



## TERMS AND CONDITIONS OF THE EMISSION OF WARRANTS OF TESSENDERLO CHEMIE SA

RESERVED FOR TOP DIRECTORS OF TESSENDERLO GROUP

PLAN 2007-2011: ALLOTMENT 2010 ( 293.000 WARRANTS)

### INFORMATION BROCHURE

#### I. INTRODUCTION

##### *1.1. Decision and purpose of the offer of warrants*

The Board of Directors of Tessenderlo Chemie SA, acting within the framework for the authorised capital, has decided, during its meeting of 4 November 2010 to offer on a complementary basis warrants to its top directors allowing them to subscribe to new Tessenderlo Chemie SA shares under the suspensive condition of acceptance of the warrants. The top directors may benefit so from any increase in the price of the Tessenderlo Chemie SA share<sup>1</sup> in relation to the Exercise Price<sup>2</sup> determined at the moment of the emission. In this way, Tessenderlo Group is looking to increase the loyalty and motivation of its top directors, by enabling them to benefit financially from Tessenderlo Group's performance.

The offer includes in total a maximum of 800.000 complementary warrants, each of which entitles a holder to subscribe to one new ordinary share of Tessenderlo Chemie SA without nominal value. The period of emission of the warrants is subdivided in five yearly allotments as from 2007 up to 2011.

Each year, warrants will be allotted by the Appointment and Remuneration Committee based on a list of beneficiaries, established by the Board of directors.

This year the Appointment and Remuneration Committee of 4 November 2010 will execute the decision of the Board of Directors on the emission of warrants and more specifically determine the number of warrants to be offered to each beneficiary in accordance with the rules fixed by the Board of Directors.

It should, however, be noted that the offer of warrants is not part of the employment contract, and may not therefore be regarded as an acquired right. Each beneficiary needs to confirm via

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<sup>1</sup> The term "share" as used in the Directors' Report and in this document refers to the terms "aandeel"/"action" as used in the articles of association of Tessenderlo Chemie SA. The three terms have exactly the same meaning and are interchangeable in the present documents.

<sup>2</sup> The Exercise Price of the warrants has been set under the conditions set out in Article 43, § 4 of the law of March 26, 1999. It is either the "average of the closing stock market prices of the Tessenderlo Chemie SA share on Euronext Brussel during the 30 days preceding the offer" or the "last closing stock market price of the Tessenderlo Chemie SA share on Euronext Brussel on the day preceding the offer", taking into account, however, the provisions of article 598 §2 of the Belgian Company Code.

MyPlansByDexia the number of accepted warrants. The end of the acceptance period for this Allotment 2010 is set on 2 January 2011.

The current warrants are offered within the framework of the fourth allotment (Allotment 2010) of the Plan 2007-2011.

### ***1.2. Beneficiaries of the offer***

The offer is addressed exclusively to 117 top directors of Tessengerlo Group. The persons involved, as mentioned on the list determined by the Board of Directors and hereinafter called the “Beneficiaries”, are persons that are employed under an employment contract with Tessengerlo Chemie SA or any of its affiliates, with no conditions as to years of service.

The list of Beneficiaries, as yearly selected, has to be approved by the Board of Directors. Beneficiaries will be allotted a quota of warrants determined by the Appointment and Remuneration Committee.

The following persons are not considered to be employed under an employment contract and may not be considered as Beneficiaries:

- Persons who are dismissed, whether or not for serious misdemeanour;
- persons who resigned;
- persons employed by a company which no longer belongs to Tessengerlo Group,

even if they are serving out their period of notice (except when leaving the company for regular retirement or agreed early retirement).

### ***1.3. Duration of the offer***

The offer for Allotment 2010 set out in the present document is valid from 5 November 2010 up to 2 January 2011. The acceptance of each beneficiary should be entered via MyPlansByDexia at the latest on 2 January 2011. After this deadline, the beneficiary is deemed to have refused the offer.

For Belgian residents, the fiscal and parafiscal charges will be taken into account by the salary administration in February 2011.

### ***1.4. Important remark***

The present warrant plan is drafted according to Belgian Law. In view of optimisation of the exercise conditions and fair treatment of the Beneficiaries resident in different countries, the Board of Directors can, however, within the context of the present plan and for each of the countries where the present warrant plan is carried into effect, interpret and adjust the terms and conditions of the present warrant plan in order to bring them into line with the current legislation for stock option plans for that country.

