

Corporate Governance Statement

Bekaert complies in principle with the Belgian Corporate Governance Code and explains in the Bekaert Charter or in this Corporate Governance Statement why it departs from some of its provisions.

Board of Directors

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

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

The Belgian Corporate Governance Code is available at www.corporategovernancecommittee.be
The Bekaert Corporate Governance Charter is available at www.bekaert.com

Name	First appointed	Expiry of current term	Principal occupation (*)	Number of regular meetings attended
Chairman				
Baron Buysse	2000	2012	NV Bekaert SA	6
Chief Executive Officer				
Bert De Graeve	2006	2012	NV Bekaert SA	6
Members nominated by the principal shareholders				
Baron Bekaert	1994	2012	Director of companies	6
Roger Dalle	1998	2013	Director of companies	6
Count Charles de Liedekerke	1997	2012	CEO, Joris Ide Group (Belgium)	6
François de Visscher	1992	2013	President, de Visscher & Co. LLC (United States)	5
Hubert Jacobs van Merlen	2003	2012	President & CEO, IEE SA (Luxembourg)	6
Maxime Jadot	1994	2012	CEO and Chairman of the Executive Board, BNP Paribas Fortis (Belgium) (as from 1 March 2011)	6
Bernard van de Walle de Ghelcke	2004	2013	Of Counsel, Linklaters LLP (Belgium)	6
Baudouin Velge	1998	2013	CEO, Interel Belgium (Belgium)	6
Independent Directors				
Dr Alan Begg	2008	2011	Senior Vice President Group Technology and Development, SKF (Sweden)	5
Sir Anthony Galsworthy	2004	2012	Advisor to Standard Chartered Bank (United Kingdom)	6
Lady Barbara Thomas Judge	2007	2013	Chairman Emeritus of the UK Atomic Energy Authority (United Kingdom)	6
Manfred Wennemer	2009	2012	Director of companies	5

(*) The detailed résumés of the Board Members are available at www.bekaert.com.

The Board held six regular meetings in 2010. In line with its intention to keep in touch with Bekaert's global operations the Board held one of its regular meetings in Ecuador. In addition to its statutory powers and powers under the Articles of Association and the Bekaert Charter, the Board of Directors examined the following matters, among others, in 2010:

- a review of the long term strategy of the Group in light of the economic, financial and geopolitical developments, and the follow-up of the strategy;
- the acquisition of two tire cord plants from Bridgestone;
- the disposal of the diamond like coatings and composites activities;
- the 2010 budget;
- the plans for the period 2011-2013;
- a proposal to split the Bekaert shares, VVPR strips, subscription rights and share options, and to abolish the existing bearer securities;
- a proposal to distribute an intermediate dividend in the gross amount of € 2.00 per pre-split share;
- the grant of new subscription rights and stock options in accordance with the existing stock option plans;
- the implementation of a new Share Option Plan 2010-2014 ('SOP2010-2014');
- the buy-back of Company shares;
- the debt position of the Group, including the public issue of bonds in the aggregate amount of € 100 million.

Committees of the Board of Directors

The Board of Directors has established three Advisory Committees.

Audit and Finance Committee

The Audit and Finance Committee is composed as required by Article 526bis §2 of the 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 position as vice chairman of the Financial Reporting Council, the British accounting and corporate governance regulator, which she held until the end of 2007.

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

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

Name	Expiry of current term	Number of meetings attended
Baron Buysse	2012	4
François de Visscher	2013	3
Baudouin Velge	2013	4
Lady Barbara Thomas Judge	2013	3

The Committee met four times in 2010. In addition to its statutory powers and its powers under the Bekaert Charter the Committee discussed the following main subjects:

- the treasury situation;
- the development of an enterprise risk management process.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee has four members, all of whom are non-executive Directors. It is chaired by the Chairman of the Board and further consists of three Directors, one of whom is independent. Contrary to provision 5.4/1 of the Belgian Corporate Governance Code, according to which at least a majority of the members should be independent, Bekaert takes the view that the Nomination and Remuneration Committee should reflect the balanced composition of the full Board. As from 1 January 2011 the composition of the Committee has been adapted to conform to the requirements of the Belgian Corporate Governance Act of 6 April 2010.

Name	Expiry of current term	Number of meetings attended
Baron Buysse	2012	5
Roger Dalle	2013	5
Maxime Jadot	2012	5
Dr Alan Begg	2011	5

The Committee met five times in 2010. In addition to its powers under the Articles of Association and the Bekaert Charter, the Committee discussed the following main subjects:

- the implications of the Belgian Corporate Governance Act of 6 April 2010 on the composition of the Committee and the remuneration of the executive management;
- the succession of the Chairman of the Board;
- the development of a Bekaert leadership program.

Strategic Committee

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

Name	Expiry of current term	Number of meetings attended
Baron Buysse	2012	4
Bert De Graeve	2012	4
Baron Bekaert	2012	3
Count Charles de Liedekerke	2012	4
Maxime Jadot	2012	4
Sir Anthony Galsworthy	2012	4

The Committee met four times in 2010. In addition to its powers under the Articles of Association and the Bekaert Charter, the Committee prepared the review by the full Board of the long term strategy of the Group in light of the economic, financial and geopolitical developments.

