asset by the Company.

## **2.7 Early exigibility**

In the following events:

- change in law to which the Company is subject and under which it becomes illegal for the Company to fulfill its obligations under the Existing Bonds; or
- the non-payment of the interest or the principal sum within 5 (five) working days of their due date; or
- the non-compliance by the Company with its obligations as provided in the securities note in respect of the Existing Bonds during 15 working days after notification of this to the Company; or
- the cancellation or suspension of trading of the Existing Bonds on the NYSE Euronext Brussels regulated market during 15 consecutive working days as a result of a default of the Company, except if the Company obtains the effective listing of the Bonds on another regulated market of the European Economic Area at the latest upon expiration of this period; or
- the non-repayment of any other loan indebtedness than the Existing Bonds, totaling an aggregate total amount of 20 000 000 euros by the Company on the maturity date or, if applicable, after the end of the applicable deferral periods; or
- a reorganization of the Company resulting in a substantial reduction in its assets and which damages the interests of the Existing Bondholders; or
- suspension of payment by the Company or appointment at the Company of a liquidator, legal administrator or ad hoc authorized representative, introduction of a liquidation procedure or legal or voluntary dissolution, legal or voluntary suspension of payment for all debts or a part of them, arrangement with all its creditors, bankruptcy or other similar procedure introduced against the Company;

each holder of Existing Bonds will have the right to inform the Company by registered letter that his or her Bond is immediately due and repayable at the nominal value, plus the interest accrued, by force of law and without other notice of default than the notification to the Company, with effect from the receipt by the Company of this notification.

Unless stated otherwise, “**working day**” in these Existing Bond Conditions means each day that the banks are open in Belgium.

## **2.8 Rights**

The Existing Bonds are tradable bonds that represent a debt, issued by the Company. They give right to payment of annual interest and to the repayment of the nominal value on the maturity date, including all rights granted by company law to the bondholders of a company.

## **2.9 Nominal interest rate**

The Existing Bonds provide right to interest amounting to an annual interest rate of 6.75 per cent. (gross) with effect from 16 April 2009 (included) until 16 April 2014 (not included), payable after an

expired term on 16 April of each year and for the first time on 16 April 2010, *i.e.*, 67.50 euros for each denomination of 1 000 euros.

The interest amounts for a period shorter than a full year will be calculated on the basis of the number of elapsed days, on the basis of a year of 365 days, or 366 days for leap years.

If the payment date for an interest amount of the Existing Bonds is not a working day, the payment will be due on the next working day. This deferral does not provide any right to additional interest or any other payment.

The Existing Bonds will no longer produce any interest with effect from the date on which the Existing Bonds are fully repaid or cancelled.

The interest amounts become prescribed in favor of the Company after five years commencing from their maturity date, and the Bonds become prescribed after 10 years from the date set for their repayment.

## **2.10 Maturity date – Repayment**

### **2.10.1 Repayment on maturity date**

The Existing Bonds will be repaid by the Company at their nominal value on their maturity date, 16 April 2014

If the maturity date is not a working day, the payment will be due on the next working day. Such deferral does not give any right to additional interest or any other payment.

### **2.10.2 Repurchase and cancellation**

The Company and each of its subsidiaries are entitled at any time to repurchase the Existing Bonds, both on the open market or otherwise. The repurchased Existing Bonds will be transferred to the Domiciliary Agent for cancellation.

### **2.10.3 Early redemption**

The Company reserves its right at any time, with a notice period of at least 30 days, to redeem all Existing Bonds early at their nominal value plus all interest accrued to the date of repayment, in the event of a change in Belgian tax legislation and regulations, or a change in the application or interpretation of the laws or treaties after the issue date of the Existing Bonds, which would endanger the payment of the principal amount and/or the interest on the Existing Bonds and would oblige the Company to pay additional amounts in order to guarantee the payment of the originally specified amount and the interest.

## **2.11 Yield**

The gross actuarial yield for the investors in Existing Bonds amounts to 6.461 per cent.. This yield is calculated on the basis of the issue price (including the placing costs), of the payment of the interest during the period to maturity of the Existing Bonds and on the repayment amount on the respective maturity dates that will also be updated at the same time for each Existing Bond. For the calculation only the issue price and interest rate are taken into account and it is assumed that the Existing Bonds were purchased on the primary market and held until maturity.

The pricing of the Existing Bonds is based on the listing of a selected basket of investment grade bonds, as valued on the secondary market during the period of the pricing.