The tax consequences set out below solely relate to Beneficiaries who are resident in Belgium and are subject to personal income tax in Belgium<sup>3</sup>.

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<sup>3</sup> When reference is made in this document to “Beneficiaries or participants resident in Belgium”, (or in similar terms) this also includes the foreign executives benefiting from the Belgian special expatriate tax regime / “Statuts Cadres Etrangers”).

Beneficiaries who are not resident in Belgium and who are not subject to Belgian personal income tax may find information on the tax and social security consequences of accepting the offer in the annexes to this document.

Please note that the annexes reflect the prevailing tax regulations as of September 2010 in the different countries. Beneficiaries who wish to receive more information need to contact their external consultant.

The information contained in the present note reflects the prevailing Belgian tax regulations as of September 2010. It is possible that these regulations could be modified in the future and may as such have an influence on the potential benefit for the Beneficiaries. Any effect, positive or negative, of such modifications will be for the sole account of the Beneficiaries.

## II. TERMS AND CONDITIONS OF THE EMISSION OF WARRANTS ON SHARES OF TESSENDERLO CHEMIE – PLAN 2007-2011 - ALLOTMENT 2010

### *2.1. Number of warrants*

The maximum number of warrants for Allotment 2010 will be 293.000.

### *2.2. Maturity*

The term of the warrants will be five years but they cannot be exercised before the end of the third calendar year following the year in which the offer has taken place.

### *2.3. Exercise Price*

The Exercise Price for each warrant is equal to the lower of:

- the average of the closing stock market prices of Tessenderlo Chemie SA on Euronext Brussel<sup>4</sup> during the 30 days preceding the offer,
- or
- the last closing stock market price of Tessenderlo Chemie SA on Euronext Brussel on the day before the offer,

The Exercise Price for American residents is equal to the price of the normal shares of Tessenderlo Chemie SA at the stock exchange closing on the day itself of the offer.

**The Exercise Price of each warrant will, for some participants not resident in Belgium, be equal to the exercise price as applicable to stock option plans under the present legislation in the respective countries of the participants; be it that latter exercise price will be as close as possible to the Exercise Price as determined under the present warrant plan. For this allotment, a sub-plan with special conditions for American residents is attached to this brochure.**

### *2.4. Exercise periods*

In order for the offer to be made in a way that allows the benefit in kind, related to the acceptance of the warrants, to be taxed at a reduced rate of 7,5% (**for participants resident in Belgium**) (instead of 15%), the warrants may not be exercised before the end of the third calendar year following the year in which the offer has taken place. Consequently they can only be exercised in the 4<sup>th</sup> and 5<sup>th</sup> year following the year of the offer. However, the exercise period of the warrants shall during these two years only be open from the 5<sup>th</sup> bank working day following the approval of the annual accounts by the general shareholders' meeting until the 15<sup>th</sup> bank working day before the end of each of the calendar years involved.

Even during these exercise periods, the warrants may not be exercised during closed periods and, as the case may be, occasional prohibited periods (cf. Corporate Governance Charter of

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<sup>4</sup> The Tessenderlo Chemie SA share is currently listed on the continuous settlement market ("continuumarkt" or "marché à terme continu) Euronext Brussel. In the present document, the concept "Euronext Brussel" must be interpreted to include any stock exchange, which may, in the future, be substituted for Euronext Brussel.

Tessengerlo Chemie – see website). Such interdiction is amongst others valid during the period of 30 calendar days preceding the publication of the results of the group and the day of the publication itself. At the time of the drafting of this plan, this means that the beneficiary may not exercise the warrants during the last days of July and the month of August, as well as during the month of October and the first days of November because of the publication of the half-year results in August and the third quarter results in November of each year.

As a reminder: in accordance with the current legislation persons with managerial responsibilities, who exercise their warrants and/or afterwards transfer or sell Tessenderlo Chemie SA shares, must notify these transactions to the CBFA. This notification has to be done by filling out the standard form, which you can obtain from the General Secretariat or download on the CBFA website (<http://www.cbfa.be>). You must notify the CBFA either within 5 working days after the transaction if the value of the transaction exceeds the threshold of 5.000 EUR, or within 5 working days after the last transaction following which the threshold of 5.000 EUR was exceeded, or before January 31 of the following year if the transactions during that year remained below the threshold of 5.000 EUR.