Evaluation

The main features of the process for evaluating the Board of Directors, its Committees and the individual Directors are described in paragraph II.3.4 of the Bekaert Charter. For that reason they are not described in this statement as prescribed by provision 4.15 of the Belgian Corporate Governance Code.

Executive Management

Composition

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

Name	Position	Appointed
Bert De Graeve	Chief Executive Officer	2006
Bruno Humblet	Chief Financial Officer and Group Executive Vice President Specialized films	2006
Dominique Neerinck	Chief Technology Officer and Group Executive Vice President Industrial coatings	2006
Geert Roelens	Group Executive Vice President Steelcord	2008
Henri-Jean Velge	Group Executive Vice President Wire	1998

Remuneration Report

Bekaert has reviewed the remuneration policy of its executive management in light of the relevant provisions of the Belgian Corporate Governance Act, and will report in accordance with the requirements of the Act in the Corporate Governance Statement of its 2011 annual report. For the present Statement covering 2010, Bekaert has elected to continue the reporting format used in previous years, even though this implies the non-compliance with certain reporting provisions under Principle 7 of the Belgian Corporate Governance Code: Bekaert prefers to introduce the reporting format required by the Act simultaneously with the reporting on its revised remuneration policy.

Remuneration policy for non-executive Directors

The remuneration policy for non-executive Directors is described in paragraph II.7.1 of the Bekaert Charter.

Remuneration policy for Executive Management

The remuneration policy for executive management is described in paragraph IV.7 of the Bekaert Charter.

Remuneration of Directors

The remuneration of the members of the Board of Directors is reflected in the table below.

In €	Fixed remuneration	Variable Board attendance	Variable Committee attendance	Total Gross 2010
Chairman				
Baron Buysse	500 040			500 040
Directors				
Alan Begg	37 184	12 395	7 435	57 014
Baron Bekaert	37 184	14 874	4 461	56 519
Roger Dalle	37 184	14 874	7 435	59 493
Bert De Graeve	37 184	14 874	-	52 058
Count Charles de Liedekerke	37 184	14 874	5 948	58 006
François de Visscher	37 184	12 395	4 461	54 040
Sir Anthony Galsworthy (*)	37 184	14 874	5 948	58 006
Hubert Jacobs van Merlen	37 184	14 874	-	52 058
Maxime Jadot	37 184	14 874	13 383	65 441
Lady Barbara Thomas Judge	37 184	14 874	4 461	56 519
Bernard van de Walle de Ghelcke	37 184	14 874	-	52 058
Baudouin Velge	37 184	14 874	5 948	58 006
Manfred Wennemer	37 184	12 395	-	49 579
Total	983 432	185 925	59 480	1 228 837

(*) In addition to the above-mentioned fees, Sir Anthony Galsworthy received a remuneration of € 2 974 on account of his assistance provided in a specific matter at request of the Board of Directors.

Remuneration of the Chief Executive Officer

The remuneration of the CEO is reflected in the table below.

in €	Fixed remuneration (*)	Variable remuneration	Other contractual remuneration	Total 2010
Bert De Graeve	694 038	475 000	179 792	1 348 830
Number of stock options granted				30 000 (**)

(*) The fixed remuneration includes the remuneration received as a member of the Board of NV Bekaert SA.

(**) Number stock split-adjusted three-for-one share split

Remuneration of Executive Management

The remuneration of the members of the Bekaert Group Executive and of senior management is reflected in the table below.

In thousand €	2009	2010
Number of persons	22	22
Short-term employee benefits		
Basic remuneration	4 576	4 926
Variable remuneration	2 248	2 566
Remuneration as directors of subsidiaries	675	743
Post-employment benefits		
Defined-benefit pension plans	312	348
Defined-contribution pension	498	527
Share-based payment benefits	723	1 368
Total gross remuneration	9 032	10 478
Average gross remuneration per person	411	476
Number of subscription rights and options granted (stock option plans)	187 500	128 400

Stock options

A number of stock options is offered each year to each member of the Bekaert Group Executive. The decision to accept an offer of options, and consequently the number of options to be granted, reflects a personal choice that may be influenced by multiple considerations, and the disclosure on an individual basis of the number of options granted would therefore intrude on the privacy of the persons concerned: for that reason Bekaert has elected to deviate from provision 7.16 of the Belgian Corporate Governance Code and only to disclose, on an individual basis, the number of options granted to the Chief Executive Officer.

Other than the stock options referred to above, no shares or rights to acquire shares are granted to the CEO or to any other member of the Bekaert Group Executive.

Shares and shareholders

Approach

Bekaert is committed to providing high-quality financial information to its shareholders. Clarity and transparency are not empty words and it is Bekaert's intention to engage constantly in an open dialogue with its shareholders.

Bekaert has always chosen to respond promptly to new international standards. The consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS), which have been adopted by the European Union.

By creating value for the customer, Bekaert also creates value for shareholders and other stakeholders. Both private and institutional investors benefit from our sustained commitment to transparent reporting, be it at shareholders' or analysts' meetings. As a consequence, our shareholders have become more and more international.

