

BENTELER GROUP IN FIGURES

FINANCIAL YEAR (JANUARY 1 – DECEMBER 31)

	2009	2008	2007	2006	2005
External Sales [€ million]	4,563.8	6,327.4	6,319.4	5,597.7	5,315.3
Employees (annual average)	23,146	24,281	22,938	21,992	21,234
Personnel expenses [€ million]	918.6	1,031.3	986.3	946.3	901.9
Personnel expenses/employee [T €]	39.7	42.5	43.0	43.0	42.5
Investments [€ million]	144.0	208.5	317.9	191.3	257.4
Depreciation of fixed assets [€ million]	170.3	164.9	156.0	144.7	127.3
Cash flow ¹⁾ [€ million]	101.2	296.3	309.7	243.1	190.0
Equity ²⁾ [€ million]	709.2	802.3	773.9	712.3	642.8
Total assets [€ million]	2,322.2	2,551.2	2,502.6	2,268.7	2,106.3
Equity ratio [%]	30.5	31.4	30.9	31.4	30.5
Net income before taxes [€ million]	-63.8	175.1	249.2	192.5	139.4
Consolidated income [€ million]	-80.0	113.6	140.2	89.3	58.9

1) Net income
+ Depreciation
- Write-ups
+/- Changes in
pension provisions

2) Shareholders' equity including
50 % of the special items for
investment allowances on
fixed assets and 100 % of the
investment grants



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Paderborn, March 2010

LADIES AND GENTLEMEN,

The fiscal year 2009 was a real challenge for the Benteler Group. Our Company felt the impact of the global economic crisis full-strength. Sales and earnings decreased sharply as a consequence. But we took timely steps to cut costs and safeguard our liquidity. Every division began projects to improve profits and reduce working capital. Capital spending was also revised.

Expanded risk management is especially important in difficult economic times. For that reason, we expanded our early warning system, for example in analyzing our business partners' creditworthiness and in cash management. Our sound financing structure enabled us to make all necessary capital investments for new orders. To strengthen our competitive position, we still kept up our development of new technologies, processes and products. At the same time, we made the most of an opportunity to reinforce our lightweight construction strategy by acquiring the Automotive Structures business of Norsk Hydro.

Our business performance in the first quarter of this year indicates an increasingly bright future, although it will be some time before we have returned to the figures from the years before the crisis. We face a challenging year again in 2010. Our aim is to return the Benteler Group to profitability. For that reason, we will systematically continue our programs and plans for cutting costs. All divisions will also keep working hard on initiatives to build growth, enhance profits and ensure excellence in their operations.

On behalf of the Executive Board and the Managing Directors, I want to thank our employees for their dedication, for their outstanding performance, and especially for their willingness to bear with the constraints that have been necessary. We also want to thank all our business partners for showing so much confidence in us even in difficult economic times, and our shareholders for their constructive assistance and support.

A handwritten signature in blue ink, appearing to read 'H. Benteler', with a long horizontal stroke at the end.

Hubertus Benteler

Chairman of the Executive Board

BENTELER AT A GLANCE

THE BENTELER GROUP

The Benteler Group is internationally active. Its three legally autonomous divisions – Automotive, Steel/Tube and Distribution – operate under the parent company Benteler AG as the Management Holding. The Group can look back on more than 130 years of success, and is now owned by the fourth generation of its founding family. Profitable growth and progress drawing on a long tradition are essential so that Benteler can safeguard its entrepreneurial autonomy in the future.

BENTELER EMPLOYS A TOTAL WORKFORCE OF 23,150 EMPLOYEES AT 150 LOCATIONS IN 38 COUNTRIES.

BENTELER AUTOMOTIVE

- Chassis Systems Product Group:
Lightweight construction of high-tech chassis components and integrated chassis modules made from various metallic and non-metallic materials and combinations of the two materials
- Structures Product Group:
Lightweight but ultra-high-strength components for meeting the safety requirements of tomorrow. Very light aluminum components for fulfilling future emissions regulations
- Engine and Exhaust Systems Product Group:
Solutions for all aspects of the engine as well as components and modules for implementing high downsizing potential
- Engineering Services Product Group:
Development of everything from individual components to modules, from the concept stage to series production support and testing
- Mechanical Engineering Group:
Development and marketing of innovative equipment and plant concepts in the fields of architectural, automotive and solar glass as well as optical 3D testing equipment
- Benteler SGL Automotive Composite:
Innovative concepts for maximizing lightweight construction tailored to the specific needs of customers



BENTELER STEEL/TUBE

- Automotive Product Group:
Tubes for a wide variety of applications in the car
- Energy Product Group:
Tubes for applications in the chemical and petrochemical industries, for exploration, and for boiler and heat exchanger construction
- Industry Product Group:
Tubes for industrial applications in the construction, large-scale equipment and consumer goods industries, and for the entire spectrum of mechanical engineering

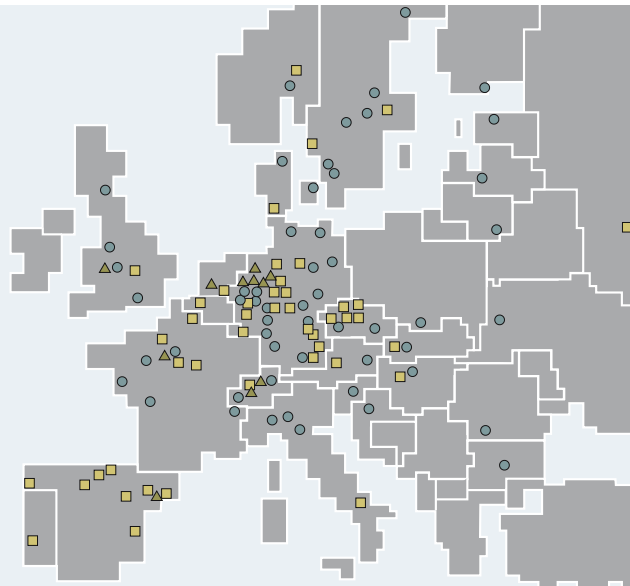
BENTELER DISTRIBUTION

Custom-made concepts thanks to

- an international sales network
- Technical consulting
- extensive know-how in steel
- Processing capabilities
- Management of procurement processes in the customer segments of
- Mechanical engineering
- Hydraulic cylinders
- Automotive
- Construction
- Healthcare and consumer goods
- Energy