## **2.12 Notice to the Existing Bondholders**

Notices intended for the Existing Bondholders, including notices of early closure and convening notices for general meetings of Existing Bondholders, must be published in at least one Dutch-language and one French-language wide-circulation newspaper in Belgium (normally De Tijd and L'Echo) and one wide-circulation newspaper in Luxembourg (normally the "Luxemburger Wort") or the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) and on the websites of the Company, BNP Paribas Fortis SA/NV, ING Belgium NV/SA and KBC Bank NV. The Company must ensure that the notices to the Existing Bondholders are published as quickly as possible in accordance with Belgian law.

The effective publication date of a notice to the Existing Bondholders is the day of the first publication and in the case of publication of a notice to Existing Bondholders in various newspapers, the effective publication date coincides with the first publication of this notice in the newspapers involved.

## **2.13 Representation**

The Existing Bondholders will be represented in the general meeting of the Existing Bondholders.

The general meeting of Existing Bondholders is authorized to endorse all changes to the conditions of the Existing Bonds to the extent and in the manner provided by Article 568 and following of the Belgian Companies Code, to decide on acts of custody in the common interest and, if applicable, to appoint one or more authorized representatives to execute the decisions taken by the meeting and represent the joint Existing Bondholders in the context of the issue. The decisions are binding for all Existing Bondholders, even for those who are absent, legal incapacity, or who do not vote in favor.

The meeting can be convened by the board of directors of the Company, or its statutory auditors. They must convene meetings at the request of the Existing Bondholders who represent at least one fifth of the outstanding Existing Bonds. The convocation for each general meeting includes the agenda with the list of the topics to be discussed and the motions for decisions. They will be published in the Belgian Official Gazette and at least one newspaper with wide circulation in Belgium, at least 15 days before the meeting.

The right to take part in the general meeting is subject to the lodging of a certificate from the Domiciliary Agent, via the financial institution at which the Existing Bonds are held in a custody account, at the place stated in the convocation letter at least three working days before the date of the meeting. At each meeting, a presence list will be made.

The general meeting of the Existing Bondholders will be chaired by the chairman of the Company's board of directors or, if unable to attend, by another manager. The chairperson appoints a secretary, who may not be an Existing Bondholder, and selects two vote recorders from the Existing Bondholders present. Each Existing Bondholder can be represented at the general meeting by a proxy, who does not have to be a Bondholder. The Company's board of directors can determine the form of the proxies. The proxies must be lodged at least three working days before the date of the meeting at the registered office of the Company.

Each Existing Bond provides a right to one vote. In accordance with article 574 of the Belgian Companies Code, the meeting can only validly deliberate and decide if those present represent at least half of the amount of the outstanding Existing Bonds. If this condition is not satisfied, a new convocation is required and the second meeting can validly deliberate and decide, regardless of the number of the Existing Bonds present or represented. The decisions will be passed with at least a

three-quarter majority of the Existing Bonds taking part in the voting. Decisions concerning acts of custody, or the appointment of authorized representatives, will be validly approved with a simple majority, regardless of the number of Existing Bonds present or represented.

The minutes of the general meeting will be signed by the office members and by Existing Bondholders who request so. Certified copies or extracts of these minutes will be signed by a director of the Company.

The Paying Agent and the Company may, without the permission of the Existing Bondholders, agree to any amendment to the paying and domiciliary agency agreement dated 16 March 2009 in respect of the offer of the Existing Bonds (the "**Paying and Domiciliary Agency Agreement**") except as described above, which is not prejudicial to the interests of the Existing Bondholders, or to each change of the Existing Bonds, the coupons or the Paying and Agency Agreement, 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 on all Existing Bondholders and any such modification shall be notified to the Existing Bondholders in accordance with Section 2.12 as soon as practicable thereafter.

#### **2.14 Date of issue**

The Existing Bonds were issued on 16 April 2009.

#### **2.15 Limitations**

Subject to the application of the rules governing the transferability of securities, the Existing Bonds are transferable.

#### **2.16 Substitution**

The Company has 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 Existing Bonds, insofar as each of the following conditions is satisfied:

- the New Issuer explicitly accepts all obligations undertaken by the Company and arising from this loan;
- the New Issuer is a company that, directly or indirectly, is at least 75 per cent. controlled by the Issuer;
- the New Issuer obtains in advance all the necessary licenses in its country of incorporation and in Belgium to transfer to the bank charged with the financial servicing of the loan, the amounts in euros required to meet the repayment of the principal amount and the payment of the interest amounts for this loan; and
- the Company unconditionally and irrevocably guarantees the obligations of the New Issuer.