Share identification

The Bekaert share is listed on NYSE Euronext Brussels as ISIN BE0974258874 (BEKB) and was first listed in December 1972. The VVPR strip is listed as ISIN BE0005640140 (BEKS). The ICB sector code is 2727 Diversified Industrials.

The Bekaert share in 2010

The year 2010 began with a sharp increase in the share price from € 108.50 (before share split) at year-end to € 118.20 in the first week of January followed by a slip back to a low of € 98.60 on 5 February. European Markets came under pressure as investors sold out of risk on heightened concern over the state of the budget deficits in Greece, Portugal and Spain. Worse than expected United States jobless claims data and the news flow on credit restrictions in China added to the worries over the economic recovery. The announcement of the acquisition of two Bridgestone tire cord plants and a multi-year supply agreement could not support the share at this moment due to the overall negative market sentiment.

At the day of publication of the 2009 results in February, the share price increased by about 10% to € 118.90 and continued to increase the following week to around € 125 due to positive changes in recommendations and target prices. The initiation of coverage by new brokers boosted further the share price to a new high of € 141.50. This level of share price tempered liquidity temporarily; existing shareholders were not willing to sell while potential shareholders were waiting for a dip in share price.

Macro developments continued to drive volatility, with a pickup in risk aversion stemming from the skepticism surrounding the ability of the Greek funding package to dampen sovereign credit contagion concerns. The European markets were searching for direction as strength in corporate numbers was offset by ongoing negative sentiment around those sovereign debt issues. Asian markets came under pressure in response to concerns about global growth slowdown rather than a credit or liquidity crunch. As a consequence the share price dropped sharply to around € 118 early May.

After the Euro area governments and the European central bank laid out a set of measures in order to safeguard the financial stability, the share price recovered by a strong increase of around 13% in one day. The same week, Bekaert announced its 2010 first quarter sales, which were very strong, based on a broad recovery in mature markets, a continuation of the Chinese success story and an indication of a similarly strong second quarter. The share reacted immediately with another increase by 8%, totaling an increase by more than 20% in one week. The share reached a new high of € 148.05 on 21 June. Following the strong gains, the share was pausing for breath at around € 140, waiting for half year results.

On the day of the announcement, the share price peaked to € 169.95 as a consequence of the robust first half 2010 results. The faster than expected recovery in the mature markets was well received on top of the excellent results in the emerging markets and the successful innovative products in the energy sector. The record profitability, the announcement of an interim dividend and a share split were all triggers to start further upgrades in recommendations.

The institutional investor market became very active and the fact that the Bekaert market capitalization increased to above USD 6 billion attracted new large cap investors. At the same time, the global visibility of Bekaert towards the financial community increased substantially.

The better-than-expected first half 2010 earnings and a relatively solid set of European data helped to improve the risk tone in the third quarter. Risk aversion dominated still in August but reversed in September after better-than-expected macro data from United States and China, helping to counter 'double-dip' fears. Currencies saw large moves; the euro gained more than 10% against the USD. Equity markets rallied in September, gains were led by the automotive sector, as one of the strongest sectors. Tire manufacturers confirmed the strong market environment and announced large investment programs in emerging markets.

Bekaert reported on 10 November sustained strong demand throughout the first nine months of 2010. Revenue was lifted by a better product mix driven by Bekaert's continued innovation efforts. Bekaert's sales for the first nine months of 2010 equaled total sales of 2009 and consequently the sales numbers were higher than expected. Almost all product groups and respective markets maintained solid growth, with the automotive and renewable energy sectors as fast developing markets. The share price reached an all time high of € 234.85 on 21 October 2010. The market capitalization reached a historic high of € 4.7 billion (USD 6.5 billion).



CEO Bert De Graeve receives the Best Bel20[®] performer award for the excellent track record of the Bekaert share during 2010.

After a strong third quarter, Bekaert indicated that fourth quarter consolidated sales would be in line with the average quarterly sales of the first half of 2010. This has led to some short-term profit taking after the very strong run staged by the Bekaert stock during the last two years.

The three-for-one share split as proposed by the Board of Directors came into effect on 10 November 2010 resulting in an adjusted share price of €77.12 (from €231.35).

Bekaert became at the end of November a member of the MSCI Europe index. On 31 December 2010, the share closed at €85.90, an increase by more than 137% compared to 31 December 2009. Bekaert confirmed its membership in the Bel20[®], the Belgian reference index, and was ranked No. 10. The share price reached a high of €86.96 on 31 December 2010 and outperformed the Bel20[®] index by about 128%. The market capitalization reached an all time high of €5.1 billion (USD 6.7 billion).