The Beneficiaries included in the list of persons in possession of information, which could have a considerable impact on the market price of the shares, need to abstain from any transaction with warrants and/or Tessenderlo Chemie SA shares. Moreover, the Compliance Officer may inform the beneficiaries of other occasional periods of interdiction.

In case of problems with the application of the above-mentioned rules, you need to contact the Compliance Officer. The Beneficiaries, who intend to exercise their warrants and/or trade Tessenderlo Chemie SA shares need to inform the Compliance Officer in advance anyway.

The offer provides for several exercise periods each year. The Beneficiary has 3 periods per year, as described above, during which he can exercise the warrants.

### ***2.5. Modification of the exercise conditions***

The Board of Directors is entitled to change the conditions governing the exercise of the warrants and the issue of the shares, where such changes are in the benefit of the warrant holders.

### ***2.6. Underlying shares***

Each warrant entitles its holder to subscribe to one Tessenderlo Chemie SA share. Allotment 2010 gives an overall maximum of 293.000 new shares. These new shares will be of the same type and will enjoy the same rights as the existing ordinary shares (in particular as regards voting rights, entitlement to dividends and the right of distribution in the event of liquidation). They will be completely fungible with the existing shares.

### ***2.7. Application for listing on Euronext Brussel***

Prior to the exercise of the warrants, an application for listing on Euronext Brussel will be made, in respect of new shares issued through the exercise of the warrants.

## ***2.8. Form and delivery of the securities***

Warrants are and will remain nominally registered until expiry.

The new shares potentially issued following the exercise of the warrants will be dematerialized shares.

The dematerialized shares will be delivered as soon as possible after the enactment of the capital increase following the exercise of the warrants.

## ***2.9. Rules applicable if the Beneficiary ceases working for the Tessenderlo Group***

If at any time the Beneficiary takes retirement or is required to take prolonged sick leave, or if his contract is terminated for reasons of force majeure, or if he dies (see point 2.10. below), the Beneficiary (or his legal successors) retains the right to exercise the warrants until their final expiry date.

The persons employed by a company that no longer belongs to Tessenderlo Group retain all their rights.

If at any time during the validity period of the warrants the Beneficiary resigns, or is dismissed with notice or with compensatory indemnities in lieu of period of notice, or if his employment contract is terminated by mutual agreement, his warrants with respect to an allotment may be exercised only during the first year of exercise of this respective allotment following his departure.

In case of dismissal for serious misdemeanour, the Beneficiary will immediately lose all his unexercised warrants.

## ***2.10. Death of Beneficiary***

If the Beneficiary dies, his warrants may be exercised by his legal or designated successors. Such successors are subject to the same rules as the Beneficiaries. This means that dividing up of warrants between successors may not lead to a situation of split ownership, in which case the right to exercise the split-owned warrants will be suspended until a single representative will have been appointed by the successors.

## ***2.11. Restriction on the transfer of warrants***

It is also important to note that the warrants are non-transferable. In other words they may not be sold, nor may ownership of them be transferred in any other way “inter vivos”. They may be transferred only in the event of the Beneficiary’s death, and then only to his successors. For this reason these securities are not listed on the stock exchange.

### III. PARTICULAR ASPECTS

#### *3.1. Acceptance or refusal of the offer*

It is important to note that this offer is proposed to Beneficiaries, but that participation to the plan is in no way obligatory.

According to Belgian tax law, the warrant is deemed for tax purposes to have been granted at the latest on the 60<sup>th</sup> day following the date of the offer if the Beneficiary has, prior to this deadline, given notice in writing (in this case via MyPlansByDexia) of his partial or total acceptance of the offer. The deadline for the Allotment 2010 acceptance period is 2 January 2011.

The Beneficiary who has not given notice in writing of his acceptance (in this case via MyPlansByDexia) of the offer prior to this deadline (i.e. at the latest on 2 January 2011) is deemed to have refused the offer.

As a result, Beneficiaries (**resident in Belgium**) are required to take the following steps, depending on whether they accept or refuse the offer.

The Beneficiary decides to accept the offer:

⇒ The Beneficiary must complete his personal data and enter through MyPlansbyDexia (via 'Invest' menu) his acceptance order as soon as possible, but no later than 2 January 2011.

The Beneficiary decides to refuse the offer:

⇒ The Beneficiary, who refuses the offer made to him, is not obliged to give notice of his refusal. If the Beneficiary does not enter an order through MyPlansbyDexia, he will be deemed to have refused any warrants.