- AUTOMOTIVE
- ▲ STEEL/TUBE
- DISTRIBUTION

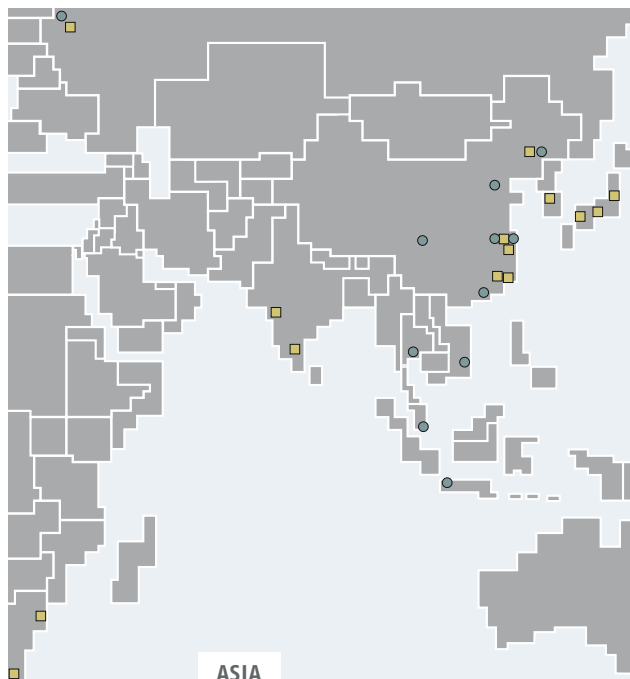
EUROPE



AMERICAS



ASIA



When we say close to the customer, we mean it!

Our way of working emphasizes short distances, quick decisions and close cooperation with our business partners. It goes without saying that we are also nearby, which allows us to do our work better – as a skilled development partner and a reliable supplier.

PERSONNEL MATTERS

THE EXECUTIVE BOARD OF BENTELER AG

Hubertus Benteler, Chairman
Siegmund Wenk

MANAGEMENT BOARDS OF THE DIVISIONS

BENTELER AUTOMOTIVE
Hein Van Gerwen, Chairman
Eric Alstrom
Dr. Mathias Hüttenrauch

BENTELER STEEL/TUBE
Norbert Bergs, Chairman
Matthias Jäger

BENTELER DISTRIBUTION
Giorgio Frigerio, Chairman
Ralf Moysig



Siegmund Wenk, Hubertus Benteler



*Eric Alstrom, Dr. Mathias Hüttenrauch,
Hein Van Gerwen*



Norbert Bergs, Matthias Jäger



Giorgio Frigerio, Ralf Moysig

THE SUPERVISORY BOARD OF BENTELER AG

Robert J. Koehler, Wiesbaden
(Chairman)

Chairman of the Executive Board
of SGL Carbon SE, Wiesbaden

Clemens Franzen, Duisburg
(to November 30, 2009)
(Vice-Chairman)

Trade Union Secretary of IG Metall,
NRW Regional Head Office, Düsseldorf

Volker Kotnig, Düsseldorf
(from December 1, 2009)
(Vice-Chairman)

Trade Union Secretary of IG Metall,
NRW Regional Head Office, Düsseldorf

Rainer Backhaus, Warburg
Chairman of the General Works Council
of Benteler Automobiltechnik GmbH,
Paderborn

Dr. Ralf Bethke, Deidesheim
Chairman of the Supervisory Board
of K+S AG, Kassel

Paul-Günter Duscha, Dinslaken
Chairman of the Corporate Works
Council of Benteler AG, Paderborn

Rolf Eckrodt, Berlin

Chairman of the Supervisory Board
of Tognum AG, Friedrichshafen

Dr. Markus Flik, Gerlingen
Chairman of the Executive Management
of Behr GmbH & Co. KG, Stuttgart

Heinz Pfeffer, Osnabrück
First Authorized Representative of
IG Metall, Rheine Administrative Office

Axel Prym, Roetgen
Partner in William Prym
GmbH & Co. KG, Stolberg

Christian Schachten, Paderborn
Chairman of the Works Council of
Benteler Automobiltechnik GmbH,
Paderborn

Dr. Gert Vaubel, Warburg
Former Member of the Executive Board
of Benteler AG, Paderborn

Franz-Josef Wischer, Paderborn
Commercial Director of the Chassis
Systems Product Group of Benteler
Automobiltechnik GmbH, Paderborn

BUSINESS AND GENERAL CONDITIONS

THE GLOBAL ECONOMY IN CRISIS

Business in 2009 was dominated by the impact of the global financial crisis and the resulting crises in individual industries. The automotive industry, mechanical engineering and power plant construction were especially hard hit. After the dramatic decline in worldwide economic activity in the last quarter of 2008, at the beginning of 2009 the world economy found itself in the worst recession since the Second World War. A collapse of the world financial system was averted by swift, broad-based action by national governments to support the banking sector, together with the adoption of an expansive monetary and financial policy. By year's end, sentiment had generally brightened and projections became more optimistic. Nevertheless, the automotive industry in particular suffered repercussions, even though state assistance programs counteracted some of the effects in some countries, at least for the short term. But despite these steps a number of OEMs and many of their suppliers were forced to file for bankruptcy.

According to preliminary figures from Kiel's IfW institute for world economics, the global economy's gross domestic product shrank about 1% in 2009. GDP fell a total of 4% in the Euro zone, and 5% in Germany. The USA suffered a 2.5% decline; the figure for Russia was as much as 8.5%. Only China, with 8.6%, and India, with 6.8%, reported GDP growth.