Share split-adjusted figures

After share split 3:1, in €	2006	2007	2008	2009	2010
Price as at 31 December	31.57	30.67	16.11	36.17	85.90
Price high	34.20	37.97	40.41	36.47	86.96
Price low	23.07	27.63	14.57	12.42	32.87
Price average closing	27.33	32.73	29.51	25.14	53.82
Strips as at 31 December	0.19	0.15	0.23	0.27	0.23
Daily volume	175 242	172 290	223 140	215 601	195 856
Daily turnover (in millions of €)	4.5	5.4	6.4	5.0	8.8
Annual turnover (in millions of €)	1 228	1 433	1 652	1 310	2 833
Velocity (% , annual)	69	72	96	93	85
Velocity (% , adjusted free float)	115	111	148	143	130
Free float (in %)	56.1	61.7	60.9	61.0	61.9

Volumes traded

The average daily trading volume was about 196 000 shares in 2010, about the same level as over 2009. There was a strong correlation between a volume increase and the moment of a result communication.

The volume peaked on 30 November, as 2 730 000 shares were handled in one day when Bekaert entered the MSCI Europe index. As a reference, in 2001 only 54 000 shares were traded per day.

Bekaert closing prices and volumes in 2010



Bekaert versus Bel20®, NEXT100 and NEXT150

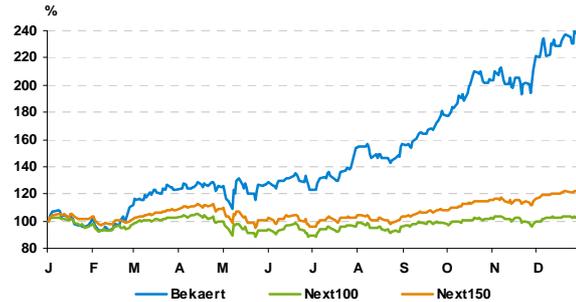
Bekaert is positioned as No. 10 out of 20 companies, with a market capitalization of € 5 144 million, a *free float* market capitalization of € 3 344 million (61.88% and within the *free float* band of 65%), velocity at 130% and a

weight of about 5.0 % (from 2.14%). Year on year, the share increased by 137% and outperformed the Bel20® index by 128%, the Next100 by 136% and the Next150 by 115%.

Bekaert versus Bel20® (2010)



Bekaert versus the NEXT100 and the NEXT150 (2010)



Internationalization of the shareholder structure and significant participations

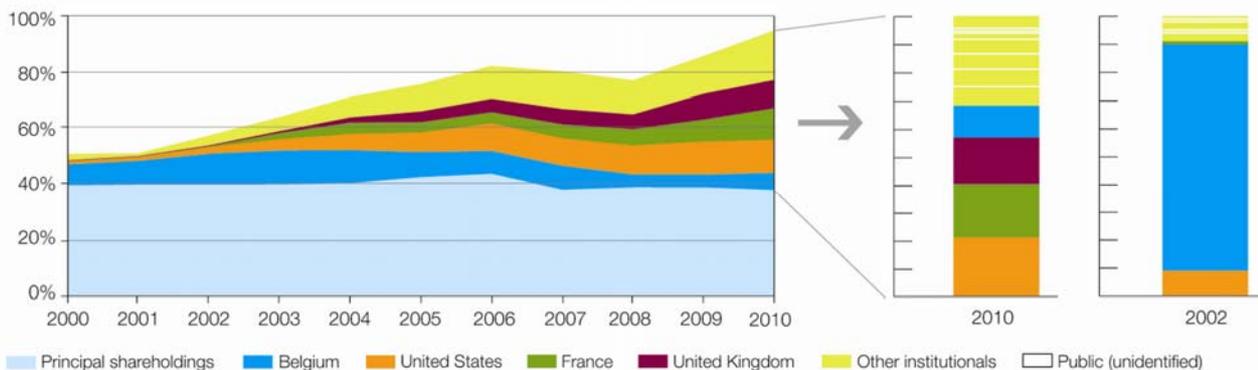
The shareholder structure showed a strong internationalization in previous years and this trend was maintained in 2010. The United Kingdom in particular, but also France and Asia, have taken a larger stake.

In connection with the entry into force of the Act of 2 May 2007 on the disclosure of significant participations (the Transparency Act) Bekaert has, in its Articles of Association, set the

thresholds of 3% and 7.50% in addition to the legal thresholds of 5% and each multiple of 5%. An overview of the current notifications of participations of 3% or more can be found in the Financial Review (Parent company information: interests in share capital).

The principal shareholders own 38.12% of the shares, while the identified institutional shareholders own 56.8% of the shares. One international institutional investor holds 3%. Of the total number of Bekaert shares, 2.9% are in registered form.

Increasing internationalization of our institutional shareholder structure



Capital structure

An Extraordinary General Meeting held on 7 October 2010 decided to split each of the Company's shares, VVPR strips, subscription rights and share options into three new securities, and to abolish the Company's existing bearer securities. The split became effective as of 10 November 2010. All numbers of Bekaert shares, VVPR strips, subscription rights and share options, as well as all prices of the Bekaert shares and VVPR strips and exercise prices of subscription rights and share options mentioned in this annual report are post-split numbers and prices, unless otherwise stated.

As of 31 December 2010 the registered capital of NV Bekaert SA amounts to €176 242 000, and is represented by 59 884 973 shares without par value. The shares are in registered or non-material form.

The number of VVPR strips is 12 556 976.

