

**Tessenderlo Chemie**

**Public limited liability company**

**(the "Company")**

**Registered office: Troonstraat 130, 1050 Elsene (Belgium)**

**Company number: 0412.101.728**

**RPR Brussels (Dutch speaking section)**

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**SPECIAL REPORT OF THE BOARD OF DIRECTORS TO THE EXTRAORDINARY  
GENERAL MEETING WITH RESPECT TO AUTHORIZED CAPITAL**

**(ARTICLE 604 COMPANIES CODE)**

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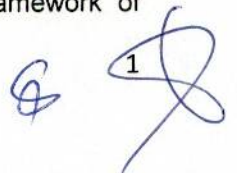
Dear shareholders,

This special report is drawn up by the board of directors in accordance with article 604 of the Belgian Companies Code ("BCC"). In this special report, the board of directors wishes to elaborate on its proposed resolution to the extraordinary general meeting of 6 June 2017, or in the event the attendance quorum is not met during the first meeting, of [30 June 2017], to authorize the board of directors to increase the Company's share capital in accordance with the terms and conditions set out in this report.

According to article 604 of the Belgian Companies Code, the board of directors has to draw up a special report setting out (i) the specific circumstances under which the board of directors can use its authorization to increase the share capital of the Company as well as (ii) the goals envisaged by the use of the authorized capital.

**1. PROPOSED RESOLUTIONS FOR THE GENERAL MEETING**

- 1.1. The board of directors proposes to the extraordinary general meeting to authorize it, for a period of 5 years from the publication in the Annex to the Belgian Official Gazette, to increase the share capital, in one or more times, up to an amount of EUR 43.160.095 (being 20% of the Company's share capital) in accordance with the provisions in the Belgian Companies Code and the articles of association of the Company. The authorization is renewable for periods of five years.
- 1.2. The board of directors further proposes to the extraordinary general meeting to allow it, by separate vote, to use the aforementioned authorization with respect to authorized capital to take protective measures for the Company through capital increases, with or without limitation or withdrawal of preferential rights, even outside the context of a possible public takeover bid, to the extent that the Company has not yet received a notification of the FSMA with respect to a public takeover bid on its securities.
- 1.3. The board of directors also proposes to the extraordinary general meeting to authorize it, by separate vote, without prejudice to the possibility to realize the commitments that were validly entered into before receipt of the notification of the FSMA pursuant to article 607, paragraph 2, 1° of the Belgian Companies Code, for a period of 3 years from the authorization by the extraordinary general meeting, to proceed to a capital increase within the framework of



authorized capital, with or without limitation or withdrawal of preferential rights as the case may be in favour of one or more persons, following receipt of a notification of the FSMA with respect to a public takeover bid on the Company's securities, in accordance with the conditions set out in article 607, paragraph 2, 2° of the Belgian Companies Code and the articles of association of the Company.

- 1.4. In light of the foregoing, the board of directors proposes to amend the provisions in the by-laws in relation to authorized capital.

## **2. JUSTIFICATION**

### *2.1. Preliminary note*

The board of directors reminds the general meeting that the extraordinary general meeting of 7 June 2011 granted the board of directors the authorization to increase the Company's share capital, in one or more times, up to an amount of EUR 40.000.000 for a period of five years from the publication of the authorization in the Annex of the Belgian Official Gazette. The authorization expired on 30 June 2016.

Pursuant to article 603 of the Belgian Companies Code, the board of directors can be authorized to increase the company's share capital, in one or more times, up to a certain amount, which, for companies that make or have made a public offering, cannot be higher than the amount of the share capital. On the date hereof, the share capital of the Company amounts to EUR 215,800,475.20.

### *2.2. Modalities with respect to authorized capital*

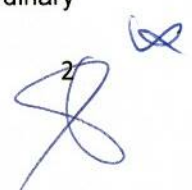
The board of directors proposes to the extraordinary general meeting to authorize it, for a renewable period of 5 years from the publication of the authorization in the Annex to the Belgian Official Gazette, to increase the share capital, in one or more times, up to an amount of EUR 43,160,095 (being 20% of the Company's share capital).

The proposal with respect to authorized capital relates to capital increases as provided in the Belgian Companies Code. More in particular, the board of directors may, within the limits of the authorization by the extraordinary general meeting, decide to increase the share capital by contribution in cash, contribution in kind, a combination of both, or incorporation of available or non-available reserves or issue premiums, with or without issuance of new shares. The capital increases may give rise to the issuance of bonds that are convertible into shares or bonds with subscription rights, as well as subscription rights that are either linked or not linked to other movable securities.

The board of directors further proposes to provide that it can, in the interest of the Company and in accordance with the conditions set out in the Belgian Companies Code, limit or withdraw the preferential rights of the shareholders, as the case may be in favour of one or more persons, who may or may not be employed by the Company or its subsidiaries. The board of directors is, as mentioned above, also authorized to increase the share capital by incorporation of reserves. As a consequence, the board of directors proposes to explicitly extend the scope of the authorized capital so that it comprises all transactions mentioned in article 605 of the Belgian Companies Code.