WORLD AUTOMOTIVE PRODUCTION SLUMPS

The world produced about 59.3 million passenger cars in 2009, 13% less than the year before. Government purchasing incentives, such as the scrapping bonus for scrapping old cars in Germany, encouraged vehicle sales in many countries. Since the ongoing CO₂ debate also affected buyers' decisions, these incentives primarily worked out to the benefit of small-car makers. New drive designs dominated the trade press, and almost all manufacturers announced that they would be producing lower-consumption, more environmentally friendly cars. These announcements were confirmed by the new models introduced at the international auto shows.

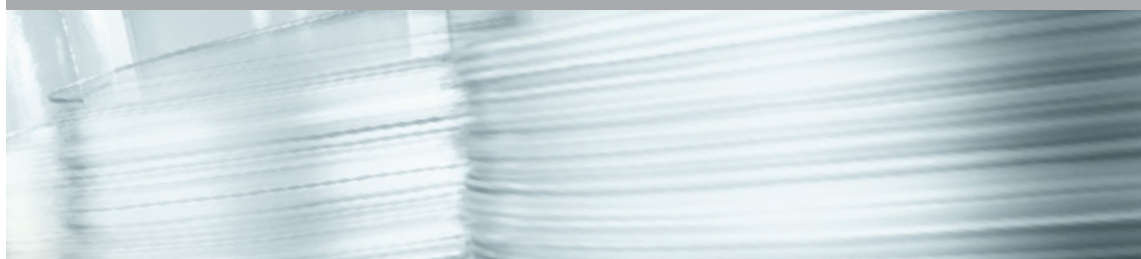
Asia, with 28.4 million vehicles produced, stayed close to its prior-year levels. Asian makers' sales volumes slipped only 1% under the influence of the automotive crisis. This region accounted for 48% of world production, compared to 43% in 2008. The growth driver in Asia was China, which produced 12.5 million passenger cars – 44% more than the year before. Thus China leads the list of countries producing automobiles. But the Chinese market was dominated not only by established foreign OEMs, but also by domestic makers like Chery and Geely. Japan produced 30.8% fewer vehicles than in 2008, and South Korea produced 10.3% fewer. Their respective production volumes were 7.7 million and 3.4 million cars.



Automotive production in Europe shrank 21%, to 16.8 million units, equivalent to 28 % of world production. Only 20 % of this production came from Western Europe. Here production was down 18 %, to 12 million vehicles. The United Kingdom was especially hard hit by declining demand, producing 33 % fewer cars than in 2008. Production was down 19 % in France, 16 % in Italy, 13 % in Spain, and 12 % in Germany. In Eastern Europe, Russia saw a 60 % decline. Nevertheless, many foreign OEMs continued to bet on strong future growth in Russia, and invested here. Amid the consistent downtrend across Europe, only the Czech Republic showed growth, with 2 % more vehicles than a year earlier.

Vehicle production in the NAFTA region decreased 32% in 2009, to 8.6 million units. The number of vehicles produced had already dropped 16 % in 2008. Thus the USA, Canada and Mexico saw dramatic declines in production volumes for two years in a row. In all, this region accounted for only 15 % of world production. Mexico and Canada each produced 1.5 million cars; the USA produced 5.6 million. The three largest American OEMs – Ford, GM and Chrysler – all had to contend with serious slumps in demand. GM and Chrysler both had to emerge from Chapter 11 bankruptcy and are now putting an even greater effort into their reorganization. Fiat acquired 20 % of Chrysler, and provided it with know-how for smaller vehicles. Ford has so far managed

*By year's end, sentiment
had generally brightened
and projections became
more optimistic.*



without government assistance. South America saw a decline of only 2% in vehicle production volume. This region produced 3.7 million vehicles, equivalent to 6% of world passenger car production. Brazil continued to account for most of the production here.

The automotive industry faced immense challenges during the year under review. In expectation of steady growth in the world economy, the industry had added new capacity, which now found itself seriously underutilized as production volumes declined. The debate on global warming, limitations on CO₂ emissions, increasing acceptance of alternative drive concepts, and tax incentives swayed consumer preferences more and more in the direction of more economical vehicles. These developments faced the industry not just with challenges, but with opportunities. There were especially great openings for companies that were able to offer solutions that save energy or enhance safety and driving comfort.

VOLUMES IN STEEL TUBING INDUSTRY FEEL IMPACT OF ECONOMIC CRISIS

Demand for steel tubing declined sharply in 2009. Seamless precision tubing felt the heaviest impact. Even though oil prices rose further, demand in pipes

for oil and gas exploration decreased because of large inventories already on hand. The segment of tubing for boilers and heat exchangers suffered from limited financing options, with consequent postponements or reopening of the bidding process for power plant construction. Business in tubing for the automotive sector was revived by government incentive systems. In the manufacturing industry, the year saw sharp declines in new orders in mechanical and plant engineering and in the construction industry. Because they already had large stocks on hand, dealers who maintain their own inventories almost ceased to buy.

Developments in the economy had little influence on cost of materials. Average prices for steel, scrap and alloying elements remained unchanged for the year. Only shipping costs rose slightly over the course of the year.

Demand in the tubing industry declined drastically in 2009. The year was characterized by significant production cuts and inventory cutbacks throughout the value chain. Declining sales volumes and prices faced the tubing industry with serious challenges.

EARNINGS

BENTELER GROUP SALES DOWN 28 %

The Benteler Group generated sales of 4,564 million euros in 2009 – a 28 % decrease from the previous year. Although sales for the first nine months were down 33 % against a year earlier, business recovered substantially in the last quarter, when sales were down only 12 %. Foreign exchange effects had no significant impact on sales.

