

 **BEKAERT**

better together

NV BEKAERT SA

**Bekaertstraat 2, 8550 Zwevegem
VAT BE 0405.388.536 RPR Kortrijk**

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

Public offer in Belgium and the Grand-Duchy of Luxembourg
of an expected minimum amount of EUR 100 000 000
4.50 per cent. fixed rate bonds due 23 December 2018 (the '**Bonds**')

Subscription period: from 3 December 2010 at 9:00 am (Brussels time)
through (and including) 21 December 2010 at 4:00 pm (Brussels time) (subject
to early closing of the subscription period)

Issue Price: 101.875 per cent. of the nominal amount of the Bonds

Issue Date: 23 December 2010

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

An investment in the Notes involves certain risks. Prospective investors should
have regard to the factors described under the heading "Risk Factors" on
pages 5 to 11 of the Securities Note and on pages 2 to 6 of the Registration
Document and to the warning set out under the heading 1.3 "Prior warning" of
the Securities Note.

Joint Bookrunners – Joint Lead Managers



BNP PARIBAS
FORTIS



Global Coordinator



BNP PARIBAS
FORTIS

Securities Note concerning the Bonds dated 2 December 2010

This Securities Note (as defined below) concerning the Bonds, together with the Summary and the Registration Document (both as defined below), constitutes the listing, admission to trading and offering prospectus (the '**Prospectus**') for purposes of the transaction referred to in the Securities Note concerning the Bonds, the listing on the Official List of the Luxembourg Stock Exchange and the admission to trading on the regulated market of the Luxembourg Stock Exchange.

This Prospectus is a prospectus in three parts within the meaning of Article 5(3) of Directive 2003/71/EC of the European Parliament and the Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading and amending Directive 2001/34/EC (the '**Prospectus Directive**').

The Securities Note may be circulated separately from the other two documents. The three documents are available free of charge to investors at the head office of NV Bekaert SA in English (as approved by the CSSF), with a translation of the summary into Dutch and French. They are also available free of charge from Fortis Bank NV/SA acting in Belgium under the commercial name BNP Paribas Fortis ('**BNP Paribas Fortis**') - tel.: +32 2 433 40 31 (in Dutch) or +32 2 433 40 32 (in French) and KBC Bank NV – tel.: +32 78 15 21 53. They are also available on the websites of NV Bekaert SA (www.bekaert.com), BNP Paribas Fortis (www.bnpparibasfortis.be/emissies or www.bnpparibasfortis.be/emissions) (under "Save and Invest"), KBC Bank NV (www.kbc.be/obligaties) and the Luxembourg Stock Exchange (www.bourse.lu).

0	Risk factors concerning the Bonds	5
0.1	The Bonds may not be a suitable investment for all investors	5
0.2	Risks with respect to the price setting	5
0.3	There is no active trading market for the Bonds.....	5
0.4	Interest rate fluctuations	6
0.5	The Bonds may be repaid prior to maturity	6
0.6	The Change of Control put.....	6
0.7	Market value of the Bonds.....	7
0.8	Global credit market conditions	7
0.9	Future operating performance of the Issuer.....	7
0.10	Additional indebtedness	8
0.11	Unsecured bonds.....	8
0.12	Belgian insolvency legislation	8
0.13	Representation of Bondholders.....	8
0.14	EU Savings Directive.....	8
0.15	Belgian Withholding Tax.....	9
0.16	Change of law.....	9
0.17	Notices.....	9
0.18	Reliance on the procedures of the X/N Securities Settlement System of the NBB, Euroclear and Clearstream, Luxembourg for transfer, payment and communication with the Issuer	9
0.19	The Domiciliary Agent is not required to segregate amounts received by it in respect of Bonds cleared through the X/N System.....	10
0.20	The Calculation Agent does not assume any fiduciary or other obligations to the Bondholders and, in particular, is not obliged to make determinations which protect or further their interests.....	10
0.21	Exchange rate risks and exchange controls	10
0.22	Potential Conflicts of Interest.	11
0.23	Legal investment considerations may restrict certain investments.....	11
1	Public offering in Belgium and the Grand-Duchy of Luxembourg.....	12
1.1	Approval of the CSSF.....	12
1.2	Responsible persons	12
1.3	Prior warning.....	13
1.4	Selling Restrictions.....	14
1.5	Forward-looking Statements.....	15
2	The Issuer	16
3	Basic information.....	16
3.1	Interest of the natural and legal persons involved in the offer	16
3.2	Reason for the offer and intended use of the proceeds from the issue	16
4	Information on the securities to be offered and admitted to trading – Terms and conditions of the Bonds	17
4.1	Type and categories of Bonds – Identification	17
4.2	Governing Law and Jurisdiction	17
4.3	Form	17
4.4	Currency	18
4.5	Rank	18
4.6	Negative pledge.....	18
4.7	Events of default.....	18
4.8	Rights.....	19
4.9	Nominal interest rate.....	19
4.10	Maturity Date – Repayment.....	20
4.10.1	Repayment on Maturity Date.....	20
4.10.2	Repurchase and cancellation	20
4.10.3	Early repayment in the event of change of control.....	20

4.11	Indication of Yield.....	23
4.12	Notice to the Bondholders	23
4.13	Meeting of Bondholders.....	23
4.14	Authorisations.....	24
4.15	Date of issue	24
4.16	Limitations	25
4.17	Substitution.....	25
4.18	Taxation of the Bonds	25
4.19	Costs of the issue, custody and trading and estimated net proceeds	31
5	Conditions of the offer	31
5.1	Conditions of the offer, statistics of the offer, prepared calendar and details of an application for subscription	31
5.1.1	Conditions of the offer	31
5.1.2	Nominal amount of the issue	32
5.1.3	Subscription period – Subscription procedure	33
5.1.4	Payment date and details.....	33
5.1.5	Early closure and reduction – Allotment	33
5.1.6	Minimum amount.....	34
5.1.7	Delivery	34
5.1.8	Notices to Bondholders	35
5.1.9	Provisions concerning the creation of dematerialised securities	35
5.2	Plan for the bringing to market and the allocation of the securities	35
5.3	Determination of the issue price.....	35
5.4	Subscription.....	36
5.4.1	Co-ordinators	36
5.4.2	Financial agents.....	36
5.4.3	Financial services.....	36
5.5	Financial information concerning the Issuer.....	36
5.6	Syndicate.....	37
6	Admission to trading and regulations for trading.....	37
7	Additional information.....	37

0 Risk factors concerning the Bonds

The risk factors concerning the Issuer are identified in section 0 of the Registration Document.

Prior to taking their investment decision, potential investors are urged to carefully investigate the following risk factors, including the risks associated with the Issuer and those associated with its subsidiaries in general, in addition to the other information in this Prospectus. The risks and uncertainties described below are not the only risks and uncertainties that can affect the Issuer or the Bonds. Other risks and uncertainties that are, on the date of the Prospectus, either unknown or considered immaterial, can still have a harmful effect on company operations or on the capacity to make payments in the context of Bonds or other existing debts. If one of the following risks arises, the activities, financial situation, or operating results of the Issuer could be heavily and adversely affected. In that event, you could completely or partially lose your investment. Certain statements in this section are statements concerning the future (see “Forward-Looking Statements”).

0.1 The Bonds may not be a suitable investment for all investors

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

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained or incorporated by reference in this Prospectus or any applicable supplement;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact the Bonds will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds, including where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understand thoroughly the terms of the Bonds and be familiar with the behaviour of any relevant financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

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

0.2 Risks with respect to the price setting

The Bonds do not have a credit rating at the time of the offer, and the Issuer does not intend to request a credit rating for the Bonds at a later date. Nor can any guarantee be provided that the price of the Bonds, at the time of the offer or at a later date, will cover the credit risk related to the Issuer.

0.3 There is no active trading market for the Bonds

The Bonds are new securities which may not be widely distributed and for which there is currently no active trading market. There is no guarantee that an active market will develop for the trading of the Bonds after their listing and admission to trading. The market for the Bonds can be limited and may not be very liquid. The only manner for the holder of the Bonds to convert his or her investment in the Bonds into cash before their maturity date is to

sell them at the applicable market price at that moment. This price can be less than the nominal value of the Bonds. Moreover, the liquidity of, and the market for Bonds can be adversely affected by numerous factors, including changes in interest rates and volatility on the market for similar securities, as well as changes in the financial situation or results of the Issuer. It is not possible to predict the price at which the Bonds will trade in the market. An application has been submitted for the admission of the Bonds for trading on the regulated market of the Luxembourg Stock Exchange. In the event that put options are exercised in accordance with section 4.10.3, liquidity will be reduced for the remaining Bonds.

0.4 Interest rate fluctuations

The Bonds provide a fixed interest rate until the Maturity Date. An increase in the interest rates in the market can therefore adversely affect the value of the Bonds and result in the Bonds trading at prices lower than the nominal amount of such Bonds.

0.5 The Bonds may be repaid prior to maturity

In the event (i) of the occurrence of an event of default or (ii) the Issuer would choose to repay all outstanding Bonds if Bondholders have submitted Change of Control Put Exercise Notices in respect of a least 85% of the aggregate nominal amount of the Bonds in accordance with Section 4.10.3, the Bonds may be repaid in accordance with their terms and conditions.