### *2.3. Use of authorized capital*

The procedure to be followed by the Company for convening an extraordinary shareholders' meeting resolving on a capital increase is relatively expensive, complex and time-consuming. The proposal to grant a new authorization in the framework of the authorized capital to the board of directors, relates to the flexibility and swiftness with which the Company can proceed to capital increases in the context of authorized capital. This is especially useful when it is not expedient to convene an extraordinary



general meeting, when a swift and/or flexible decision making process is recommendable, when the cost for the organization of the extraordinary general meeting is not justifiable, or when several issuances are contemplated.

(a) Use of authorized capital without the intention to take protective measures

The board of directors intends to apply the technique of the authorized capital in circumstances in which, in the Company's interest, the convocation of an extraordinary general meeting may not be convenient or desirable. Therefore, the board of directors will be entitled to apply the authorized capital, among other things (yet without limitation):

- when it would appear to be necessary to react swiftly to certain market opportunities;
- when the need to convene a shareholders' meeting could lead to a premature announcement of a transaction and/or jeopardize a favourable outcome of the negotiations relating to such transaction;
- when the board of directors considers it necessary or appropriate to obtain external financing;
- to swiftly react to opportunities with respect to acquisitions, alliances or strategical developments;
- when the costs for the convocation of the extraordinary general meeting would be disproportionate to the amount of the proposed capital increase;
- for capital increases in favour of one or more persons, who may or may not be employed by the Company or its subsidiaries (amongst others for option plans for employees);
- for capital increases in the framework of an optional dividend, irrespective of whether the dividend is directly paid in shares or whether the dividend is paid in cash or in kind and should be used to immediately subscribe to new shares, as the case may be, with a supplement in cash;
- for capital increases through incorporation of reserves or other components of the Company's equity, in order to be able to round off the amount of the share capital to a round figure;
- when, because of the urgency or other specific circumstances, a capital increase within the framework of the authorized capital is better suited to serve the Company's interest.

(b) Use of authorized capital to take protective measures

The board of directors further believes that it cannot be excluded that the Company may in the future face events that may have an adverse effect on interests of the Company, among others, as the case may be, a public takeover bid on its securities.

Capital increases may, depending on their modalities, under certain circumstances have a dissuasive effect on such bids or protect a company against an imminent bid.

Taking into account that the procedure to convene an extraordinary shareholders' meeting of the Company is time-consuming and rather expensive, the board of directors believes that the authorized capital could be an efficient mechanism to allow the Company to take appropriate protective measures in a flexible and swift manner, both in terms of prevention as in the event of a possible takeover bid.

In light of the foregoing, the board of directors proposes to the extraordinary general meeting to allow it, by separate vote, to use the authorized capital to take protective measures for the Company through capital increases, with or without limitation or withdrawal of preferential rights, even outside

the context of a possible public takeover bid, to the extent that the Company has not yet received a notification of the FSMA with respect to a public takeover bid on its securities.

(c) Use of authorized capital after notification by the FSMA of a public takeover bid

Once the Company has received a notification of the FSMA that a public takeover bid on its securities has been submitted, the board of directors can, pursuant to article 607 of the Belgian Companies Code, within the framework of authorized capital only proceed to a capital increase by contribution in kind or in cash with limitation or withdrawal of preferential rights of the shareholders, if it has been explicitly authorized thereto by the general meeting. Therefore, the board of directors proposes to the extraordinary general meeting to explicitly authorize it, by separate vote, for a period of 3 years from the authorization by the extraordinary general meeting, to proceed to a capital increase within the framework of authorized capital, with or without limitation or withdrawal of preferential rights as the case may be in favour of one or more persons, following receipt of a notification of the FSMA with respect to a public takeover bid on the Company's securities, in accordance with the conditions set out in article 607, paragraph 2, 2° of the Belgian Companies Code and the articles of association of the Company. The aforementioned authorization would apply without prejudice to the possibility to realize the commitments that were validly entered into before receipt of the notification of the FSMA pursuant to article 607, paragraph 2, 1° of the Belgian Companies Code.

For the transactions mentioned under points a) to c), the board of directors can always decide to proceed to a capital increase in accordance with the modalities set out in point 2.2. of this special report, it being understood that the capital increases under point c) cannot give rise to the issuance of bonds that are convertible into shares, bonds with subscription rights or subscription rights.

If the board of directors decides to limit or withdraw the preferential rights of the existing shareholders, it will prepare a special report setting out the justification of its decision, as well as the financial consequences thereof, and, if applicable, provide the identity of any specific persons benefiting from the limitation or withdrawal of the preferential rights. The statutory auditor will also prepare a report in that respect.