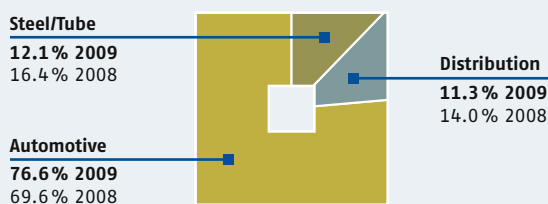
Sales performance (including internal sales) at the different divisions varied in 2009. A relatively smaller decrease in sales meant that Benteler Automotive further expanded its lead as the Group's largest unit, with about 77 % of consolidated sales. Benteler Steel/Tube

accounted for 12 % of Group sales for the year. The Distribution division's contribution to sales continued to contract in 2009. Its share of Group sales decreased to 11 %.

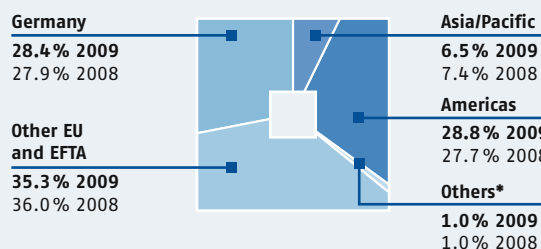
Sales between divisions (internal sales) for the year came to 140 million euros, and were mostly for deliveries by Benteler Steel/Tube to the Distribution and Automotive divisions.

The various markets' shares of external sales changed little in 2009 against the prior year. Once again, more than a quarter of sales came from Germany: 28 %. The rest of Europe contributed 35 %, the Americas 29 %, and Asia 7 %.

**GROUP SALES BY BUSINESS DIVISION
(INCLUDING INTERNAL SALES)**

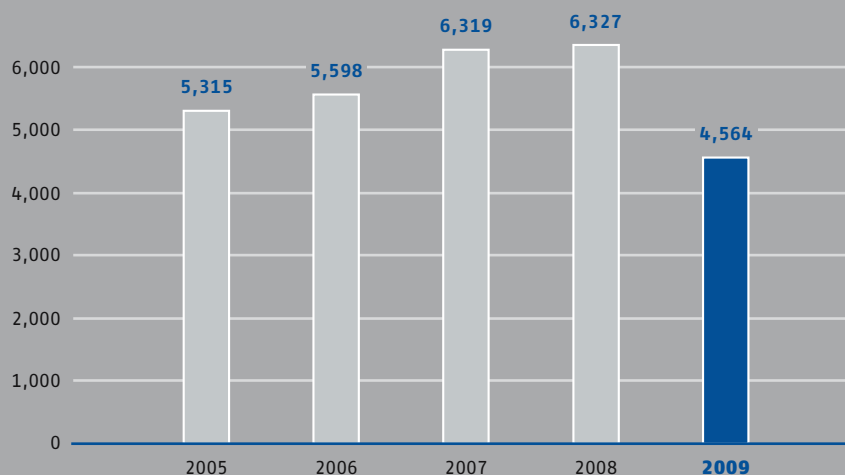


EXTERNAL SALES BY MARKET AREA



*including Eastern Europe, without EU

REVENUE PERFORMANCE SINCE 2005 – EXTERNAL SALES [€ MILLION]



Business recovered substantially in the last quarter of 2009, when sales were down only 12 % against the comparable period.

EXTERNAL SALES BY DIVISION

	2009 [€ million]	2008 [€ million]	CHANGE	
			[€ million]	[%]
Automotive	3,605	4,580	-975	-21
Steel/Tube	569	1,076	-507	-47
Distribution	530	920	-390	-42
	4,704	6,576	-1,872	-28
Less Internal Sales	140	249	-109	-44
External Sales	4,564	6,327	-1,763	-28



AUTOMOTIVE DIVISION SALES DOWN SIGNIFICANTLY

The **AUTOMOTIVE** Division generated sales of 3,605 million euros for the year, 21 % less than for the previous year. Although the figure was down 32 % for the first half, a mild uptrend became evident by year's end. The division develops and produces ready-to-install modules, components and parts for bodies, chassis and engines at 20 engineering and sales offices and 69 plants in 27 countries.

The Chassis Systems Product Group's sales were down 23 % against a year earlier. This product group develops and manufactures chassis cross-members, subframes, control arms and knuckles, as well as complete front and rear suspension modules. Component sales were down 15 % for the year; sales for front and rear suspension modules were down 26 %. Exceptional effects also played a role here, including one customer's changeover to procuring materials directly, revenue losses from Chrysler's insolvency, and the closure of a production operation in Japan. These factors all by themselves lowered sales by about 10 % against the previous year.

Structures, the second-largest product group, generated 11 % less sales than the year before. Here the North American market suffered particularly severe effects. This unit produces safety components, such as bumpers, roof frames, A- and B-pillars, door beams and instrument panel supports, as well as press parts (primarily for internal use).

The Engine and Exhaust Systems Product Group develops and produces components and systems to optimize fuel consumption and reduce exhaust gas emissions. In fuel systems, high-pressure distributor connectors and lines support the trend toward direct gasoline injection. Exhaust gas recirculation systems with coolers help reduce nitrogen oxide emissions, especially in modern diesel engines. The unit also produces exhaust manifolds and housings for catalytic converters and diesel particulate filters. The product family is completed with the world's first constructed integral turbocharger. The product group's sales revenues were down 32 %. In addition to the volume decreases that Company planning had already anticipated in the American market, sales volumes also declined sharply in Europe. North America and South America saw decreases of about 50 %. Most of the decrease was felt in the exhaust systems business in North America, which was down 51 % against the year before.

The Engineering Services Product Group offers engineering services for external and internal customers. It also produces machines and tools for Benteler Automotive and for the glass industry. Engineering sales were down 21 % against a year earlier. This change primarily affected the site in the Netherlands. By contrast, sales in mechanical engineering were down only slightly.



DEMAND SLOW AT BENTELER STEEL/TUBE

Sales at the **STEEL/TUBE** Division in 2009 were down by almost half – 47 % – against the previous year, to 569 million euros. All three of its product groups – Energy, Industrial and Automotive – were affected.

The Energy Product Group supplies seamless tubes for applications in the chemical and petrochemical industry, for petroleum and natural gas exploration, and for boiler and heat exchanger construction. Its sales were down 49 % against 2008. The primary reasons were that customers were working hard to cut working capital, as well as postponing projects.