In such circumstances, an investor may not be able to reinvest the redemption proceeds (if any) in a comparable security at an effective interest rate as high as that of the Bonds.

0.6 The Change of Control put

The terms and conditions of the Bonds provide that the Bonds are repayable at the option of Bondholders upon the occurrence of a Change of Control.

Accordingly, the put option may arise, at times when prevailing interest rates may be relatively low. In such circumstances, an investor may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the Bonds. Investors should also be aware that the put option may only be exercised in the specified circumstances of a Change of Control as defined in the terms and conditions of the 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 Issuer. Once given, a Change of Control Put Exercise Notice is irrevocable and Bondholders will be required to undertake in the Change of Control Put Exercise Notice not to sell or transfer the relevant Bonds until the relevant Change of Control Put Date.

Bondholders deciding to exercise their put option shall do it through the bank or other financial intermediary through which the Bondholder holds Bonds (the '**Intermediary**') and are advised to check when such Intermediary would require to receive instructions and Change of Control Put Exercise Notices from Bondholders in order to meet the deadlines for such exercise to be effective. The fees and/or costs, if any, of the relevant Intermediary shall be borne by the relevant Bondholders. Qualified Investors exercising their put option by giving notice of such exercise to any paying agent in accordance with the standard procedures of the NBB (as defined under Section 4), Euroclear or Clearstream, Luxembourg in lieu of depositing a Change of Control Put Exercise Notice with an Intermediary are also advised to check by when the relevant clearing system would require to receive notices in order to meet the deadlines for such exercise to be effective.

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

Bondholders should refer to Condition 4.10.3 for a description of the procedures that Bondholders wishing to exercise the put option must follow and the form of the Change of Control Put Exercise Notice.

Bondholders should be aware of the fact that the exercise by any of them of the put option as a result of the occurrence of a Change of Control will only be effective under Belgian law if, prior to the earliest of (a) the Issuer being notified by the CBFA of a formal filing of a proposed offer to the shareholders of the Issuer, or (b) the occurrence of the Change of Control, the general shareholders' meeting of the Issuer has approved the provisions of section 4.10.3 and such resolutions were filed with the clerk of the competent commercial court.

Similarly, Bondholders should be aware of the fact that if (a) a Change of Control occurs prior to the date on which the Issuer's general meeting of shareholders approves the Change of Control clause and the relevant resolutions are filed with the clerk of the competent commercial court; and (b) the above-mentioned resolutions are approved and filed prior to 11 July 2011, then the Bondholders will not be entitled to the increase of the interest rate described in section 4.10.3 below.

0.7 Market value of the Bonds

The value of the Bonds may be affected by the creditworthiness of the Issuer and a number of additional factors, such as market interest and yield rates and the time remaining to the maturity date and more generally all economic, financial and political events in any country, including factors affecting capital markets generally and the stock exchanges on which the Bonds are traded. The price at which a Bondholder will be able to sell the Bonds prior to maturity may be at a discount, which could be substantial, from the issue price or the purchase price paid by such purchaser.

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

0.8 Global credit market conditions

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

0.9 Future operating performance of the Issuer

The Issuer does not have a credit rating and does not intend to apply for a credit rating. The ability to pay the nominal amount of and interest on the Bonds, and on other indebtedness, depends on the future operating performance. The future operating performance depends on the market situation and sector-related factors that are often beyond the control of the Issuer, and consequently the Issuer cannot provide any assurance that it will have sufficient cash flow available to repay the nominal amount, the premium, if applicable, and the interest on the debts.

0.10 Additional indebtedness

In the future, the Issuer could decide to increase its financial indebtedness, which could make it difficult to meet its obligations in the context of the Bonds or could cause the value of the Bonds to decrease. The general conditions of the Bonds do not limit the amount of unsecured debt instruments that the Issuer can issue or other forms of indebtedness (whether secured or unsecured) that the Issuer can incur. If the Issuer incurs additional indebtedness, it may become more difficult for the Issuer to meet its obligations under the Bonds that could lead to a decrease in the market value of the Bonds.

0.11 Unsecured bonds

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

0.12 Belgian insolvency legislation

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

0.13 Representation of Bondholders

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

0.14 EU Savings Directive

Under the EC Council Directive 2003/48/EC on the taxation of savings income (the '**Savings Directive**'), member states of the European Union (the '**EU Member States**' and each a '**EU Member State**') are required to provide to the tax authorities of another EU Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other EU Member State or to certain limited types of entities established in that other EU Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland). On 15 September 2008, the European Commission issued a report to the Council of the European Union on the operation of the Savings Directive, which included the Commission's advice on the need for changes to the Savings Directive. On 13 November 2008, the European Commission published a more detailed proposal for amendments to the Savings Directive, which included a number of suggested changes. The European Parliament expressed its opinion on the proposal on 24 April 2009. Discussions are still ongoing at Council level. If any of those proposed changes are made in relation to the Savings Directive, they may amend or broaden the scope of the requirements described above. If a payment were to be made or collected through a paying agent established in a

state which applies the withholding tax system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor the Paying Agent nor any other person would be obliged to pay additional amounts to the Bondholders or to otherwise compensate Bondholders for the reductions in the amounts that they will receive as a result of the imposition of such withholding tax.

0.15 Belgian Withholding Tax

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

0.16 Change of law

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

0.17 Notices

All notices to be delivered to the Bondholders will be distributed by the Issuer to such Bondholders in accordance with the terms and conditions of the Bonds as described in section 4.12. In the event that a Bondholder does not receive such notices, its rights may be prejudiced but it may not have a direct claim against the Issuer with respect to such prejudice.

0.18 Reliance on the procedures of the X/N Securities Settlement System of the NBB, Euroclear and Clearstream, Luxembourg for transfer, payment and communication with the Issuer

The Bonds will be issued in dematerialised form under the Belgian Company Code and cannot be physically delivered. The Bonds will be represented exclusively by book entries in the records of the X/N Securities Settlement System of the NBB (the '**X/N System**'). Access to the X/N System is available through its X/N System participants whose membership extends to securities such as the Bonds. X/N System participants include certain banks, stockbrokers (*beursvennootschappen/sociétés de bourse*), and Euroclear and Clearstream, Luxembourg. Transfers of interests in the Bonds will be effected between the X/N System participants in accordance with the rules and operating procedures of the X/N System. Transfers between investors will be effected in accordance with the respective rules and operating procedures of the X/N System participants through which they hold their Bonds.

The Issuer, the Domiciliary Agent and the Paying Agent will have no responsibility for the proper performance by the X/N System or the X/N System participants of their obligations under their respective rules and operating procedures. A Bondholder must rely on the procedures of the X/N System, Euroclear Bank SA/NV ('**Euroclear**'), Koning Albert II-laan 1, 1210 Brussels, Belgium, and Clearstream Banking, *société anonyme*, Luxembourg ('**Clearstream, Luxembourg**'), 42, avenue J.F. Kennedy, L-1855 Luxembourg, Grand-Duchy of Luxembourg, to receive payments under the Bonds. The Issuer will have no responsibility

or liability for the records relating to, or payments made in respect of, the Bonds within the X/N System.

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

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

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

BNP Paribas Fortis will act as the Issuer's Calculation Agent. In its capacity as Calculation Agent, it will act in accordance with the terms and conditions in good faith and endeavour at all times to make its determinations in a commercially reasonable manner. However, Bondholders should be aware that the Calculation Agent does not assume any fiduciary or other obligations to the Bondholders and, in particular, is not obliged to make determinations which protect or further the interests of the Bondholders. The Calculation Agent may rely on any information to which it should properly have regard that is reasonably believed by it to be genuine and to have been originated by the proper parties. The Calculation Agent shall not be liable for the consequences to any person (including Bondholders) of any errors or omissions in (i) the calculation by the Calculation Agent of any amount due in respect of the Bonds or (ii) any determination made by the Calculation Agent in relation to the Bonds or interests, in each case in the absence of bad faith or wilful default. Without prejudice to the generality of the foregoing, the Calculation Agent shall not be liable for the consequences to any person (including Bondholders) of any such errors or omissions arising as a result of (i) any information provided to the Calculation Agent proving to have been incorrect or incomplete or (ii) any relevant information not being provided to the Calculation Agent on a timely basis.

0.21 Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Bonds in euro. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the '**Investor's Currency**') other than euro. These include the risk that exchange rates may significantly change (including changes due to devaluation of the euro or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to euro would decrease (1) the Investor's Currency equivalent yield on the Bonds, (2) the Investor's Currency equivalent value of the principal payable on the Bonds and (3) the Investor's Currency equivalent market value of the Bonds.

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

0.22 Potential Conflicts of Interest.

BNP Paribas Fortis and KBC Bank NV (together the '**Joint Lead Managers**') may have conflicts of interests that could have an adverse effect on the interests of the Bondholders. Potential investors should be aware that the Issuer is involved in a general business relation or/and in specific transactions with each of the Joint Lead Managers and that they might have conflicts of interests that could have an adverse effect on the interests of the Bondholders. Potential investors should also be aware that each of the Joint Lead Managers may hold from time to time debt securities, shares or/and other financial instruments of the Issuer.