The total number of outstanding subscription rights under the SOP1 and SOP2005-2009 stock option plans is 784 336.

A total of 381 566 subscription rights were exercised in 2010 under the SOP1 and SOP2005-2009 employee stock option plans, resulting in the issue of 381 566 new Company shares and VVPR strips, and an increase of the registered capital by €1 124 000 and of the share premium by €8 177 296.38.

In addition to the 89 700 treasury shares held as of 31 December 2009, Bekaert purchased 965 700 own shares in 2010. Those aggregate 1 055 400 shares were used as follows in 2010:

- 91 700 shares were delivered to the individuals who had exercised their options under the SOP2 stock option plan in 2010; and
- the remaining 963 700 shares are held as treasury shares.

As a result of the above-mentioned movements, the number of issued shares and the number of VVPR strips each increased by 381 566.

In 2010 a fifth and final issue of subscription rights took place under the SOP2005-2009 stock option plan: 225 450 subscription rights were issued to members of the Bekaert Group Executive, senior management and senior executive personnel.

Each subscription right is convertible into one newly issued NV Bekaert SA share with VVPR strip at an exercise price of €33.990. An aggregate 1 137 108 subscription rights have been granted under the SOP 2005-2009 stock option plan.

In 2010 a final grant of 49 500 options took place under the SOP2 stock option plan: each option will be convertible into one existing NV Bekaert SA share with VVPR strip at an exercise price of €33.990. A total of 463 260 options have been granted under the SOP2 stock option plan.

A new NV Bekaert SA Share Option Plan 2010-2014 ('SOP2010-2014') was proposed by the Board of Directors and approved by a Special General Meeting in 2010. The plan will be the successor to the SOP 2005-2009 and SOP2 plans, and will offer options to acquire existing Company shares to the members of the Bekaert Group Executive, senior management and a limited number of management employees of the Company and a number of its subsidiary companies. There will be one offer of share options in each of the years 2010 through 2014, and the aggregate number of share options to be offered will be determined each year by the Board of Directors on the motion of the Nomination and Remuneration Committee. The number of share options to be offered to each individual beneficiary will be variable in part, based on an assessment of such person's long term contribution to the success of the Company. The share options will be offered to the beneficiaries for free. Each accepted share option will entitle the holder to acquire one existing share of the Company against payment of the exercise price, which will be conclusively determined at the time of the offer and which will be equal to the lower of: (i) the average closing price of the Company shares during the thirty days preceding the date of the offer, and (ii) the last closing price preceding the date of the offer. The share options cannot be exercised during a period of three years after the date of their grant nor after a period of ten years from the date of their offer. A first offer of 398 400 options was made on 16 December 2010.

The SOP2005-2009, SOP2 and SOP2010-2014 plans comply with the relevant provisions of the Act of 26 March 1999 and with Articles 520ter and 525, last paragraph, of the Companies Code.

Detailed information about capital, shares and stock option plans is given in the Financial Review (Note 6.11 to the consolidated financial statements).

Bekaert's dividend policy

It is the policy of the Board of Directors to propose a profit appropriation to the General Meeting of Shareholders which, insofar as the profit permits, provides a stable or growing dividend while maintaining an adequate level of cash flow in the company for investment and self-financing in order to support future growth. In practice, this means that the company seeks to maintain a pay-out ratio of around 40% of the result for the period attributable to the Group over the longer term.

In October a Special General Meeting approved the distribution of a gross intermediate dividend of €0.667 per share (€2.00 pre-split), as proposed by the Board of Directors. This corresponds to a net dividend per share of €0.50 (€1.50 pre-split).

in €	2006	2007	2008	2009	2010
Per share (*)					
Intermediate dividend					0.667
Dividend May	0.83	0.92	0.93	0.98	1.000
Total Gross dividend	0.83	0.92	0.93	0.98	1.667
Total Net dividend	0.63	0.69	0.23	0.74	1.250
Total Net dividend with VVPR strip	0.71	0.78	0.26	0.83	1.417
Coupon number	8	9	10	11	12 & 13

(*) All indicators per share before 2010 are stock split-adjusted to enable comparison with 2010 figures.

Appropriation of available profit

In light of the Group's strong performance in 2010 and its confidence in the future, the Board of Directors will propose that the General Meeting of Shareholders to be held on 11 May 2011 approve the distribution of a gross dividend of €1.00 per share. If this proposal is accepted, the net dividend per share will be €0.750, and the net dividend on shares with VVPR strip, reducing the withholding tax to 15%, will be €0.850 per share. Together with the gross intermediate dividend of €0.667 per share paid in October 2010, this will result in an aggregate gross dividend of €1.667 per share for 2010.

General Meetings of Shareholders

The Annual General Meeting was held on 12 May 2010. Extraordinary General Meetings were held on 12 May and 7 October 2010. Special General Meetings took place on 14 April and 7 October 2010. The resolutions of the five meetings are available at www.bekaert.com.