#### *3.2. Tax consequences of the plan for participants resident in Belgium*

**The tax consequences set out below solely relate to Beneficiaries who are resident in Belgium and are subject to personal income tax in Belgium. Beneficiaries who are not resident in Belgium and who are not subject to Belgian personal income tax may find information on the tax and social security consequences of accepting the offer in the annexes to this document. Please note that the annexes reflect the prevailing tax regulations as of September 2010 in the different countries. Beneficiaries who wish to receive more detailed information need to contact their external consultant.**

Given the fact that the allotment of warrants represents a taxable benefit, participation in the proposed plan will have tax effects for the Beneficiary at the time of allotment of the warrants, regardless of whether the warrants are exercised at a later date. In the case of the present offer, the tax base is equal to 7,5% of the Exercise Price of the warrants.

Given an Exercise Price of EUR [ ] and supposing that the Beneficiary is taxed at 50% (marginal personal tax rate for tax year 2012),

⇒ the Beneficiary's personal tax base will increase by EUR [ ] x 7,5% per warrant obtained (tax value of the benefit in kind).

⇒ the additional tax charge to be borne by the Beneficiary, following the allotment of the warrants, will be [EUR [ ] x 7,5% x 50% = [ ] per warrant.

The benefit in kind must be included at its tax value in the Beneficiary's tax year 2012 income tax return; this amount will be mentioned on the tax form 281.10 of said tax year. Where the Beneficiary is subject to marginal tax at a rate higher than used for calculating the salary withholding tax retained on the warrants, an additional tax charge could be due in the tax assessment relating to income for 2011.

Under current Belgian tax legislation, the Beneficiary will not owe any further tax on his participation in the plan, neither on exercising the warrants, nor on selling the shares. No social security contributions are due on the allotment of warrants, either by the employer or the Beneficiary, in the specific context of the present offer.

The information contained in the present note reflects the prevailing tax regulations as of September 2010. It is possible that this legislation could be modified in the future.

### ***3.3. Dilution for existing shareholders***

The current share capital amounts to 143.700.000 EUR represented by 28.715.584 shares without nominal value.

The maximum dilution through the allocation of 293.000 warrants will be calculated taking into account the number of shares existing on 4 November 2010.

### ***3.4. Anti-dilution clause in favour of Participants***

In the event that the company carries out a capital increase by cash contribution, warrant holders will be entitled to exercise their warrants prior to the exercise date initially foreseen<sup>5</sup> at the conditions then prevailing and consequently take part in the new issue, insofar as existing shareholders are so entitled.

Warrant holders will also be entitled to exercise their warrants in advance<sup>5</sup> in the event of any operation that significantly impacts the shareholder structure. This paragraph also relates to any public takeover bid on the Tessenderlo Chemie SA shares or any other form of change of control or any merger involving a redistribution of the securities. Such early exercise would allow warrant holders to take part in the above-mentioned operations at the same conditions as existing shareholders.

On the other hand, the company expressly reserves the right to undertake any other operations affecting the statutory capital of Tessenderlo Chemie SA. This includes capital increases in

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<sup>5</sup> It should be noted that where warrants are exercised in advance, in a way which no longer respects the legal deadlines for the reduced tax base percentage, additional tax will be due by the Beneficiary (**for Beneficiaries resident in Belgium**), representing the difference between the tax due under the reduced percentage regime (7,5% for benefits in kind) and the tax due under the standard regime (15% for benefits in kind).

kind, the incorporation of reserves into capital accompanied with the issuing of free shares (“bonus shares”), the creation of convertible bonds or bonds with warrants, the distribution of stock dividends, exceptional dividend distributions as well as changing the representation of the capital and the provisions governing the distribution of profits or liquidation surpluses.

Where the operations referred to in the above paragraph negatively impact the Exercise Price of the warrants, this price will be adjusted to the extent necessary in order to safeguard the interests of the holders of these warrants, in the manner customary in such circumstances.

Any changes in the conditions and arrangements for the exercise of the warrants will be communicated in an appropriate way to the Beneficiaries involved. No adjustment will, however, be made to the Exercise Price when such adjustment would be under 1% of the prevailing Exercise Price. At any adjustment, the resulting Exercise Price will be rounded to the nearest multiple of EUR 0.10.