0.23 Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Bonds are legal investments for it, (2) Bonds can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Bonds. The investors should consult their legal advisers to determine the appropriate treatment of Bonds under any applicable risk-based capital or similar rules.

1 Public offering in Belgium and the Grand-Duchy of Luxembourg

1.1 Approval of the CSSF

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

The Prospectus is made up of separate documents as allowed pursuant to article 8, §3 of the Luxembourg law dated 10 July 2005 relating to prospectuses for securities.

The Securities Note has been prepared in accordance with Chapter II of the EU Regulation no. 809/2004 from the European Commission (the "**Regulation**") and, together with the registration document concerning the Issuer dated 2 December 2010 (the '**Registration Document**') and the summary dated 2 December 2010 (the '**Summary**') concerning the public offering of bonds (the '**Bonds**') in Belgium and the Grand-Duchy of Luxembourg, forms the prospectus, with respect to the transaction referred to in the Securities Note concerning the Bonds (the '**Prospectus**').

The CSSF has supplied the Belgian Banking, Finance and Insurance Commission (the '**CBFA**') with an approval certificate, which certifies that the Prospectus has been prepared in accordance with Directive 2003/71/EC of the European Parliament and the Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading and amending Directive 2001/34/EC ('**Prospectus Directive**').

1.2 Responsible persons

NV Bekaert SA, a *naamloze vennootschap* (public limited liability company) under Belgian law, with its registered office at Bekaertstraat 2, BE-8550 Zwevegem, enterprise number 0405.388.536, RPR/RPM Kortrijk (the '**Issuer**') assumes the responsibility for the information in this Securities Note and the Summary.

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

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

Neither one of the Joint Lead Managers nor any of their respective affiliates has authorised the whole or any part of this Prospectus and none of them makes any representation or warranty or accepts any responsibility as to the accuracy or completeness of the information contained in this Prospectus. Neither the delivery of this Prospectus nor the offering, sale or delivery of any Bond shall in any circumstances create any implication that there has been

no adverse change, or any event reasonably likely to involve any adverse change, in the condition (financial or otherwise) of the Issuer since the date of this Prospectus.

The Summary is translated into French and Dutch. The Issuer assumes responsibility for the translation of the Summary. In the event of discrepancies between the original English version and the French or Dutch translations, the English version shall prevail. In the event of discrepancies between the Summary and the Securities Note, the Securities Note shall prevail.

The three documents are available free of charge to investors at the head office of the Issuer, in English, with a translation of the Summary into Dutch and French. They are also available free of charge from BNP Paribas Fortis (tel.: +32 2 433 40 31 in Dutch or +32 2 433 40 32 in French) and KBC Bank NV (tel: +32 78 15 21 53). They are also available on the websites of the Issuer (www.bekaert.com), of BNP Paribas Fortis (www.bnpparibasfortis.be/emissions or www.bnpparibasfortis.be/emissions) (under "Save and Invest"), of KBC Bank NV (www.kbc.be/obligaties) and of the Luxembourg Stock Exchange (www.bourse.lu).

1.3 Prior warning

The Prospectus has been prepared to provide information on the offer of the Bonds. When potential investors make a decision to invest in the Bonds, they should base this decision on their own research of the Issuer and the conditions of the Bonds, including, but not limited to, the associated benefits and risks, as well as the conditions of the public offer itself. The investors must themselves assess, with their own advisors if necessary, whether the Bonds are suitable for them, considering their personal income and financial situation.

Save for the Issuer, no other party has independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Joint Bookrunners as to the accuracy or completeness of the information contained or incorporated in this Prospectus or any other information in connection with the Issuer or the offering of the Bonds. No Joint Bookrunner accepts any liability, whether arising in tort or in contract or in any other event, in relation to the information contained or incorporated by reference in this Prospectus or any other information in connection with the Issuer, the offering of the Bonds or the distribution of the Bonds other than its own marketing brochure.

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

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

In the event of important new developments, material errors or inaccuracies that could affect the assessment of the securities, and which occur or are identified between the time of the approval of the Prospectus and the final closure of the public offer, or, if applicable, the time at which trading on a regulated market commences, the Issuer will have a supplement to the Prospectus published containing this information. This supplement will be published in the same way the Prospectus has been published. The Issuer must ensure that this supplement is published as quickly as possible.

Investors who have already agreed to purchase or subscribe to securities before the publication of the supplement to the Prospectus, have the right to withdraw their agreement during two Business Days after the publication of the supplement.

1.4 Selling Restrictions

General restrictions

The Prospectus entails a public offer of Bonds in Belgium and the Grand-Duchy of Luxembourg.

Each of the two banks identified on the front page of the Securities Note will have the required approvals, licences and admissions for each of their transactions with respect to the Bonds, including the offer and the sale of Bonds, as well as the circulation of the Prospectus and any form of publicity or other information with regard to the Bonds, and they will comply with all applicable legislation and regulations in each jurisdiction. The special limitations identified below do not prejudice this in any way.

However, the distribution of the Prospectus, as well as the offer and the sale of the Bonds in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer and the Joint Lead Managers to inform themselves about and to observe any such restrictions.

The Prospectus may not be used for, or in the context of, and in no circumstances constitutes, an offer for sale or an invitation to subscribe to the Bonds or to sell them in the context of this Prospectus, in any country where such an offer or invitation would be illegal. Each Joint Bookrunner undertakes to uphold the law and regulations that apply for the offer and the sale of Bonds in each country in which these Bonds would be subscribed to.

European Economic Area, except Belgium and the Grand-Duchy of Luxembourg

In each Member State of the European Economic Area – with the exception of Belgium and the Grand-Duchy of Luxembourg – which has implemented the Prospectus Directive, the Bonds may only be sold to the following persons:

- (a) Legal entities which are authorised or regulated to operate in the financial markets, including: credit institutions, investment firms, other authorised or regulated financial institutions, insurance companies, institutions for collective investment schemes and their management companies, pension funds and their management companies, commodity dealers, as well as entities not so authorised or regulated whose corporate purpose is solely to invest in securities;
- (b) national and regional governments, central banks, international and supranational institutions such as the International Monetary Fund, the European Central Bank, the European Investment Bank and other similar international organisations;
- (c) other legal entities which meet two of the three following criteria: (i) an average number of employees during that last financial year of at least 250 people; (ii) a balance sheet total in excess of 43 000 000 euros and (iii) an annual net turnover in excess of 50 000 000 euros, as shown by their most recent annual or consolidated accounts;
- (d) less than 100 natural or legal persons, other than qualified investors as stipulated in the Prospectus Directive;

- (e) as well as in all other circumstance in which no publication is required from the Issuer of a prospectus in accordance with article 3.2 of the Prospectus Directive, as implemented in the national laws of the Member State of the European Economic Area concerned.

In this section, the expression 'public offer' means every communication in any form and through any medium whatsoever to people, and containing sufficient information concerning the conditions of the offer and the securities to be offered, such that an investor is able to decide on the purchase of, or the subscription to these securities, in such a manner that this definition could be amended in each respective Member State by each measure implementing the Prospectus Directive.

United States

The Bonds are not and will not be registered under the US Securities Act of 1933 and may not be offered or sold in the United States, or to, or for the account of, or to the benefit of American persons (**US persons**), as stipulated in the US Securities Act, unless in transactions that are exempted from or do not require registration under the US Securities Act. The Bonds are subject to the rules of American tax law and may not be offered, sold or distributed in the United States or to American persons (**US persons**), unless in transactions that are permitted under US tax legislation.

1.5 Forward-looking Statements

This Prospectus contains forward-looking statements, including statements on the Issuer's convictions and expectations, and statements concerning projections and future goals. These statements are based on the current plans, estimates, assumptions and projections from the Issuer, as well as on its expectations concerning various circumstances and events.

Forward-looking statements contain inherent risks and uncertainties, and only have any value on the date that they are made. The Issuer does not undertake in any manner whatsoever to amend or update these, unless required by law. The Issuer warns potential investors that a number of important factors can cause the actual results or consequences to differ significantly from the results and consequences as described in forward-looking statements. These factors include, but are not limited to, the following: macroeconomic developments; legislative developments; and other factors described in this Prospectus, such as those in the discussion of the 'Risk factors', among others.

2 The Issuer

The Issuer is a *naamloze vennootschap* (public limited liability company) under Belgian law, with a share capital of 176 013 000 euros on the date of this Prospectus, having its registered office at Bekaertstraat 2, BE-8550 Zwevegem, with enterprise number 0405.388.536, RPR/RPM Kortrijk. The telephone number of the Issuer is +32 56 23 05 35.

See also section 13.1 of the Registration Document.

The terms and conditions of the Bonds that are the subject of this Securities Note are included in section 4 below.

3 Basic information

3.1 Interest of the natural and legal persons involved in the offer

In this case, there is no interest that could significantly affect the offer.

3.2 Reason for the offer and intended use of the proceeds from the issue

The net proceeds of the Bonds will be used to repay certain bank indebtedness and to fund important capital investments in emerging countries such as China, India, Indonesia and Russia. With this bond issue, Bekaert aims to achieve an optimal balance between short-term and long-term debt, on the one hand, and between bank financing and financing through the capital markets, on the other hand.