The Industry Product Group sells hot-rolled tubes for the large-scale equipment and mechanical engineering industry, and seamless cold-drawn and welded and cold-drawn precision steel tubes for the hydraulic and mechanical engineering industries. Because of low demand, this product group's sales were down 64 %. Here again, the main reasons were customers' reduc-

tions of stocks on hand – especially among dealers who maintain their own inventory – and the sharp decline in mechanical engineering sales.

The Automotive Product Group supplies seamless, welded, and welded and cold-drawn tubes for demanding applications in the automotive industry. It also offers solutions for optimizing weight with high-strength steels – for example in axles, tie rods, stabilizers and shafts. Additionally, it develops products to improve safety with intelligent materials solutions, such as airbag tubes. Because of low market volume, the Automotive Product Group's sales were down 34 % from a year earlier. This decrease was less than for the other product groups because government assistance programs helped revive demand, especially in the small-car sector.



DISTRIBUTION DIVISION SALES VOLUMES AND SALES BOTH DOWN

The Benteler **DISTRIBUTION** Division delivers steel and stainless steel tubing to customers through an international logistics network, and offers a variety of different tube processing solutions, as well as expert technical consulting. The division also serves customers in the mechanical engineering, hydraulic cylinder, automotive, construction, healthcare and consumer goods industries, as well as energy. In 2009 Benteler Distribution generated sales of 530 million euros, down 42 % from the year before. The decrease was a consequence of lower volumes due to generally low demand, and from all market participants' reductions of their stocks on hand.

Additionally, prices were on the decline in all market segments. The largest sales drops were in the mechanical engineering and automotive segments – especially in products for trucks and special vehicles.

Sales revenues were down in the European and Asian markets. Heavy dependence on mechanical engineering in Germany and Italy resulted in especially severe decreases. Only the project business in North Africa and the founding of a new company in Thailand generated sales growth – providing additional confirmation of the value of the division's strategy of expanding further in these regions.



ECONOMIC CRISIS LEADS TO GROUP'S FIRST LOSS EVER

THE CONSOLIDATED PRE-TAX NET RESULT decreased to –63.8 million euros. Substantial sales declines in all three divisions caused a substantial loss of margins. A large portion of these losses was offset with vigorous countering efforts to stabilize earnings.

Cost of materials as a percentage of the total performance of 4,506 million euros decreased from 70.9 % to 69.5 %, in part as a consequence of lower raw material prices. The share of personnel expenses increased from 16.2 % to 20.4 %. Although sales were down substantially, it was possible to adjust capacity only after a time lag, especially in the first half. Because of the large capital expenditures of the past few years, depreciation and amortization rose from 2.6 % to 3.8 %. Other operating expenses as a percentage of total performance rose from 8.6 % to 9.1 %. The net interest expense increased by 3.2 million euros, to 38.0 million euros, reflecting the less favorable conditions in the financial market. Net interest as a percentage of total performance rose from 0.5 % to 0.8 %.

The Automotive Division showed a loss for 2009. Most of the decrease in profitability resulted from lost margins as a consequence of lower sales volumes, especially in the first half. However, a large share of the loss in margin was compensated by way of a package of measures to cut personnel expenses as part of the worldwide program to improve profits, as well as by price negotiations on both the buying and the selling end. Earnings were further pulled down by non-recurring

expenses to restructure the engineering business in the Netherlands, and by the integration and development costs for Fischer Composite Technology, in Ried, Austria, which Benteler SGL GmbH & Co. KG acquired in the first half.

Large decreases in sales volumes also pushed the Steel/Tube Division into the red. However, measured in terms of the considerably smaller workforce and the associated margin losses, this margin was kept moderate. Cutting back accrued overtime and shortening work schedules, two tools that are used for this purpose in Germany, helped keep losses within bounds here.

The same situation held true for the Distribution Division. Savings measures were unable to fully compensate for the sharp reduction in gross margins due to substantial declines in sales volume, combined with falling prices against 2008. Moreover, unlike the other divisions, Benteler Distribution took considerable structural steps to improve the cost situation. But despite the reduction in total costs, the unit incurred a substantial loss.

The tax expense came to 18.3 million euros. The Benteler Group's after-tax loss for the fiscal year 2009 came to 82.1 million euros, compared to a profit of 121.9 million euros the year before. Allowing for 2.1 million euros attributable to minority shareholders, the Group's net loss was –80.0 million euros, compared to a 113.6-million-euro profit in 2008.

ASSETS AND FINANCIAL POSITION

CAPITAL EXPENDITURES ADJUSTED

The Benteler Group invested 144 million euros during the year, and thus 2009 investments were below depreciation and amortization, which came to 170 million euros. Out of the total for 2009, 135 million euros was for tangible fixed assets, 3 million euros was for financial assets, and 6 million euros was for intangible assets, primarily IT software. Of the figure for tangible fixed assets and intangible assets, 37% went for plants in Germany and 63% for plants in other countries. In light of the economic crisis, all three divisions cut back their planned investment spending, but not to the point of scanting measures to safeguard the future. Most investments were projects that had already been approved and even partly carried out in 2008, as well as Benteler Automotive orders that had already been received.

Of the total, 104 million euros, or 72%, went for production facilities and equipment in the Automotive Division. Among the important single projects were axle projects for Renault in France, Ford in Mexico and Mercedes in China. Major investments to build new plants in 2009 went for locations in Slovakia and China.

The Steel/Tube Division reduced its total investments for the year to 22 million euros, or 15% of the Benteler Group's total volume. Most of this amount went for replacement installations to preserve asset quality.

The Distribution Division invested 15 million euros. Its two largest single projects were the acquisition of a business in Italy, including land and buildings, and the acquisition of land in Switzerland to expand the division's business operations there. It invested only small amounts to replace processing equipment and to renovate or expand warehouse locations.