### ***3.5. Dividends***

Each new share with VVPR strip will be entitled to the full dividend for the accounting year during which the warrant is exercised.

Any dividends paid on shares acquired through the exercise of the warrants will be subject to a withholding tax of 25 % (or a reduced rate of 15 %, if applicable under the VVPR regime as currently provided by law).

For Belgian shareholders subject to personal income tax, and for whom the Tessenderlo Chemie SA shares are part of their private patrimony, this withholding tax is a liberatory tax. Declaration of the dividends on these shares is therefore optional.

Where the Beneficiary elects to declare them, the dividends will, in normal circumstances, be taxed at a rate distinct from the personal income tax rate, equal to the withholding tax rate due on dividends.

However, these dividends will be globally taxed at the progressive personal income tax rate together with the other declared income, where the amount obtained in this way is lower than that resulting from the application of the distinct tax rate.

In both cases, the amount of tax payable must be increased with the additional communal tax (“aanvullende gemeentebelasting” or “centimes additionnels”), and the withholding tax retained at source is refundable and reimbursable where it exceeds the tax actually due.

For non-residents (physical persons or corporate entities), withholding tax is, in principle (apart from the reductions or exemptions provided for in the various double taxation treaties) also payable at the 25 % rate (or at a reduced rate of 15 %, if applicable under the VVPR regime as currently provided by law).

### ***3.6. Additional costs, charges and taxes***

The costs linked to the implementation of the present offer, including the legal and administrative costs and the structuring costs will be borne by Tessenderlo Chemie SA as well as the charges related to the exercise of the warrants.

The Beneficiaries will bear all charges related to the holding of the shares acquired through the exercise of the warrants and the sale of the shares on the market. This includes in particular, stock exchange transaction taxes and any other fees and taxes that might be payable.

### ***3.7. Law applicable to the offer of warrants***

The present offer of the warrant plan is subject to Belgian law. The courts of the legal district of Hasselt are competent to judge any dispute arising from the execution or interpretation of the present offer.

### ***3.8. Other provisions***

In view of optimisation of the exercise conditions and equal treatment of the Beneficiaries resident in the different countries, the Board of Directors can, however, within the context of the present plan and for each of the countries where the present option plan is carried into effect, interpret and adjust the terms and conditions of the present warrant plan in order to bring them into line with the present legislation for stock option plans applicable in that country.

In all cases for which no provision is made in the present document, the decision will lie with the Board of Directors of Tessenderlo Chemie SA, with due regard for prevailing legislation.

### ***3.9. Modifications to the Plan for Beneficiaries not resident in Belgium***

In view of the optimisation of the attribution of these warrants, the Board of Directors may decide to modify some of the terms of the proposed plan in order to adapt them to the different applicable legislations for stock option plans for Beneficiaries who are not resident in Belgium, and thus create specific sub plans.

## IV. FORMALITIES

The Beneficiary is asked to visit the website [www.MyPlansByDexia.be](http://www.MyPlansByDexia.be), to identify himself with his access key codes, to check if his personal data are complete and correct and to complete or modify them if needed.

The new Beneficiaries of warrants will receive their user ID and access codes at home by a separate letter of Dexia Bank.

These are the steps to create an acceptance order :

1. In the 'Invest' menu, selection of the plan that can be accepted to subscribe.
2. Acceptance of the disclaimer; the Beneficiary is invited to read and accept the disclaimer on the acceptance orders; by the electronic signature of the order, the Beneficiary agrees to accept without restriction all conditions for acceptance as described in this brochure.
3. Completion of the amount of warrants the Beneficiary wishes to subscribe (all or part of the offer).
4. Access to the summary and electronic signature of the order.
5. Confirmation of the order and indication of the order number.
6. Follow up of the order via 'Order book' menu.
7. Receipt of the order statement via 'Messages' menu in MyPlansByDexia.

**(see also point "3.1. Acceptance or refusal of the offer" in this respect)**

### ***4.1. Payment conditions in case of exercise of the warrants***

The terms and conditions of payment of the warrants in case of exercise will be communicated in due time.

### ***4.2. Comment***

The purely administrative aspects of the exercise of the warrants will be set out in an explanatory memorandum. This will be made available to the Beneficiaries through MyPlansByDexia.

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Annex : Argentina;  
Annex : France;  
Annex : Italy;  
Annex : The Netherlands;  
Annex : United Kingdom;  
Annex : United States.