4 Terms and conditions of the Bonds

The following are the terms and conditions substantially in the form in which they will be endorsed on the Bonds. The issue of 4.50% fixed rate bonds due 23 December 2018 (the '**Bonds**') by NV Bekaert SA (the '**Issuer**') was authorised by resolutions of the Issuer's Board of Directors adopted on 9 November 2010 and 1 December 2010. The issue date of the Bonds will be 23 December 2010.

A paying and domiciliary agency agreement (the '**Paying and Domiciliary Agency Agreement**') will be entered into in relation to the Bonds between the Issuer and Fortis Bank NV/SA as paying agent and domiciliary agent (the '**Paying Agent**' or the '**Domiciliary Agent**') on the issue date of the Bonds at the latest. Copies of the Paying and Domiciliary Agency Agreement are available for inspection during normal business hours at the registered office of the Domiciliary Agent (Warandeborg 3, 1000 Brussels, Belgium). The holders of the Bonds (the '**Bondholders**') are bound by and are deemed to have notice of all the provisions of the Paying and Domiciliary Agency Agreement applicable to them. A clearing agreement in Dutch dated 2 December 2010 has been entered into in relation to the clearing of the Bonds between the Issuer, the National Bank of Belgium, de Berlaimontlaan 14, 1000 Brussels, Belgium (the '**NBB**') and the Domiciliary Agent.

4.1 Type and categories of Bonds – Identification

The Bonds give right to the payment of an annual interest and are repayable at their nominal value on the Maturity Date. The Bonds will be identified by the ISIN code BE6213295577 and the Common Code 056709550. Settlement will occur through the X/N System of the NBB.

4.2 Governing Law and Jurisdiction

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

4.3 Form

The Bonds are issued in dematerialised form in accordance with Article 468 of the Belgian Company Code and cannot be physically delivered. The Bonds will be exclusively represented by book-entries in the records of the X/N System operated by the NBB or any successor thereto. The Bonds can be held by their holders through participants in the X/N System, including Euroclear and Clearstream, Luxembourg and through other financial intermediaries which in turn hold the Bonds through Euroclear and Clearstream, Luxembourg, or other participants in the X/N System. The Bonds are accepted for clearance through the X/N System, and are accordingly subject to the applicable Belgian clearing regulations, including the Belgian law of 6 August 1993 on transactions in certain securities, its implementing Belgian Royal Decrees of 26 May 1994 and 14 June 1994 and the rules of the X/N System and its annexes, as issued or modified by the NBB from time to time. Title to the Bonds will pass by account transfer. The Bonds may not be exchanged for bonds in bearer form.

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

4.4 Currency

The Bonds are denominated in euros with denominations of EUR 1 000.

4.5 Rank

The Bonds are direct, unconditional, unsubordinated and (subject to section 4.6) unsecured obligations of the Issuer. The Bonds rank and will at all times rank *pari passu*, without any priority among themselves and equally with all other existing and future unsubordinated and unsecured bonds or other debt securities of the Issuer.

4.6 Negative pledge

The Issuer undertakes, so long as any amount due in respect of the Bonds remain outstanding, not to grant any security interest or other rights of priority in favour of other creditors over its assets unless the 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 securities of the Issuer, traded on a regulated market, a private market or otherwise, and with an original maturity in excess of one year.

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

4.7 Events of default

If any of the following events occurs and is continuing then any Bond may, by notice in writing given by any holder of the bond to the Issuer at its registered office with a copy to the Domiciliary Agent at its specified office, be declared immediately due and repayable at its nominal amount together with accrued interest (if any) to the date of payment, without further formality:

- (a) Non-Payment: the Issuer fails to pay the nominal amount of or interest on any of the Bonds when due and such failure continues for a period of five (5) Business Days (as defined hereafter under 4.10.3);
- (b) Breach of Other Covenants, Agreements or Undertakings: the Issuer does not perform or comply with any one or more of its other covenants, agreements or undertakings in the Securities Note which default is not remedied within fifteen (15) Business Days after notice of such default shall have been given to the Issuer by any Bondholder; or
- (c) Cross-Default: any other present or future indebtedness of the Issuer for or in respect of moneys borrowed or raised is not paid when due or, as the case may be, within any applicable grace period, provided that the aggregate amount of the relevant indebtedness, in respect of which one or more of the events mentioned above in this paragraph (c) have occurred equals or exceeds 20 000 000 euros or its equivalent; or
- (d) Insolvency: the Issuer is judicially determined or formally admitted to be insolvent or bankrupt or unable to pay its debts as they fall due, stops, suspends or announces its intention to stop or suspend payment of all or, a material part of (or of a particular type of) its debts or proposes or makes a general assignment or an

- arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is declared or comes into effect in respect of all or any part of (or of a particular type of) the debts of the Issuer; or
- (e) Winding-up: an order is made or an effective resolution passed for the winding-up or dissolution of the Issuer;
 - (f) Reorganisation: the Issuer disposes of all or substantially all of its assets or ceases to carry on all or substantially all of its business other than: (i) on terms approved by the general meeting of Bondholders; (ii) as a result of a transfer of its assets or its business to any person that is directly or indirectly controlled by the Issuer (whereby '**control**' has the meaning ascribed to such term in Article 5 of the Belgian Company Code) and such person becomes the New Issuer pursuant to section 4.17 (without regard to the 75% 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% of the aggregate assets or business of the Issuer prior to such reorganisation, then transferees that in the aggregate (together with the New Issuer) assume at least 75% of the aggregate assets or business of the Issuer prior to such reorganisation shall severally guarantee the obligations of the New Issuer under the Bonds); or (iii) for the purposes of or pursuant to any other form of reorganisation or restructuring while solvent (other than those set forth under (ii) above) that does not adversely affect the interests of the Bondholders; or
 - (g) Delisting: the cancellation or suspension of trading of the Bonds on the regulated market of the Luxembourg Stock Exchange during 15 consecutive Business Days as a result of a default of the Issuer, except if the Issuer obtains the effective listing of the Bonds on another regulated market of the European Economic Area at the latest upon expiration of this period.

4.8 Rights

The Bonds are tradable bonds that represent a debt, issued by the Issuer. They give right to payment of annual interest, the repayment of the nominal value on the Maturity Date, the right to request early repayment in the event of a Change of Control in accordance with section 4.10.3 of this Securities Note, and all rights granted by company law to the Bondholders of a company.

4.9 Nominal interest rate

The Bonds will give right to interest amounting to an annual interest rate of 4.50 % (gross) with effect from 23 December 2010 (included) until 23 December 2018 (not included), payable after an expired term on 23 December of each year and for the first time on 23 December 2011, *i.e.*, 45 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 Bonds is not a Business Day, the payment will be due on the next Business Day. This deferral does not provide any right to additional interest or any other payment.

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

Interest due on the Bonds shall be time-barred in favour of the Issuer after five years commencing from their maturity date, and the repayment of the nominal amount of the Bonds shall be time-barred after 10 years from the date set for its repayment.

4.10 Maturity Date – Repayment

4.10.1 Repayment on Maturity Date

Unless previously purchased and cancelled or repaid as herein provided, the Bonds will be repaid by the Issuer at their nominal value on 23 December 2018 (the '**Maturity Date**').

If the Maturity Date is not a Business Day, the payment will be due on the next Business Day. Such deferral does not give any right to additional interest or any other payment.

4.10.2 Repurchase and cancellation

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

4.10.3 Early repayment in the event of change of control

(a) Definitions

'**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 BNP Paribas Fortis or such other leading investment, merchant or commercial bank as may be appointed from time to time by the Issuer for purposes of calculating the Put Repayment Amount, and notified to the Bondholders in accordance with section 4.12.

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

'**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 Bondholders.

'Change of Control Resolutions' means one or more resolutions duly adopted at a general shareholders' meeting of the Issuer approving the provisions of section 4.10.3.

'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 1 April 2007 on public takeover bids or any amendment thereof).

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

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

'Repayment Rate' means $\text{MIN} (101\%; 100\% \times \text{Exp} (T \times 0.74720148386\%))$, rounded down to the 9th decimal.

'T' means the time, expressed in decimals of a year, elapsed from (and including) the date of issue of the 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 Bonds on the date of issue of the Bonds up to the Maturity Date in accordance with the Royal Decree of 26 May 1994 on the deduction of withholding tax, which requires that in relation to Bonds that can be traded on N accounts, if investors exercise a right to have the Bonds repaid early, the actuarial return cannot exceed the actuarial return of the Bonds upon the issue up to the final maturity by more than 0.75 points.

'TARGET2 System' means the Trans-European Automated Real-Time Gross Settlement Express Transfer payment system which utilises a single share platform and which was launched on 19 November 2007.

(b) Principles

In the event that a Change of Control occurs, each Bondholder will have the right to require the Issuer to repay its Bond(s) on the Change of Control Put Date at the Put Repayment Amount.

