

Reasoned report of the Board of Directors on the use of authorised capital

This report has been prepared in accordance with the provisions of Article 604(2) of the Company Code, which obliges the Board of Directors to draw up a special report when it tables a proposal to the General Meeting for authorisation to increase the firm's share capital or to renew such authorisation.

The report must describe the specific circumstances in which the Board may use the authorised capital and the objectives it will pursue in so doing.

1. Background

The extraordinary General Meeting of 12 March 1987 authorised the Board of Directors, for the first time ever, to increase the capital, in one or more operations, in the amount of five billion Belgian francs, for a period of five years. This authorisation has been renewed on a number of occasions, more specifically on 17 May 1989, 25 May 1993, 28 May 1996, 25 May 1999, 27 April 2004 and for the last time on 24 April 2007.

The latest authorisation given by the General Meeting was in the amount of EUR 125 million. Further to the capital increase implemented in July 2007 in the framework of this authorised capital, the latter was reduced to EUR 67,560,058.93. This amount would enable the company to create at most 16,690,810 new shares.

2. Proposal for renewal of the authorisation

Although the current authorisation does not expire until 2012, the Board of Directors proposes to renew it before this deadline at the Extraordinary General Meeting convened on 12 April 2011 to adapt the Articles of Association to the new law of 20 December 2010 concerning the exercise of certain rights of shareholders in listed companies. The renewal is proposed for a period of five years in the amount of EUR 125 million, permitting the potential creation of 30,881,431 new GBL shares at most.

The authorised capital constitutes for the company an indispensable facility enabling it to increase its own funds quickly and effectively by reducing the formalities required by a capital increase decided by the General Meeting.

The circumstances and aims of the use of the authorised capital by the Board, detailed at the time of the previous request for renewal, remain valid, namely:

- to seize business opportunities;
- to respond quickly to market financing opportunities;
- possibly to extend staff participation in the company's capital;
- as appropriate, to ensure the continuity and coherence of the Company's strategy when strengthening of the shareholding is required.

In general, pursuit of the Company's interests will be the objective of any use of the authorised capital.

3. Arrangements for use of the authorised capital

The arrangements for use of the capital authorised by the Board will be identical to those for a capital increase decided by the General Meeting, without further restrictions and in compliance with the Company Code.

More precisely, this authorisation will enable the Board of Directors to increase the subscribed share capital in one or more transactions within the limits set by Article 603 of the Company Code, under the conditions it shall determine, and in particular:

1. through capital increase, cash subscription, contribution in kind within legally prescribed limits, incorporation of distributable or non-distributable reserves or of share premiums, with or without the issue of new shares with or without voting rights;
2. through the issue of convertible or non-convertible bonds, subordinate or otherwise, or through the issue of bonds repayable in shares;
3. through the issue of subscription rights, whether or not attaching to bonds or other securities;
4. through any other financial product, including capital increases on behalf of one or more given persons, and in particular on behalf of staff.

The Board of Directors