

Unofficial translation

**NV Bekaert SA
Bekaertstraat 2
8550 Zwevegem**

BTW BE 0405.388.536 RPR Kortrijk

**Special report of the Board of Directors
pursuant to Article 604 of the Companies Code
relating to the authorised capital**

23 February 2012

On 14 May 2008 the Extraordinary General Meeting of Shareholders extended the authority granted to the Board of Directors pursuant to Articles 603 *et seq.* of the Companies Code to increase the registered capital in one or more times during a period of five years, with or without excluding the preference right. Such authority became effective on 5 June 2008, and will expire on 4 June 2013. The maximum amount of the increase is € 170 000 000.

On 12 May 2010 the Extraordinary General Meeting of Shareholders extended the authority granted to the Board of Directors to increase the registered capital, by making use of the authorised capital and subject to Article 607 of the Companies Code, upon receipt by the Company of a notice from the Banking, Finance and Insurance Commission (now known as the Financial Services and Markets Authority) of a public take-over bid for the Company's securities. Such authority became effective on 7 June 2010, and will remain in effect in respect of any such notice that may be received by the Company on 6 June 2013 at the latest.

The Board of Directors has in the past used the authorised capital authority to issue subscription rights pursuant to the stock option plan introduced on 15 October 1999 for the benefit of the executive employees and senior managers of the Company and a number of its subsidiaries (the "SOP1 Plan") and the stock option plan introduced on 16 September 2005 for the benefit of the senior managers and certain executive employees of the Company and a number of its subsidiaries (the "SOP2005-2009 Plan").

The Board of Directors proposes that the Extraordinary General Meeting of 4 April 2012 (or of 9 May 2012 should the required quorum not be reached on 4 April 2012) grant it a new authority to

make use of the authorised capital procedure up to a maximum amount of € 176 000 000 (i.e. slightly less than the present amount of the registered capital), and in addition extend the authority for the case of a public take-over bid for the Company's securities. The Board of Directors may make use of such authority in a variety of circumstances and with various objectives, including without limitation the following:

- (i) the financing of important projects;
- (ii) the furtherance and preservation of the autonomy of the Company and the Bekaert Group;
- (iii) the furtherance of co-operation with new partners;
- (iv) the implementation of any possible future stock option plan, or of any other issue of shares or profit-sharing bonds reserved to employees of the Company or its subsidiaries; and
- (v) subject to Article 607 of the Companies Code, the protection and defense against a public take-over bid launched for the Company or in the case of an imminent take-over bid.

The Board of Directors will be able to use such authorities during a period of five years from the publication of the authorising resolution of the General Meeting in the Annexes to the Belgian Official Journal, except in the circumstances referred to in item (v) of the preceding paragraph, where the authority will be valid only in respect of any public take-over bid notice that is received by the Company from the Financial Services and Markets Authority during a period of three years. Although the current authorities will not expire until 4 June 2013 and 6 June 2013 respectively, the Board of Directors wants to avoid the risk of a temporary lapse of an authority that might occur if the authority were to be extended in 2013 and if publication were to suffer a delay.

The Board of Directors is convinced that the extension of the authorised capital authorities will enable it to act in the best interests of the Company.

On behalf of the Board of Directors

[signed]
Baron Buysse
Chairman