To exercise such right, the relevant Bondholder must complete and deposit with his/her Intermediary (for further delivery to the Issuer) at any time during the Change of Control Put Exercise Period a duly completed and signed notice of exercise (a **'Change of Control Put Exercise Notice'**) substantially in the form attached to this Securities Note and obtainable upon request during usual business hours from the specified office of the Domiciliary Agent or on the website of the Issuer.

The Intermediary will arrange for the delivery of the Bonds to the account of a Paying Agent for the account of the Issuer by no later than the second Business Day following the end of the Change of Control Put Exercise Period on a delivery against payment basis on the Change of Control Put Date.

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

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

(c) Approval by general shareholders' meeting

Bondholders should note that the exercise by any of them of the option set out in this section 4.10.3 will only be effective under Belgian law if, prior to the earliest of (a) the Issuer being notified by the CBFA of a formal filing of a proposed offer to the shareholders of the Issuer or (b) the occurrence of the Change of Control, the Change of Control Resolutions (x) have been approved by the shareholders of the Issuer in a general shareholders' meeting and (y) such resolutions have been filed with the clerk of the commercial court (*griffie van de rechtbank van koophandel*) of Kortrijk.

The Issuer hereby undertakes to (a) submit the Change of Control Resolutions for approval at the general shareholders' meeting of the Issuer scheduled to be held on 11 May 2011 and (b) file a copy of the Change of Control Resolutions immediately after approval. If a Change of Control occurs prior to such approval and filing, Bondholders will not be entitled to exercise the option set out in this section 4.10.3. There can be no assurance that such approval will be granted at such meeting.

If by not later than 11 July 2011:

(a) the Change of Control Resolutions are not adopted at a general shareholders' meeting of the Issuer; or

(b) the Change of Control Resolutions have not been duly filed with the clerk of the commercial court of Kortrijk;

then, with effect from the interest period starting on the first interest payment date following 11 July 2011, the rate of interest payable on the Bonds shall be increased by 0.50% per annum.

(d) Issuer's Call

If, as a result of this section 4.10.3, Bondholders submit Change of Control Put Exercise Notices in respect of at least 85% of the aggregate nominal amount of the Bonds for the time being outstanding, the Issuer may, having given not less than 15 nor more than 30 days' notice to the Bondholders in accordance with section 4.12 (which notice shall be irrevocable and shall specify the date fixed for repayment), repay all (but not some only) of the Bonds then outstanding at the Put Repayment Amount. Payment in respect of any such Bond shall be made as specified above.

(e) Change of Control Notice

Within ten (10) Business Days following a Change of Control, the Issuer shall give notice thereof to the Bondholders in accordance with section 4.12 (a '**Change of Control Notice**').

The Change of Control Notice shall contain a statement informing Bondholders of their entitlement to exercise their rights to require repayment of their Bonds pursuant to section 4.10.3. The Change of Control Notice shall also specify:

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

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

4.11 Indication of Yield

The gross actuarial yield for the investors in the Bonds amounts to 4.22%. This yield is calculated on the basis of the issue price (including the placing costs), of the payment of interest amounts during the period to maturity of the Bonds and of the repayment amount of the Bonds on the Maturity Date. For the calculation only the issue price and the interest rate are taken into account and it is assumed that the Bonds were purchased on the primary market and held until maturity.

The pricing of the 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.

4.12 Notice to the Bondholders

Notices intended for the Bondholders must be published in at least one Dutch-language and one French-language wide-circulation newspaper in Belgium and on the websites of the Luxembourg Stock Exchange (www.bourse.lu) and the Issuer. The Issuer must ensure that the notices to the Bondholders are published as quickly as possible in accordance with law.

The effective publication date of a notice to the Bondholders is the day of the first publication and in the case of publication of a notice to Bondholders in various newspapers, the effective publication date coincides with the date of the first publication of this notice in the newspapers involved. The convocation for a general meeting of Bondholders will be communicated to the Bondholders in accordance with section 4.13.

4.13 Meeting of Bondholders

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

The general meeting of Bondholders has the power to decide all changes to the terms and conditions of the Bonds to the extent and in the manner provided by Article 568 and following of the Belgian Company Code, to decide on acts of custody in the common interest and, if applicable, to appoint one or more authorised representatives to execute the decisions taken by the meeting and represent the Bondholders in the framework of the issue. The decisions are binding on all Bondholders, even for those who are absent, in situations of legal incapacity or who do not vote in favour.

The meeting can be convened by the Board of Directors of the Issuer or its statutory auditors. They must convene meetings at the request of Bondholders who represent at least one fifth of the aggregate nominal amount of Bonds then outstanding. The convocation for each general meeting includes the agenda with the list of matters 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 Bonds are held in a custody account, at the place stated in the convocation letter at least three Business Days before the date of the meeting. At each meeting, a presence list will be made.

The general meeting of the Bondholders will be chaired by the chairman of the Issuer's Board of Directors or, if unable to attend, by another director. The chairperson appoints a secretary, who may not be a Bondholder, and selects two vote recorders from the Bondholders present. Each Bondholder can be represented at the general meeting by a proxy, who does not have to be a Bondholder. The Issuer's Board of Directors can determine the form of the proxies. The proxies must be lodged at least three Business Days before the date of the meeting at the registered office of the Issuer.

Each Bond provides a right to one vote. In accordance with Article 574 of the Belgian Company Code, the meeting can only validly deliberate and decide if those present represent at least half of the aggregate nominal amount of the Bonds then outstanding. 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 Bonds present or represented. The decisions will be passed with at least a three-quarter majority of the Bonds taking part in the voting. Decisions concerning acts of custody, or the appointment of authorised representatives, will be validly approved with a simple majority, regardless of the number of Bonds present or represented.

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

The Paying Agent and the Issuer may, without the permission of the Bondholders, agree to any amendment to the Paying and Domiciliary Agency Agreement except as described above, which is not prejudicial to the interests of the Bondholders, or to each modification of the Bonds, the coupons or the Paying and Domiciliary 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 for all Bondholders and any such modification shall be notified to the Bondholders in accordance with section 4.12 as soon as practicable thereafter.

4.14 Authorisations

The Issuer's Board of Directors granted permission for the issue of the Bonds by resolutions adopted on 9 November 2010 and 1 December 2010.

4.15 Date of issue

The Bonds will be issued on 23 December 2010.

4.16 Limitations

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

4.17 Substitution

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

- (a) the New Issuer expressly assumes all obligations undertaken by the Issuer and arising under the Bonds;
- (b) the New Issuer is a company established in Belgium that, directly or indirectly, is controlled by, controlling or under common control with the Issuer (for purposes of this section 4.17, '**control**' means that the controlling person, directly or indirectly, owns at least 75% of the voting rights of the controlled person);
- (c) the New Issuer obtains in advance all the necessary licences in Belgium to transfer to the bank charged with the financial servicing of the loan, the amounts in euros required to meet the repayment of the nominal amount and the payment of the interest amounts for this loan; and
- (d) the Issuer unconditionally and irrevocably guarantees the obligations of the New Issuer.

In the case of such a substitution, the terms and conditions of the Bonds shall remain unchanged and the New Issuer shall be bound by such terms and conditions as if it were the original issuer of the Bonds. In the case of such a substitution, the rights and obligations of the Issuer that are defined under the Paying and Domiciliary Agency Agreement will be fully transferred to the New Issuer. The Bondholders will be informed of every substitution of the Issuer in accordance with the provisions of section 4.12.

4.18 Additional securities

The Issuer may from time to time, without the consent of the Bondholders, create and issue additional securities having the same terms and conditions as the Bonds in all respects (or in all respects except for the first interest payment on them) and so that such additional securities shall be consolidated and form a single series with the Bonds or upon such terms as the Issuer may determine at the time of their issue. References in this section 4 to the Bonds include (unless the context requires otherwise) any additional securities issued pursuant to this section 4.18 and forming a single series with the Bonds.

4.19 Taxation of the Bonds

4.19.1 Taxation in Belgium

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

4.19.1.1 Belgian withholding tax

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

According to Belgian tax law, the term interest not only includes the annual interest payments, but also any amount paid or granted in excess of the issue price, regardless of whether or not the granting has occurred before the maturity date set in the agreement.

The payments of interest by or on behalf of the Issuer are, however, exempt from withholding tax provided that, at the moment of attribution or payment, the Bonds are held by certain beneficial investors (the '**Beneficial Investors**', see below) on a tax-exempt custody account (called an '**X account**') opened by an institutional account holder that is directly or indirectly a participant ('**Participant**') in the X/N System managed by the NBB ('the **X/N System**').

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

The Participants in the X/N System must enter the Bonds that they hold on account for Beneficial Investors on an X account. According to current Belgian tax law, the categories of Beneficial Investors are primarily as follows:

1. domestic companies subject to Belgian corporate income tax;
2. institutions, associations or companies referred to in article 2, §3 of the Law of 9 July 1975 concerning the supervision of insurance companies;
3. semi-governmental organisations for social security and equivalent organisations referred to in article 105, 2° of Belgian Royal Decree implementing the Income Tax Code of 1992 (*Wetboek van de inkomstenbelastingen van 1992*; hereinafter: '**W.I.B. 92**');
4. non-residents of Belgium, referred to in article 105, 5° of the same decree;
5. investment funds established in the context of pension savings, referred to in article 115 of the same decree;
6. taxpayers referred to in article 227, 2° of the W.I.B. 92, that are subject to the taxation of non-residents in accordance with article 233 of the W.I.B. 92 and who have used these income-bearing capital amounts for their professional activities in Belgium;
7. the Belgian State, for its investments that are exempt from withholding tax in accordance with article 265 W.I.B. 92;
8. organisations for group investments under foreign law, that have an undivided capital base, are managed by a management company, for the account of the participants, when their participation rights are not publicly issued in Belgium and are not traded in Belgium;
9. domestic companies not referred to in 1 above, of which the activity mainly consists of providing credit lines and loans.