More detailed information is available in the Bekaert Shareholders' Guide 2010 and at www.bekaert.com

Conduct Policies

Statutory conflicts of interests in the Board of Directors

In accordance with Article 523 of the Companies Code, a member of the Board of Directors should give the other members prior notice of any agenda items in respect of which he 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. A conflict of interests arose twice in 2010, and the provisions of Article 523 were complied with on both occasions.

On 25 February 2010 the Board had to determine the remuneration of the Chief Executive Officer. Excerpt from the minutes:

On the motion of the Nomination and Remuneration Committee, the Board approves:

- *the grant of a bonus of € 475 000 to the Chief Executive Officer for 2009;*
- *the 2010 bonus target proposal for the Chief Executive Officer;*
- *an increase of the remuneration of the Chief Executive Officer for 2010 as follows: annual base salary by € 65 000, annual target bonus by € 100 000, and annual target long term incentives by € 100 000; and*
- *the offer of 30 000 stock options (post-split adjusted) to the CEO on 17 December 2009 under the Stock Option Plan SOP2.*

On 9 November 2010 the Board had to determine the future remuneration of the Chief Executive Officer, as well as the first offer of options to the Chief Executive Officer under the new SOP2010-2014 share option plan. Excerpt from the minutes:

On the motion of the Nomination and Remuneration Committee, the Board approves:

- *the proposed new Variable Pay Policy for the Bekaert Group Executive, as well as the proposed adaptations to the remuneration packages of the Chief Executive Officer and the BGE members;*
- *the offer of 30 000 options (post-split) to the Chief Executive Officer.*

Other transactions with Directors and Executive Management

The Bekaert Charter contains conduct guidelines with respect to direct and indirect conflicts of interests of the members of the Board of Directors and the Bekaert Group Executive that fall outside the scope of Article 523 of the Companies Code. Those members are deemed to be related parties to Bekaert and have to report, on an annual basis, their direct or indirect transactions with Bekaert or its subsidiaries. Bekaert is not aware of any potential conflict of interests concerning such transactions occurring in 2010 (cf. Note 7.6 to the consolidated financial statements).

Market abuse

In accordance with provision 3.7 of the Belgian Corporate Governance Code, the Board of Directors has, on 27 July 2006, promulgated the Bekaert Insider Dealing Code, which is included in its entirety in the Bekaert Charter as Appendix 4. The Bekaert Insider Dealing Code restricts transactions in Bekaert securities by members of the Board of Directors, the Bekaert Group Executive, senior management and certain other persons during closed and prohibited periods. The Code also contains rules concerning the mandatory internal notification of intended transactions, as well as the disclosure of executed transactions through a notification to the Belgian Banking, Finance and Insurance Commission (CBFA). The Chairman of the Board is the Compliance Officer for purposes of the Bekaert Insider Dealing Code.

Internal control and risk management system

Internal control and risk management systems in relation to the preparation of the consolidated financial statements

The following description of Bekaert's internal control and risk management systems is based on the Internal Control Integrated Framework (1992) and the Enterprise Risk Management Framework (2004) published by the Committee of Sponsoring Organizations of the Treadway Commission ('COSO').

Control environment

The accounting and control organization consists of three levels: (i) the accounting team in the different legal entities or shared service centers, responsible for the preparation and reporting of the financial information, (ii) the controllers at the different levels in the organization (such as plant and segment), responsible *inter alia* for the review of the financial information in their area of responsibility, and (iii) the Group Control Department, responsible for the final review of the financial information of the different legal entities and for the preparation of the consolidated financial statements.

Next to the structured controls outlined above, the Internal Audit Department conducts a risk based audit program to validate the internal control effectiveness in the different processes at legal entity level to assure a reliable financial reporting.

Bekaert's consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS) which have been endorsed by the European Union. Such financial statements are also in compliance with the IFRS as issued by the International Accounting Standards Board.

All IFRS accounting principles, guidelines and interpretations, to be applied by all legal entities, are grouped in the IFRS manual, which is available on the Bekaert intranet to all employees involved in financial reporting. Such manual is regularly updated by Group Control in case of relevant changes in IFRS, or interpretations thereof, and the users are informed of any such changes. IFRS trainings take place in the different regions when deemed necessary or appropriate.

The vast majority of the Group companies use Bekaert's global enterprise resource planning ('ERP') system, and the accounting transactions are registered in a common operating chart of accounts, whereby accounting manuals describe the standard way of booking of the most relevant transactions. Such accounting manuals are explained to the users during training sessions, and are available on the Bekaert intranet.

All Group companies use the same software to report the financial data for consolidation and external reporting purposes. A reporting manual is available on the Bekaert intranet and trainings take place when deemed necessary or appropriate.

Risk assessment

Appropriate measures are taken to ensure a timely and qualitative reporting and to reduce the potential risks related to the financial reporting process, including: (i) proper coordination between the Corporate Communication Department and Group Control, (ii) careful planning of all activities, including owners and timings, (iii) guidelines which are distributed by Group Control to the owners prior to the quarterly reporting, including relevant points of attention, and (iv) follow-up and feedback of the timeliness, quality and lessons learned in order to strive for continuous improvement.

A quarterly review takes place of the financial results, findings by the Internal Audit Department, and other important control events, the results of which are discussed with the Statutory Auditor.