LIQUIDITY STILL HIGH AT END OF 2009

The cash flow reflects only the consolidated net profit, depreciation and amortization, and the change in accruals for pensions; the cash flow from operating activities additionally takes account of changes in working capital and in other assets and liabilities. On these bases, cash flow was 101 million euros, 66% less than in the previous year, primarily because of the consolidated loss for the year. Because of a large decrease in working capital and other assets, however, the cash flow from operating activities was significantly higher than a year earlier, at 226 million euros.

The Benteler Group endeavors to finance all investments (apart from corporate acquisitions) out of cash flow. Because of the unsatisfactory earnings situation, it was not possible to achieve this goal. Net investments for 2009, at 131 million euros, were greater than the cash flow of 101 million euros.

INVESTMENTS

	2009 [€ million]	2008 [€ million]	CHANGE	
			[€ million]	[%]
Automotive	104	133	-29	-22
Steel/Tube	22	57	-35	-61
Distribution	15	16	-1	-6
Holding	3	2	1	50
Total Investments	144	208	-64	-31

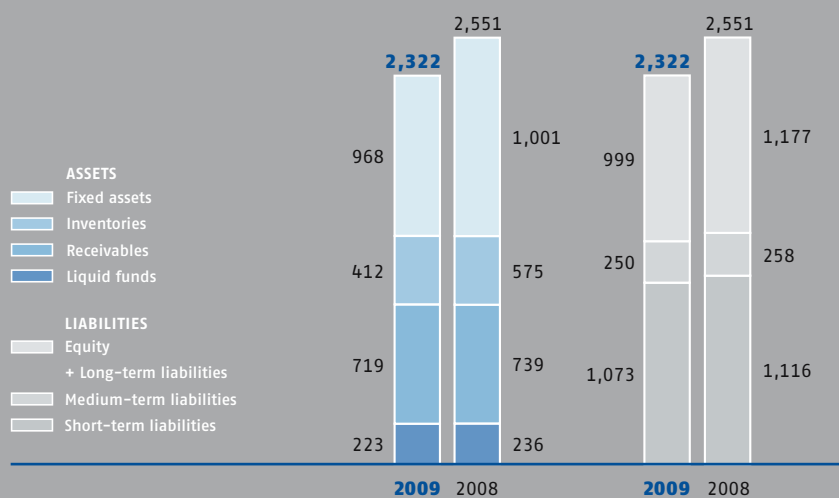
In light of the economic crisis, all three divisions cut back their planned investment spending, but not to the point of scanting measures to safeguard the future.

CASH FLOW STATEMENT

	2009 [€ million]	2008 [€ million]
Cash flow from business operations	226.0	186.1
<i>(of this, cash flow</i>	<i>101.2</i>	<i>296.3)</i>
Cash flow from investment activity	-130.8	-194.6
Cash flow from financing activity	-119.0	72.5
Foreign exchange/Consolidation effects on cash and cash equivalents	10.2	-0.6
	-13.6	63.4
Funds at beginning of the period	236.2	172.8
Funds at end of the period	222.6	236.2

*Total assets in 2009
were 2,322 million euros,
9 % less than in 2008.*

STRUCTURE OF THE CONSOLIDATED BALANCE SHEET [€ MILLION]



The cash flow from financing activities came to –119 million euros in 2009. Payments to redeem borrowings and distributions of dividends to shareholders and minority interests were greater than the proceeds from borrowings.

Cash included in cash funds decreased by 13 million euros against the prior year, to 223 million euros in 2009; liquidity represented 9.6 % of assets, compared to 9.3 % in 2008.

TOTAL ASSETS DECREASE

Total assets in 2009 were 2,322 million euros, 9 % less than in 2008. Fixed assets decreased by 33 million euros in all, to 968 million euros. Fixed financial assets decreased only slightly, by 2 million euros; tangible fixed assets and intangible assets decreased by 30 million euros. Additions of 141 million euros to tangible fixed assets and intangible assets were countered by disposals of 14 million euros at residual book value, and depreciation and amortization of 170 million euros.

Assets other than fixed assets and cash funds decreased by 183 million euros, to 1,131 million euros. These changes resulted from intensive control of working assets in fiscal 2009, including reductions of 164 million euros in inventory. Receivables increased by 22 million euros against a year earlier. Here it should be borne in mind that no asset-backed security operations and no factoring (previous year: 59.2 million euros) were carried

out in 2009. Other assets decreased by 44 million euros, to 100 million euros, particularly because of the settlement of tax refund entitlements at Benteler AG. The Group's cash funds decreased by 13 million euros, to 223 million euros. As a result of central cash pool liquidity management, these funds are deposited mainly at Benteler AG and are available on a daily basis.

SOLID FINANCING STRUCTURE EVEN IN A DIFFICULT ENVIRONMENT

Economic equity decreased by 93 million euros, to 709 million euros. The consolidated loss for the year resulted in a decrease of 82 million euros. Dividends distributed to shareholders of Benteler AG and minority interests reduced equity by 33 million euros, while favorable changes in foreign exchange rates resulted in an increase of 22 million euros.

Accruals came to 447 million euros at the end of 2009, a decrease of 19 million euros against the year before. A 13-million-euro increase in accruals for pensions was countered by decreases of 4 million euros in tax accruals, and 28 million euros in other accruals. Trade payables, at 585 million euros, were down 31 million euros from the prior-year figures.

Working capital decreased by 107 million euros to 426 million euros, and came to 9.3 % of sales, compared to 8.4 % a year earlier.

Long-term funds (equity, pension accruals, and long-term borrowings with remaining terms of more than five years) came to 999 million euros, equivalent to 43 % of total assets. They covered 103 % of fixed assets.

The equity ratio in 2009, at 30.5 %, was marginally lower than the previous year's 31.4 %. Net financial debt decreased by 65 million euros, to 241 million euros. The gearing ratio decreased from 38 % to 34 %. Even under adverse conditions, the Benteler Group achieved two of its three main goals: an equity ratio of at least 30 % and a gearing ratio of not more than 50 %. The only goal that was not achieved for the year was an ROCE of at least 15 %.