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

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

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

- individuals residing in Belgium for tax purposes;
- legal entities (*i.e.*, other than companies) that are subject to the tax on legal entities, such as non-profit associations other than those mentioned under 2. and 3. above; and
- Belgian pension funds that have assumed the form of an *Organisme voor de Financiering van de Pensioenen* (Organisation for Financing of Pensions) referred to in the Law of 27 October 2006.

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

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

- A transfer from an N account to an X Account gives rise to the payment by the transferor non-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 Bonds between two X Accounts do not give rise to any adjustment on account of withholding tax.
- Transfers of Bonds between two N Accounts give rise to the payment by the transferor non-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.

4.19.1.2 Belgian income tax

4.19.1.2.1 Individuals residing in Belgium

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

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

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

Other rules might apply to Belgian natural persons who hold Bonds outside the normal administration of their private capital, or within the framework of a professional activity.

4.19.1.2.2 Companies subject to Belgian corporate income tax

The interest that is attributed or paid to a Bondholder that is subject to Belgian corporate income tax, as well as the gains realised as a result of the transfer of the Bonds, are subject to corporate income tax at the rate of 33.99%. The losses realised upon the transfer of the Bonds are deductible in accordance with the applicable rules.

4.19.1.2.3 Belgian legal entities

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

Belgian legal persons qualifying as Beneficial Investors of the second category (see Section 4.18.1.1. Belgian Withholding Tax) will receive the interest without deduction of withholding tax, but, pursuant to article 262, 1° W.I.B. 92, must themselves declare and pay the withholding tax.

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

4.19.1.2.4 Organisations for financing of pensions (*Organismen voor de Financiering van Pensioenen*)

The interest that is granted or made payable to Belgian pension funds that have assumed the form of an organisation for financing of pensions (*Organisme voor de Financiering van de Pensioenen* – ‘OFP’) as referred to in the Law of 27 October 2006, according to the current legislation is subject to a withholding tax of 15% (OFPs are not Beneficial Investors). This withholding tax can be credited against the corporate income tax payable by the OFP and each excess is, in principle, refundable.

4.19.1.2.5 Non-residents

Bondholders who are not resident in Belgium for tax purposes and who have not attributed the Bonds to a permanent establishment to which they have access in Belgium, are not taxable on income or capital gains obtained as a result of holding or transferring the Bonds, subject to the condition that they qualify as Beneficial Investors and hold their Bonds on an X account.

4.19.1.3 European Savings Directive

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

Under the EU Savings Directive, Member States are since 1 July 2005 required to provide the tax authorities of other Member States or the tax authorities of certain dependant and associated territories (hereinafter, the "**Dependent and Associated Territories**"), details of payments of interest and other similar income paid by a paying agent (within the meaning of the EU Savings Directive) to (or under certain circumstances, to the benefit of) an individual resident in another Member State or resident in a Dependent and Associated Territory

(hereinafter the "**Disclosure of Information Method**"), except that Austria and Luxembourg are instead required (unless they elect otherwise) to impose a source tax (hereinafter the "**Source Tax**") for a transitional period, unless the beneficiary of the interest payments elects for the exchange of information. The ending of such transitional period depends on the conclusion of certain other agreements relating to the exchange of information with certain other countries.

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

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

4.19.1.4 Taxation of the bonds in the Grand-Duchy of Luxembourg

The current legislation of Luxembourg contains the following provisions for the purchasing, holding and transferring of bonds (the '**Bonds**'). The following information is of a general nature and is not intended to deal with all the following aspects of taxation in Luxembourg that ensure from an investment in Bonds.

Candidate investors are therefore urged to consult their usual tax advisor to ascertain what tax treatment is applicable in their own specific case concerning the purchasing, holding and transferring of bonds.

(a) Luxembourg Withholding

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

(b) Investors, individuals and certain other entities that are not tax residents of Luxembourg

Pursuant to the Luxembourg Law of 21 June 2005 (i) implementing the Savings Directive and (ii) containing approval of specific dependent or associated territories of the European Union (the '**Territories**') concerning the savings taxation agreements entered into (the '**Agreements**'), a withholding tax will be levied on the interest and other income equated with interest. This withholding tax is applicable on interest income paid by paying agents established in Luxembourg in favour of actual beneficiaries, individuals and other entities (i.e. entities of the Residual category in the meaning of the Savings Directive or the Agreements) who are tax residents of another Member State of the European Union or of the Territories. The rate of this withholding tax amounts to 20% until 30 June 2011 and 35% from 1 July 2011.

No withholding tax will be applied if the actual beneficiary (only the individuals who are tax residents in another Member State of the European Union or of one of the Territories) provides the paying agent in Luxembourg with a certificate in his or her name to the competent administration of his or her State of tax residence certifying that the income has been declared. Luxembourg has also accepted the principle of the exchange of information with the explicit permission of the actual beneficiary, i.e. the providing of the information to

the competent authority of his or her state of residence (for individuals who are tax residents of another Member State of the European Union) or of the State in which it is incorporated (for the entities belonging to the Residual category and which are incorporated in another Member State of the European Union or in one of the Territories).

(c) Investors, individuals who are tax residents of Luxembourg

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

The withholding tax extinguishes the tax liability if the interest received by the individual person is collected in the context of his or her private activities. Individuals of 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 21 June 2005 and 23 December 2005, a withholding tax will be withheld by the Luxembourg paying agent in the sense of both these identified laws.

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

(d) Capital gains

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

(e) Investors, legal entities that are tax residents of Luxembourg

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

(f) 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 has its tax residence in Luxembourg, or if (ii) the Bonds are connected to a permanent establishment in Luxembourg of a company that does not have its tax residence in Luxembourg.

(g) Other taxes

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

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

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

4.20 Costs of the issue, custody and trading and estimated net proceeds

The legal, administrative and other costs associated with the issue of Bonds are covered by a lump sum paid by the Issuer to the Global Coordinator of 120 000 euros to pay these costs. This lump sum is not taken into account in the issue price of the Bonds.

The expenses and taxes charged to the subscribers or purchasers of Bonds only include:

- A selling commission amounting to 1.875% of the total aggregate nominal amount of the Bonds. This selling commission is included in the issue price of the Bonds.
- Except for the selling commission described above, there are no costs of subscription with the Joint Bookrunners. Costs of maintaining the Bonds on the custody account are published on the following websites: for BNP Paribas Fortis (www.bnpparibasfortis.be) and for KBC Bank NV (www.kbc.be - Sparen en Beleggen – Effecten rekening – Tarieven);
- Tax on stock market transactions. A tax on stock market transactions is applied to transactions related to the Bonds and which are executed on the secondary market (contrary to this, such tax is not to be borne by investors upon their original subscription on the primary market) via a professional intermediary based in Belgium. Purchases and sales are taxable transactions. The tax rate is 0.07%, to be calculated on the purchase and sale price. The law does limit the tax, however, to € 500 per transaction and per party. Some investors who trade for their own account, qualify for exemption from the tax (article 126/1,2° *Wetboek Diverse Rechten en Taksen*): including non-residents (provided they can confirm their status of non-resident by means of a certificate) and Belgian institutional investors such as banks, broking firms and some insurance companies;

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

The estimated net proceeds for the Issuer of the Bonds will be equal to an amount in euro that is the product of (i) the Issue Price minus the selling commission of 1.875% for the Bonds, and (ii) the total number of Bonds, whereby the cost at the expense of the Issuer, as mentioned under Section 4.19, first paragraph, must be deducted from the result.

5 Conditions of the offer

5.1 Conditions of the offer, statistics of the offer, prepared calendar and details of an application for subscription

5.1.1 Conditions of the offer

The offer is subject to specific conditions negotiated between the Joint Bookrunners and the Issuer that are included in the Subscription Agreement (the '**Subscription Agreement**'), as specified in Section 5.6. The conditions must be satisfied no later than the issue date of the Bonds. The main conditions are the following:

No later than the issue date of the Bonds, the Joint Bookrunners must have received the following documents:

- a copy of the Articles of Association of the Issuer up to date as at the issue date of the Bonds; and
- a signed copy of the decision by the Issuer's Board of Directors authorising the issue of the Bonds, and of the decision by the authorised parties approving the final conditions of the issue of Bonds; and
- a management report issued by the auditors of the Issuer, addressed to the Joint Bookrunners, containing those elements requested by the Joint Bookrunners; and
- a confirmation bearing the name, the title and a signature specimen of the persons authorised to sign all contracts or all other documents associated with the issue of Bonds; and
- a capacity legal opinion of the internal legal counsel of the Issuer confirming the competence of the Issuer and of the powers of the signatory of all documents related to the issue of the Bonds by the Issuer and a legal opinion from the legal advisors to the Joint Bookrunners in respect of the enforceability of the agreements entered into in respect of the issue of the Bonds and, when issued and paid for, the Bonds; and
- a certificate bearing the signature of the person who is authorised by the Issuer, which confirms that the Issuer has no knowledge of any material adverse changes on the issue date of the Bonds.