Material changes to the IFRS accounting principles are coordinated by Group Control, reviewed by the Statutory Auditor, reported to the Audit and Finance Committee, and acknowledged by the Board of Directors of the Company. Material changes to the statutory accounting principles of a Group company are approved by its Board of Directors.

Control activities

The proper application by the legal entities of the accounting principles as described in the IFRS manual, as well as the accuracy, consistency and completeness of the reported information, is reviewed on an ongoing basis by the control organization (as described above). In addition, all relevant entities are controlled by the Internal Audit Department on a periodic basis.

Policies and procedures are in place for the most important underlying processes (sales, procurement, investments, treasury, etc.) and are subject to: (i) an evaluation by the respective management teams using a self-assessment tool, and (ii) control by the Internal Audit Department on a rotating basis.

A close monitoring of potential segregation of duties conflicts in the ERP system is carried out.

Information and communication

Bekaert has deployed in the majority of the Group companies a global ERP system platform to support the efficient processing of business transactions and provide its management with transparent and reliable management information to monitor, control and direct its business operations.

The provision of information technology services to run, maintain and develop those systems is to a large extent outsourced to professional IT service delivery organizations which are directed and controlled through appropriate IT governance structures and monitored on their delivery performance through comprehensive service level agreements.

Together with its IT providers, Bekaert has implemented adequate management processes to ensure that appropriate measures are taken on a daily basis to sustain the performance, availability and integrity of its IT systems. At regular intervals the adequacy of those procedures is reviewed and audited and where needed further optimized.

Proper assignment of responsibilities, and coordination between the pertinent departments, ensures an efficient and timely communication process of periodic financial information to the market. In the first and third quarter a trading update is released, whereas at midyear and year-end all relevant financial information is disclosed. Prior to the external reporting, the sales and financial information is subject to (i) the appropriate controls by the above-mentioned control organization, (ii) review by the Audit and Finance Committee, and (iii) approval by the Board of Directors of the company.

Monitoring

Any significant change of the IFRS accounting principles as applied by Bekaert is subject to review by the Audit and Finance Committee and approval by the Board of Directors, including the first-time adoption of IFRS in 2000.

On a periodic basis, the members of the Board of Directors are updated on the evolution and important changes in the underlying IFRS standards.

All relevant financial information is presented to the Audit and Finance Committee and the Board of Directors to enable them to analyze the financial statements. All related press releases are approved prior to communication to the market.

Relevant findings by the Internal Audit Department and/or the Statutory Auditor on the application of the accounting principles, as well as the adequacy of the policies and procedures, and segregation of duties, are reported to the Audit and Finance Committee.

Also a periodic treasury update is submitted to the Audit and Finance Committee.

A procedure is in place to convene the appropriate governing body of the Company on short notice if and when circumstances so dictate.

Internal control and risk management systems in general

The Board of Directors and the Bekaert Group Executive have approved the Bekaert Code of Conduct, which was first issued on 1 December 2004 and updated on 1 March 2009. The Code of Conduct sets forth the Bekaert mission and beliefs as well as the basic principles of how Bekaert wants to do business. Implementation of the Code of Conduct is mandatory for all companies of the Group. The Code of Conduct is included in the Bekaert Charter as Appendix 3 and available at www.bekaert.com. More detailed policies and guidelines are developed as considered necessary to ensure consistent implementation of the Code of Conduct throughout the Group.

Bekaert's internal control framework consists of a set of group policies for the main business processes, which applies Group-wide. Bekaert has different tools in place to constantly monitor the effectiveness and efficiency of design and the operation of the internal control framework. A mandatory training on internal control is organized for all new employees and a self-assessment tool is in place allowing management teams to evaluate themselves on the internal control status. The Internal Audit Department monitors the internal control situation based on the global framework and reports to the Audit and Finance Committee at each of its meetings.

The Bekaert Group Executive regularly evaluated the Group's exposure to risk, its potential financial impact and the actions required to monitor and control the exposure.

At the request of the Board of Directors and the Audit and Finance Committee management has developed a global enterprise risk management ('ERM') framework to assist the Group in managing uncertainty in Bekaert's value creation process on an explicit basis. The ERM process was discussed by the Audit and Finance Committee in 2010, and will be submitted to the Board of Directors in 2011.

Elements pertinent to a takeover bid

Restrictions on the transfer of securities

The Articles of Association contain no restrictions on the transfer of the shares, except in case of a change of control, for which the prior approval of the Board of Directors has to be requested in accordance with Article 11 of the Articles of Association.

Subject to the foregoing the shares are freely transferable. The Board is not aware of any restrictions imposed by law on the transfer of shares by any shareholder.

Restrictions on the exercise of voting rights

Each share entitles the holder to one vote. The Articles of Association contain no restrictions on the voting rights, and each shareholder can exercise his voting rights provided he was validly admitted to the General Meeting and his rights had not been suspended. The admission rules to the General Meeting are laid down in Article 31 of the Articles of Association. Pursuant to Article 10 the company is entitled to suspend the exercising of rights attaching to securities belonging to several owners.