In the case of such a substitution, every other provision of the current conditions of the loan remains unchanged. In the case of such a substitution, the rights and obligations of the Company that are defined in the contract for financial services entered into with the Paying Agent will be fully transferred to the New Issuer. The Existing Bondholders will be informed of every substitution of the Company in accordance with the provisions of Section 2.12.

**APPENDIX 4**  
**Form of Change of Control Put Exercise Notice**



**FORM OF CHANGE OF CONTROL PUT EXERCISE NOTICE**

**Important:** this notice should not be sent directly to the Company or to the Agent, but should be filed with the Intermediary through which the New Bondholder keeps the New Bonds, as provided in Condition 5(b).

*New Bondholders who wish to exercise the option of early repayment in case of a Change of Control provided in Condition 5(b) must deliver at any time during the Change of Control Put Exercise Period a duly completed and signed Change of Control Put Exercise Notice with the Intermediary.*

*Such an Intermediary is the bank or another financial intermediary through which the New Bondholder keeps the New Bonds.*

To: **[Contact details of the Intermediary]**

**NV BEKAERT SA**

Maximum EUR 150.000.000  
4.750 per cent. bonds due October 17, 2020  
(issued in denominations of EUR 1.000)  
(ISIN BE0002206721)

(the “**New Bonds**”)

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**CHANGE OF CONTROL PUT EXERCISE NOTICE**

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By sending this duly signed Change of Control Put Exercise Notice to the Intermediary, the undersigned New Bondholder exercises his/her option to have his/her New Bonds repaid early in accordance with Condition 5(b) on the Change of Control Put Date, being .....

The undersigned New Bondholder confirms to the Company that (i) he/she keeps the amount of the New Bonds as indicated in this notice and that (ii) he/she commits his or herself not to sell or transfer the New Bonds until the Change of Control Put Date (as indicated above).

By signing this notice, the undersigned New Bondholder grants the Intermediary the right to transfer the relevant New Bonds on the account of the Agent so far as required for the exercise of the option mentioned in Condition 5(b).

**Aggregate principle amount of the New Bonds for which this option is exercised:**

EUR ..... ([amount in words] Euro).

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

Name or company: .....

Address: .....

Telephone number: .....

**Payment instructions:**

Please make payment in respect of the New Bonds that are the subject of the exercise of the option mentioned in Condition 5(b) by euro transfer to the following bank account:

Name of bank: .....

Branch address: .....

Account number: .....

The undersigned New Bondholder confirms that payment in respect of the New Bonds shall be made against debit of his/her securities account number ..... with **[name and address bank]** for the above-mentioned principal amount of New Bonds.

All notices and communications relating to this notice should be sent to the address specified above.

Terms used and not otherwise defined in this notice have the meanings given to them in the Terms and Conditions of the New Bonds.

Signature of the holder: ..... Date: .....

**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 to the relevant Intermediary.**

**New Bondholders are advised to check with their Intermediary, if applicable, by when such Intermediary would require to receive instructions and the completed Change of Control Put Exercise Notice to abide by the time limits in order for the exercise to be valid.**

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

Received by the Intermediary, **[Name Intermediary]**

Signature and stamp of intermediary

**THE COMPANY**

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

**GLOBAL COORDINATOR**

**KBC Bank NV**

Havenlaan 2  
1080 Brussels  
Belgium

**DEALER MANAGERS**

**BNP Paribas Fortis SA/NV**

Warandeberg 3  
1000 Brussels  
Belgium

**ING Bank N.V. Belgian Branch**

Marnixlaan 24  
1000 Brussels  
Belgium

**KBC Bank NV**

Havenlaan 2  
1080 Brussels  
Belgium

**DOMICILIARY, PAYING, LISTING AND CENTRALIZING AGENT**

**KBC Bank NV**

Havenlaan 2  
1080 Brussels  
Belgium

**LEGAL ADVISORS**

*to the Company as to Belgian law*

*to the Company as to  
Luxembourg law*

*to the Dealer Managers*

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Brederodestraat 13  
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Belgium

**STATUTORY AUDITORS TO THE COMPANY**

**Deloitte Bedrijfsrevisoren BV o.v.v.e. CVBA**

represented by Mr. Joël Brehmen

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