CENTRAL CASH AND FOREIGN EXCHANGE MANAGEMENT

In general, the financing of the Benteler Group's capital expenditures is centralized. Liquidity surpluses or shortages are pooled within Benteler AG by way of internal investment and borrowing capabilities. This allows surpluses from individual Group companies to be transferred and used by other Group companies as needed. As a rule, capital expenditures are financed by long-term

funding and working capital by short-term funding. To ensure that fixed assets are covered by long-term capital, loans were taken out during the year to finance the debt redemptions pending for 2010. Credit lines and unused loan facilities of 409 million euros were available to finance working capital as of December 31, 2009; no draws had been taken against this amount as of the reporting date. All credit approvals are free from collateral (for an exception, see Item 17 in the Notes to the Consolidated Financial Statements) and from financial covenants.

To cover short-term financial needs, in 2009 there was an ABS program in Germany (50 to 75 million euros) for the sale of trade receivables. This program was used only at the beginning of 2009, and will be discontinued in the future because its terms are disadvantageous to Benteler.

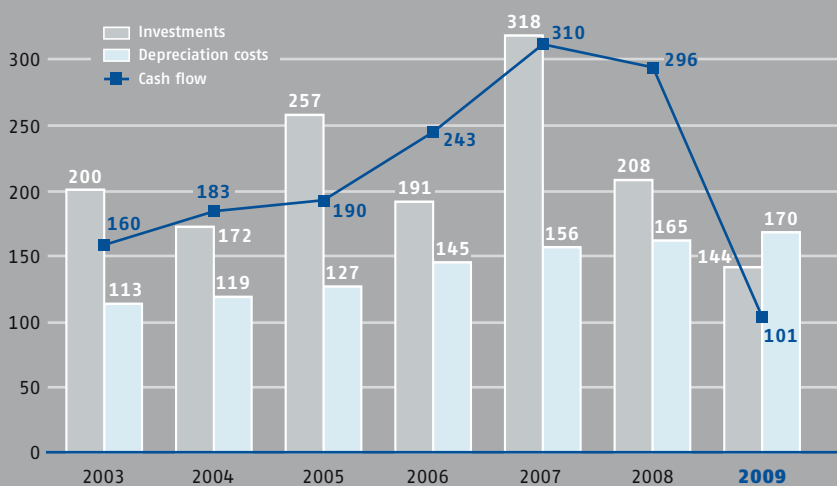
A large portion of internal payables and receivables are netted between Group companies by way of Benteler AG, so that payment transactions can be settled cost-effectively. Because of the sales situation, the netting volume decreased by 31 million euros in 2009, to 480 million euros.

KEY FINANCIAL RATIOS

	2009	2008
Equity ratio ¹⁾ [%]	30.5	31.4
Internal financing ratio ²⁾	0.70	1.42
Debt-equity ratio ³⁾	0.34	0.38
Dynamic debt-equity ratio ⁴⁾	2.38	1.03
Return on equity ⁶⁾ [%]	-8.4	22.2
ROCE ⁷⁾ [%]	-1.8	14.9
EBIT ⁹⁾ [€ million]	-25.8	209.9
Degree of interest coverage I ¹⁰⁾	-0.6	4.6
EBITDA ¹¹⁾ [€ million]	144.5	374.8
Degree of interest coverage II ¹²⁾	3.3	8.2

- 1) Economic equity:
(Equity according to balance sheet, including 50 % of the special items for investment allowances for fixed and financial assets and 100 % of capital investment subsidies) : Balance sheet total
- 2) Cash flow : Investments
- 3) Net-financial debts⁵⁾ : Economic shareholders' equity (year-end balance)
- 4) Net-financial debts⁵⁾ : Cash flow
- 5) Liabilities to banks, bonded loans, credits contained in other liabilities less financial assets like loans, securities and liquid funds
- 6) Result from ordinary operations : Economic shareholders' equity (average between beginning and end of the year)
- 7) (Pre-tax result + net interest) : (intangible assets + fixed tangible assets + working capital⁸⁾) (average between beginning and end of the year)
- 8) (Inventory + trade receivables from third parties, related and associated companies) ./. (trade payables to third parties, related and associated companies + notes payable)
- 9) Pre-tax result + Interest result
- 10) EBIT : Interest expenditures
- 11) EBIT + Depreciation
- 12) EBITDA : Interest expenditures

TOTAL INVESTMENTS, DEPRECIATION AND CASH FLOW [€ MILLION]



RISK REPORT

COMPREHENSIVE RISK MANAGEMENT

Benteler AG and its divisions are exposed to a variety of risks that may have a considerable impact on the Group's assets, financial position and earnings. The Benteler risk management system is especially important in a difficult economic environment. It governs the identification, assessment and reporting of defined risks, and is integrated into the Group's processes for strategy, planning and information. The risk management system was thoroughly reviewed in the light of the crisis situation in 2009. In particular, extra rigor was applied in risk assessment and controlling of implementation. This effort to continuously improve the risk management system was supported and approved by outside consultants.

Benteler AG manages its divisions on the basis of strategic and operating targets. A detailed management information system monitors achievement of objectives; it tracks all relevant key figures in terms of actual, planned and projected figures. If there are negative deviations from the plan, the holding company initiates prompt and appropriate measures. Each month, all divisions report on their economic performance, and point out opportunities and risks affecting planned results and future developments. In addition, an aggregate risk status report is also submitted to the Executive Board every six months on the basis of an annual inventory of risks that might pose a threat to the Company's continued existence. This report informs the Executive Board of the status of risks and countermeasures on the basis of defined indicators. Officers are appointed to monitor and manage measures taken to address each risk. The Group also has a



company-wide Internal Control System (ICS) that provides for organizational safeguards, procedural arrangements, and system audits. The Executive Board has commissioned the Corporate Audit department to audit all areas of the Group at regular intervals. The matters it examines include compliance with guidelines, the regularity and efficiency of business processes and reporting, and the proper functioning of risk management.