No person can vote at General Meetings using voting rights attaching to securities that had not been timely reported in accordance with the law.

The Board is not aware of any other restrictions imposed by law on the exercise of voting rights.

Agreements among shareholders

The Board of Directors is not aware of any agreements among shareholders that may result in restrictions on the transfer of securities or the exercise of voting rights, except those disclosed in the notifications referred to in the Financial Review in this annual report (Parent company information: interests in share capital).

Appointment and replacement of Directors

The Articles of Association (Articles 15 and following) and the Bekaert Charter contain specific rules concerning the (re)appointment, induction and evaluation of Directors.

Directors are appointed for a term not exceeding four years (in practice usually for three years) by the General Meeting of Shareholders, which can also dismiss them at any time. An appointment or dismissal requires a simple majority of votes. The candidates for the office of Director who have not previously held that position in the company must inform the Board of Directors of their candidacy at least two months before the Ordinary General Meeting.

Only if and when a position of Director prematurely becomes vacant can the remaining Directors appoint (co-opt) a new Director. In such a case the next General Meeting will make the definitive appointment.

The appointment process for Directors is led by the Chairman of the Board. The Nomination and Remuneration Committee submits a reasoned recommendation to the full Board which, on that basis, decides which candidates will be nominated to the General Meeting for appointment. Directors can, as a rule, be reappointed for an indefinite number of terms, provided they are at least 35 and at most 64 years of age at the moment of their initial appointment and they have to resign in the year in which they reach the age of 67.

Amendments to the Articles of Association

The Articles of Association can be amended by the General Meeting in accordance with the Companies Code. Each amendment to the Articles requires a qualified majority of votes.

Authority of the Board of Directors to issue or buy back shares

The Board of Directors is authorized by Article 45 of the Articles of Association to increase the registered capital in one or more times by a maximum amount of €170 000 000. The authority is valid for five years, but can be extended by the General Meeting.

Within the framework of that authority the Board can also, during a period of three years, increase the registered capital, upon receipt by the company of a notice from the CBFA (Banking, Finance and Insurance Commission Belgium) of a public takeover bid, and provided that:

- the shares to be issued are fully paid up upon issue;
- the issue price of such shares is not lower than the price of the bid; and
- the number of shares to be issued does not exceed 10% of the issued shares representing the capital prior to the capital increase.

This authority can also be extended by the General Meeting.

The Board of Directors is authorized by Article 12 of the Articles of Association to acquire a maximum number of shares that, in the aggregate, represent no more than 20% of the issued capital, during a period of five years (that can be extended by the General Meeting), at a price ranging between minimum €1 and maximum 30% above the arithmetic average of the closing price of the share during the last 30 trading days preceding the Board's resolution to acquire.

The Board is authorized to cancel all or part of the purchased shares during the five-year period. The Board is also authorized to acquire shares, if required, to prevent a threatened serious harm to the company, including a public takeover bid. Such authority is granted for a period of three years, but can be extended by the General Meeting.

Articles 12bis and 12ter of the Articles of Association provide rules for the disposal of purchased shares and for the acquisition and disposal of shares by subsidiaries.

The powers of the Board of Directors are more fully described in the applicable legal provisions, the Articles of Association and the Bekaert Charter.

Change of control

NV Bekaert SA is a party to a number of significant agreements that take effect, alter or terminate upon a change of control of the company following a public takeover bid or otherwise. To the extent that those agreements grant rights to third parties that affect the assets of the company or that give rise to a debt or an obligation of the company, those rights were granted by the Special General Meetings held on 13 April 2006, 16 April 2008, 15 April 2009 and 14 April 2010 in accordance with Article 556 of the Companies Code: the minutes of those meetings were filed with the Registry of the Commercial Court of Kortrijk on 14 April 2006, 18 April 2008, 17 April 2009 and 16 April 2010 respectively and are available at www.bekaert.com.

Most agreements are joint venture contracts (describing the relationship between the parties in the context of a joint venture company), contracts whereby financial institutions commit funds to the company or one of its subsidiaries, and service contracts. Each of those contracts contains clauses that, in the case of a change of control of the company, entitle the other party, in certain cases and under certain conditions, to terminate the contract prematurely and, in the case of financial contracts, also to demand early repayment of the loan funds. The joint venture contracts provide that, in the case of a change of control of the company, the other party can acquire the company's shareholding in the joint venture (except for the Chinese joint ventures, where the parties have to agree whether one of them will continue the joint venture on its own, whereupon that party has to purchase the other party's shareholding), whereby the value for the transfer of the shareholding is determined in accordance with contractual formulas that aim to ensure a transfer at an arm's length price.

Other elements

- The company has not issued securities with special control rights.
- The control rights attaching to the shares acquired by employees pursuant to the stock option plans are exercised directly by the employees.
- No agreements have been concluded between the company and its Directors or employees providing for compensation if, as a result of a takeover bid, the Directors resign or are made redundant without valid reason or if the employment of the employees is terminated.

“The dynamics of today’s economy require organizations to be versatile without losing the long-term horizon. Bekaert is privileged in this matter as our global presence enables us to act swiftly wherever growth opportunities arise.”