Furthermore, the implementation and settlement of the issue of the Bonds will occur subject to the following conditions:

- no significant adverse changes occur with respect to the situation of the Issuer, which will only be identified at the discretion of the Joint Bookrunners; and
- no force majeure can be invoked, which will only be identified at the discretion of the Joint Bookrunners; and
- the receipt of all internal (from the Issuer) and external (from the CSSF and the Luxembourg Stock Exchange) approvals.

5.1.2 Nominal amount of the issue

The aggregate nominal amount of the Bonds is expected to amount to minimum 100 000 000 euros, each represented by dematerialised securities in denominations (nominal value) of 1 000 euros.

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

- the funding needs of the Issuer, which could evolve during the subscription period of the Bonds;
- the levels of the interest rates and of the credit spread of the Issuer during the subscription period of the Bonds;
- the level of demand from investors for the Bonds as observed during the subscription period and as communicated by the Joint Lead Managers to the Issuer on a daily basis;
- the occurrence or not of certain events during the subscription period of the Bonds giving the possibility to the Issuer and/or the Joint Lead Managers to early terminate

- the subscription period or not to proceed with the offer and the issue in accordance with section 5.1.5; and
- the fact that the Bonds, if issued, will have a minimum aggregate amount of minimum 5 000 000 euros.

Once determined in accordance with the above-mentioned criteria, the final aggregate nominal amount of the Bonds that will be issued will be notified to the Bondholders by the Issuer in accordance with Section 4.12, including on the website of the Luxembourg Stock Exchange (www.bourse.lu), at the latest on 23 December 2010.

Considering the fact that the Joint Bookrunners have not taken a firm underwriting commitment towards the Issuer, the aggregate nominal amount of the Bonds that will be issued can be lower than 100 000 000 euros. Once determined, the aggregate nominal amount of the Bonds that will be issued will be notified by the Issuer in accordance with Section 4.12.

5.1.3 Subscription period – Subscription procedure

From 3 December 2010 at 9:00 a.m. (Brussels time) to 21 December 2010 at 4:00 p.m. (Brussels time), subject to early closure.

The investors who wish to purchase the Bonds are requested to subscribe at the counters or via the websites of the banks identified in section 5.4.2 after having read the entire Prospectus and, on the basis of this, among other things, to have decided whether or not to subscribe to the offered Bonds.

The applications can also be submitted via agents or any other financial intermediaries in Belgium or the Grand-Duchy of Luxembourg. In this case, the investors must obtain information concerning the commission fees that the financial intermediaries can charge. These commission fees are charged to the investors.

5.1.4 Payment date and details

The payment date is 23 December 2010. The payment for the Bonds can only occur in euros by means of debiting from a current account.

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

Subsequently, the Domiciliary Agent, at the latest on the settlement date, divides the amounts of the subscribed securities between each of the account holders of the subscribers against payment of the price for subscription, in accordance with the usual operating rules of the X/N settlement system.

5.1.5 Early closure and reduction – Allotment

The subscription period may be shortened by the Issuer during the subscription period with the consent of the Joint Bookrunners (i) as soon as the total amount of the Bonds reaches 100 000 000 euros, or (ii) in the event that a major change in market conditions occurs.

The Issuer may, with the consent of the Joint Bookrunners, decide to limit the aggregate nominal amount of the Bonds if the subscription period is closed early in response to a major change in market conditions (among others, but not limited to: a change in national or

international financial, political or economic circumstances, exchange rates or interest rates) or a material adverse change in the financial condition of the Issuer.

The Issuer has reserved the right not to proceed with the Bond issue if at the end of the subscription period, the aggregate nominal amount of the Bonds that have been subscribed for is lower than 5 000 000 euros.

In addition, the offer is subject to specific conditions negotiated between the Joint Bookrunners and the Issuer that are included in the Subscription Agreement, and in particular, the obligations of the Joint Bookrunners under the Subscription Agreement could terminate, *inter alia*, as set out in section 5.1.1.

Allotment of the Bonds will be made in accordance with the following objective allotment criteria:

(a) the subscriptions from investors who are not qualified investors (as defined in the Prospectus Directive) received via the Joint Bookrunners will be served in the chronological order of their receipt by a Joint Bookrunner (as determined jointly by the Joint Bookrunners);

(b) then the subscriptions received via financial intermediaries other than the Joint Bookrunners or from qualified investors (as defined in the Prospectus Directive) will be served in the chronological order of their receipt by each Joint Bookrunner (as determined jointly by the Joint Bookrunners); and

(c) if required, the last subscription (or the last subscriptions, if received by the Joint Bookrunner(s) exactly at the same time) mentioned under (a) and (b), if any, will be reduced in order to correspond with such aggregate nominal amount of the Bonds as determined by the Issuer and the Joint Bookrunners in their sole discretion (it being understood that such amount will be determined in accordance with section 5.1.2, but is expected to be not less than 100 000 000 euros to the extent there is sufficient demand from the investors).

The possible allocations will be notified to each subscriber personally. Payments that should be performed with respect to the subscriptions to Bonds that are not allocated will be repaid in Belgium and the Grand-Duchy of Luxembourg by the financial agents within the five (5) Business Days following the payment date and the holders will not be able to claim interest on these payments.

In the event of early closure of the subscription period, a notice will be published by the Issuer on the websites of the Luxembourg Stock Exchange (www.bourse.lu) and of the Issuer, in accordance with Section 4.12.

5.1.6 Minimum amount

The nominal minimum amount of subscription to the Bonds on the primary market is 1 000 euros at a subscription price of 101.875% for the Bonds. There is no maximum amount of subscription.

5.1.7 Delivery

The Bonds are issued in dematerialised form and cannot be physically delivered. They will be delivered in the form of book-entries in the records of the X/N System. Bondholders can hold the Bonds through a custody account with participants in the X/N System or with other financial intermediaries which in turn hold the Bonds through participants in the X/N System. The custody of the Bonds in a custody account with a financial intermediary can lead to the withholding of a custody fee, of which the prospective investor should obtain information. The costs of subscription and custody of the Bonds on a custody account will be charged to the

subscribers. The custody of the securities is subject to the prevailing rate at each financial intermediary. Investors must inform themselves about the costs that their financial institutions might charge them.

5.1.8 Notices to Bondholders

Notices addressed to the Bondholders, including the convening notice for the general meeting of Bondholders, will be published in accordance with Section 4.12.

5.1.9 Provisions concerning the creation of dematerialised securities

For corporate bonds referred to in Article 485 of the Belgian Company Code, the CIK (Euroclear Belgium) and the NBB have been appointed as settlement institutions under the Belgian Royal Decree of 12 January 2006 on the implementation of the Law of 14 December 2005 on the abolition of bearer securities (the '**Royal Decree of 2006**').

The settlement of the Bonds consequently takes place via the X/N System of the NBB (or the possible successor to it), with BNP Paribas Fortis as Domiciliary Agent and authorised accountholder in accordance with the Royal Decree of 2006. See also section 4.3.

The X/N System manages the settlement of the transactions on the basis of the instructions sent by both counterparties (principle of double notification). It also arranges for the delivery of the securities and the payment to be performed simultaneously and irrevocably (principle of delivery for payment). The settlement occurs gross (transaction by transaction).

The X/N System operates every Business Day. On the settlement date of the subscriptions, the X/N System will credit the custody account of the Domiciliary Agent according to the details specified in the rules of the X/N System. Subsequently, the Domiciliary Agent, at the latest on the settlement date, divides the amounts for the subscribed securities between each of the account holders of the subscribers, according to the usual operating rules of the X/N System.

The administrator of the X/N System (*i.e.*, the NBB) manages the centralisation of the settlement of the transactions in cooperation with the Domiciliary Agent and, if required, for the withholding of the withholding tax. For more information concerning the withholding tax, please refer to section 4.18 (Taxation of the Bonds).

5.2 Plan for the bringing to market and the allocation of the securities

The offer is a public offer to the public of retail and private banking customers in Belgium and the Grand-Duchy of Luxembourg. Each Joint Bookrunner undertakes to comply with the prevailing legal and regulatory provisions applicable to the offering and sale of Bonds in each country where the Bonds will be sold. A summary of the applicable limitations is discussed in the "Selling Restrictions" section of the Securities Note (see section 1.4).

5.3 Determination of the issue price

The issue price will be set at 101.875% of the nominal value for the Bonds. There is no tax levied on the stock exchange transactions upon subscription, but there is indeed a tax of 0.07% for purchasing/selling on the secondary market (with a maximum of 500 euros for each transaction). Issue costs, custody costs and handling costs charged to the investor are set out in section 4.19.