To the extent that, within the framework of one of the transactions, the board of directors would decide to proceed to a capital increase with limitation or withdrawal of preferential rights in favour of the reference shareholder or one of its affiliates, which will be allowed in the context of the aforementioned transactions, the articles 523 and 524 of the Belgian Companies Code will be complied with, irrespective of whether such would in the specific circumstances of the contemplated transaction be required by law.

(d) Exceptions

In accordance with article 606 of the Belgian Companies Code, the board of directors cannot use the authorized capital for the following purposes:

- capital increases which are mainly executed by way of contribution in kind and that are exclusively reserved for a shareholder of the Company holding securities carrying more than 10% of the voting rights;
- the issuance of shares without nominal value and with a par value below the par value of the existing shares of the same category; or
- the issuance of warrants that are mainly reserved for one or more specific persons, who are not employees of the Company or one or more of its subsidiaries.



### 3. PROPOSAL TO AMEND THE ARTICLES OF ASSOCIATION

In light of the proposal under point 1.1., the board of directors proposes to the shareholders' meeting to amend article 7 of the articles of association in relation to authorized capital as follows.

The text of the second paragraph of article 7 will be replaced by the following text:

*"Every capital increase decided upon by the board of directors in the context of authorized capital may, amongst others, be achieved by contribution in cash, contribution in kind, a combination of both, or by incorporation of available and non-available reserves or share premiums, with or without the issuance of new shares. The capital increases may give rise to the issuance of bonds that are convertible into shares or bonds with subscription rights, as well as subscription rights that are either linked or not linked to other movable securities."*

The following paragraph will be added as the third paragraph of article 7:

*"When using the authorized capital, the board of directors may, in the interest of the company and in accordance with the conditions set out in the Belgian Companies Code, limit or withdraw the preferential rights of the shareholders. This limitation or withdrawal can also be applied in favour of one or more persons, who may or may not be employed by the company or its subsidiaries."*

The following sentence will be added to the third paragraph (new fourth paragraph) of article 7:

*"In the event the capital increase requires the payment of an issue premium, only the amount of the actual capital increase (and not the amount of the issue premium) will be deducted from the balance of the amount of the authorized capital."*

The text of the fourth paragraph (new fifth paragraph) of article 7 will be replaced with the following text:

*"The extraordinary shareholders' meeting of [date EGM] decided to authorize the board of directors, for a period of 5 years from the publication of the authorization in the Annex to the Belgian Official Gazette, to increase the share capital, in one or more times, up to an amount of EUR 43.160.095 (forty three million one hundred and sixty thousand ninety-five euros), in accordance with the provisions set out in the Belgian Companies Code and the articles of association of the company."*

A new final paragraph will be added in article 7 with the following text:

*"The board of directors is also authorized, with right of substitution, to amend the company's articles of association in accordance with the capital increase that was decided within the scope of the authorized capital."*

In light of the proposal under point 1.2., the board of directors proposes to the shareholders' meeting to add the following sentence to the (new) fifth paragraph of article 7 with the following text:

*"The board of directors is allowed to use the authorized capital to take protective measures for the company through capital increases, with or without limitation or withdrawal of preferential rights, even outside the context of a possible public takeover bid, to the extent that the company has not yet received a notification of the FSMA with respect to a public takeover bid on its securities."*

In light of the proposal under point 1.3., the board of directors proposes to the shareholders' meeting to add a new sixth paragraph to article 7 with the following text:

*"Without prejudice to the possibility to realize the commitments that were validly entered into before receipt of the notification of the FSMA pursuant to article 607, paragraph 2, 1° of the Belgian*



*Companies Code, the board of directors is authorized, for a period of 3 years from the authorization by the extraordinary general meeting of [date EGM], to proceed to a capital increase within the framework of authorized capital, with or without limitation or withdrawal of preferential rights as the case may be in favour of one or more persons, following receipt of a notification of the FSMA with respect to a public takeover bid on the company's securities, in accordance with the conditions set out in article 607, paragraph 2, 2° of the Belgian Companies Code and the articles of association of the company."*

#### **4. CONCLUSION**

The board of directors proposes to the extraordinary shareholders' meeting to vote in favour of the proposed decisions.

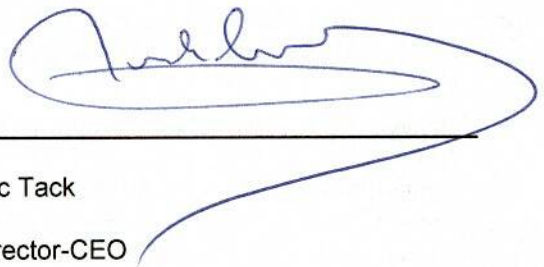
Signed on ...26/4... 2017

For the board of directors,



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Stefaan Haspeslagh  
Chairman



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Luc Tack  
Director-CEO