5.4 Subscription

5.4.1 Co-ordinators

The Joint Bookrunners of the offer are Fortis Bank NV/SA acting in Belgium under the commercial name BNP Paribas Fortis, Warandeberg 3, B-1000 Brussels, and KBC Bank NV, Havenlaan 2, B-1080 Brussels. The Joint Bookrunners will distribute the Bonds to the public on a best-effort basis during the subscription period.

5.4.2 Financial agents

Belgium. Direct subscription to the Bonds can be made at the financial agents of BNP Paribas Fortis (also under the commercial name Fintro), KBC Bank NV, CBC Banque SA (Grand Place 5, 1000 Brussels, Belgium) and Centea NV (Mechelsesteenweg 180, 2018 Antwerp, Belgium) in Belgium or via the intermediaries of all other financial institutions. Investors must inform themselves about the costs the other financial institutions might charge them.

Luxembourg. Subscriptions can also be made via BGL BNP Paribas S.A. (50, avenue J.F. Kennedy, L-2951 Luxembourg, Grand-Duchy of Luxembourg), KBL European Private Bankers S.A. (43, boulevard Royal, L-2955 Luxembourg, Grand-Duchy of Luxembourg) or any other financial intermediaries in the Grand-Duchy of Luxembourg that shall liaise with one of the Joint Lead Managers to book the relevant subscription. In such case, investors must inform themselves about the commissions, fees and other costs that such financial intermediaries might charge them.

5.4.3 Financial services

The financial services will be provided free of charge by BNP Paribas Fortis (the '**Paying agent**') and KBC Bank NV. BNP Paribas Fortis also acts as Domiciliary Agent (the '**Domiciliary Agent**').

The Paying and Domiciliary Agency Agreement (the '**Paying and Domiciliary Agency Agreement**'), which will be entered into between the Issuer, the Domiciliary Agent and the Paying Agent on the issue date of the Bonds at the latest, can be inspected at the registered office of the Paying agent. The National Bank of Belgium will credit the custody account of the Domiciliary Agent, after which the latter, pursuant to the Financial Services Agreement, will credit the account of the Issuer and the custody accounts of the bondholders with respectively the net proceeds of the total subscribed amount of the bond loans and the number of subscribed Bonds for each individual investor.

The Paying agent will perform the payments of nominal interest and the nominal amount to the bondholders as provided in sections 4.9 and 4.10.

The costs for the custody fee for the Bonds in custody account are charged to the subscribers. Investors must inform themselves about the costs their financial institutions might charge them.

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

5.5 Financial information concerning the Issuer

The financial information referred to in Section 16 of the Registration Document will be available at the registered office of BNP Paribas Fortis at Warandeberg 3, B-1000 Brussels

and at the offices of the Issuer at President Kennedypark 18, B-8500 Kortrijk, and on the websites of the Issuer, www.bekaert.com, BNP Paribas Fortis, www.bnpparibasfortis.be, KBC Bank NV, www.kbc.be and the Luxembourg Stock Exchange, www.bourse.lu.

5.6 Syndicate

Only the Joint Bookrunners are members of the selling syndicate.

The Joint Bookrunners will seek, on a “best efforts” basis, to the best of their abilities, to sell a minimum of 100 000 000 euros pursuant to the Subscription Agreement that was entered into on 2 December 2010 with the Issuer (the ‘**Subscription Agreement**’).

The total amount of the selling commission for the Bonds amounts to 1.875% of the nominal issued amount and is included in the issue price of the Bonds.

6 Admission to trading and regulations for trading

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

It is not possible to predict the price at which the Bonds could be traded in the market.

There is no guarantee that an active market will develop for the trading of the Bonds.

The market for the Bonds can be limited and have little liquidity. The price of the Bonds can be considered as volatile. The only manner for the holder of the Bonds to convert his or her investment in the Bonds into cash before their repayment is to sell them at the market price applicable at that moment. This price can be less than the nominal value of the Bonds.

7 Additional information

No rating will be assigned, at the request or with the cooperation of the Issuer, to the Bonds, to the Issuer or to any other loan instrument of the Issuer.

Subscription form

Copy for the financial intermediary (financial agent)

NV BEKAERT SA
Bekaertstraat 2, BE-8550 Zwevegem
(VAT BE 0405.388.536, RLP Kortrijk)

Public offer for subscription in Belgium and Luxembourg to a bond loan with maturity date on 23 December 2018, represented by Bonds of 1 000 euros as defined in the Prospectus (the '**Bonds**').

ISIN CODE BE6213295577
COMMON CODE 056709550

SUBSCRIPTION FORM

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

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

have had the opportunity to become acquainted with the Prospectus of 2 December 2010 and declare that I subscribe to:

..... Bonds with a nominal value of 1 000 euros each, at the subscription price of 101.875 % ,
or 1 018.75 euros for each Bond,
or euros in total.

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

I require that the security or securities be delivered in the form of an entry on the custody account no.

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

Drawn up in duplicate at on/...../.....
(subscriber's signature)

Copy for the subscriber

NV BEKAERT SA
Bekaertstraat 2, BE-8550 Zwevegem
(VAT BE 0405.388.536, RLP Kortrijk)

Public offer for subscription in Belgium and Luxembourg to a bond loan with maturity date on 23 December 2018, represented by Bonds of 1 000 euros as defined in the Prospectus (the **Bonds**’).

ISIN CODE BE6213295577
COMMON CODE 056709550

SUBSCRIPTION FORM

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

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

have had the opportunity to take cognisance of the Prospectus of 2 December 2010 and declare that I subscribe to:

..... Bonds with a nominal value of 1 000 euros each, at the subscription price of 101.875 %,
or 1 018.75 euros for each Bond,
or euros in total.

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

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Drawn up in duplicate at on/...../.....
(subscriber’s signature)

FORM OF CHANGE OF CONTROL PUT EXERCISE NOTICE

To: [Details of the Intermediary through which the Bondholder holds the Bonds]

NV BEKAERT SA

Expected minimum amount of €100 000 000

4.50 per cent. fixed rate Bonds due 23 December 2018

(issued in a denomination of €1 000 and as described in the Prospectus dated 2 December 2010)

ISIN CODE BE6213295577
COMMON CODE 056709550

(the 'Bonds')

CHANGE OF CONTROL PUT EXERCISE NOTICE

By sending this duly completed Change of Control Put Exercise Notice to a Paying Agent in accordance with Condition 4.10.3 (Early repayment in the event of change of control) of the Bonds, the undersigned holder of the Bonds specified below exercises its option to have such Bonds repaid early in accordance with Condition 4.10.3 on the Change of Control Put Date falling on¹ The undersigned holder of such Bonds hereby confirms to the Issuer that (i) he/she holds the amount of Bonds specified in this Change of Control Put Exercise Notice and (ii) he/she undertakes not to sell or transfer such Bonds until the Change of Control Put Date specified above.

Nominal amount of Bonds held:

€..... ([amount in figures] Euro)

[Bondholder contact details:

Name or Company:.....

Address:

Telephone number:.....

Payment instructions:

Please make payment in respect of the Bonds repaid early pursuant to Condition 4.10.3 by Euro transfer to the following bank account:

Name of Bank:

Branch Address:

Account Number:

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

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

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

Signature of the holder: Date:

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

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.

BONDHOLDERS ARE ADVISED TO CHECK WITH THE RELEVANT INTERMEDIARY BY WHEN SUCH INTERMEDIARY WOULD REQUIRE TO RECEIVE THE COMPLETED CHANGE OF CONTROL PUT EXERCISE NOTICE TO ARRANGE FOR DELIVERY OF THE CHANGE OF CONTROL PUT EXERCISE NOTICE AND THE BONDS TO BE REPAYED TO THE ACCOUNT OF AN AGENT FOR THE ACCOUNT OF THE ISSUER BY THE RELEVANT CHANGE OF CONTROL PUT DATE.

ONCE VALIDLY GIVEN THIS CHANGE OF CONTROL PUT EXERCISE NOTICE IS IRREVOCABLE.

Notes:

¹ Complete as appropriate.

[Paying Agent to add:]

Received by:

[Signature and stamp of Paying Agent]

At its office at

On

[This page has been deliberately left blank.]

ISSUER

NV Bekaert SA
Bekaertstraat 2
B-8550 Zwevegem

JOINT BOOKRUNNERS – JOINT LEAD MANAGERS

Fortis Bank NV/SA acting in
Belgium under the commercial
name BNP Paribas Fortis
Warandeborg 3
B-1000 Brussels

KBC Bank NV

Havenlaan 2
B-1080 Brussels

GLOBAL COORDINATOR

Fortis Bank NV/SA
acting in Belgium under the commercial name
BNP Paribas Fortis
Warandeborg 3
B-1000 Brussels

DOMICILIARY AGENT AND PAYING AGENT

Fortis Bank NV/SA
acting in Belgium under the commercial name
BNP Paribas Fortis
Warandeborg 3
B-1000 Brussels

LISTING AGENT

BNP Paribas Securities Services S.A., Luxembourg branch
33, rue de Gasperich
L-5826 Howald-Hesperange

ISSUER'S AUDITOR

Deloitte Bedrijfsrevisoren BV o.v.v.e. CVBA
Represented by Mr. Joël Brehmen
Berkenlaan 8b
B-1831 Diegem