Certain especially important risks are transferred to insurers by the corporate service provider BLV, in consultation with the Executive Board. In particular, claims resulting from recalls and cases of liability are covered, as are property damage and losses caused by interrupted operations.

The risks described below are not the only ones to which the Benteler Group is exposed. Unforeseen risks or risks considered negligible today may also have adverse effects on business activities. In a difficult economic environment, special attention must be paid to risks related to the influence of changes in demand due to business cycles, specific customer and supplier risks, as well as liquidity risks. Management also pays careful attention to changes in procurement markets, as well as project risks, quality risks, currency risks and IT risks. To safeguard its future business, Benteler has developed scenarios and corrective strategies in the following areas.

RISKS DUE TO THE IMPACT OF CHANGES IN DEMAND DUE TO BUSINESS CYCLES

The Company's business plans point out opportunities in new products, customers and markets. These are countered by risks relating to sales volumes, sales revenues, and profits, which arise if carmakers' production stagnates or indeed even declines for the car models for which Benteler serves as a supplier. Cyclical economic fluctuations may also significantly influence business in steel tubes. In 2009, demand contracted substantially in all three of the Benteler Group's divisions.

Additional steps became necessary because the current slump in sales volumes has spread to nearly every market and customer segment. As early as the fourth quarter of 2008, the Executive Board and Management Boards began projects to adjust cost structures in every department to fit reduced demand, and to control cash flow risks. These particularly included the Profit Improvement Program, expanded risk management and early warning systems to analyze customer and supplier creditworthiness, and monitoring of short-term and medium-term liquidity as a part of cash management. Moreover, every division is hard at work to sustainably safeguard the Benteler Group's solid liquidity position by cutting back capital expenditures and reducing working capital.

SPECIFIC CUSTOMER AND SUPPLIER RISKS

Adverse economic performance among individual contracting partners could have consequences for the Benteler Group's sales and earnings. The Group limits these risks by maintaining a broad diversification of its customer and supplier base, as already described above, and by insuring some of its receivables and continually monitoring major market developments.

The Benteler Group could incur losses if the credit-worthiness of individual customers deteriorates so that delays or defaults occur in payments, or planned sales volumes cannot be realized. In the current adverse economic climate, the Company has intensified its debtor management even further. Each day, the divisions' sales organizations track customers' economic condition and payment performance, and review opportunities for hedging risks.

To meet its obligations as a supplier, the Benteler Group must rely on materials and services provided by numerous other companies. Especially during tense business phases, existing suppliers may have difficulties in supplying Benteler, or new suppliers might have to be found on short notice, thus impeding the Company's own business. The Automotive Division has an especially large number of specialized suppliers. Here the purchasing department has developed an extensive range of successful tools for mitigating risk. Suppliers'

credit ratings are continuously monitored with the assistance of external and internal sources of information. Specialized purchasing teams make sure that if a crisis arises, the division's supplies – and thus its ability to serve its end customers – are safe.

CHANGES IN THE SUPPLY MARKETS

Fluctuations in the price of steel, scrap metal and alloys pose a considerable risk for the Benteler Group. If prices for raw materials rise, for example, it is not always immediately possible to pass on the necessary amount of the increase to customers by raising selling prices. The result may be an adverse effect on operating profits. Conversely, delays in passing on lower procurement prices may also have a positive influence on earnings.

The Automotive Division buys considerable quantities of hot-rolled and cold-rolled steel, generally under rather long-term contracts. It passes on most changes in procurement prices to the customer. To compensate for increases in the price of raw materials, the Steel/Tube Division has agreed with customers on cost-of-materials increases. At Benteler Distribution, declining procurement prices may reduce revenues on the sale of stock on hand. For that reason, the division actively manages its inventory levels, especially when market volatility is high.



PROJECT RISKS

The Automotive Division is involved in complex development and production projects. The inherent risks of these projects include unexpected technical difficulties at Benteler or its suppliers. Those, in turn, may lead to higher costs for the start of series production and/or higher investments than were planned, among other consequences. To avert or reduce these risks, the division has set revised standards for project execution. These call for regular project reviews to permit early countermeasures when needed. Suppliers are included in this process, and are audited at stipulated intervals.

QUALITY RISKS

Shortcomings in development, production or logistics at Benteler plants or suppliers may cause parts to be delivered to customers late or in faulty condition. Such problems may expose Benteler to claims for damages. For that reason, the Benteler Group has introduced extensive operating procedures governing process reliability, quality management and process audits, at its own plants and for its suppliers. To mitigate such risks in their own production operations, the divisions constantly refine their production methods and apply preventive maintenance on their equipment. In parallel, they continue expanding their systems for seamless documentation of the production steps for each part.

These measures are intended to minimize recall risks if suppliers deliver defective parts, or if Benteler itself produces defective products. The Benteler Group has taken out insurance policies to limit residual risks to the Company as a result of liability or damage claims. Damage claims may also result from purchases of defective materials. Through a cooperative arrangement with an insurance broker, the Benteler Group also offers advantageous ways for its external suppliers to take out product liability and recall insurance.

FOREIGN EXCHANGE RISKS AND INTEREST RATE RISKS

The scope of our international business operations, especially in purchasing and sales, exposes the Benteler Group to foreign exchange risks as a result of fluctuations in exchange rates. The finance and foreign exchange management functions, which are managed centrally through Benteler AG, largely rule out foreign exchange risks by applying an information system and associated hedging transactions. The Group generally hedges customer orders and additional purchasing volumes denominated in foreign currencies, using well-established procedures. The Benteler Group controls risks from changing interest rates by largely matching maturities when it borrows refinancing funds, and by using derivatives.



LIQUIDITY RISKS

The Benteler Group requires a sufficient supply of liquidity to safeguard its continuing existence. The financing that must be covered is computed on the basis of plans, and is generally obtained by way of medium- and long-term borrowings, primarily from core banks. Additional financing needs may develop if economic risks arise. Borrowed funds may also be needed in order to take advantage of opportunities. Having a forward-looking supply of liquidity on hand is especially important at the moment, since the financial crisis has made it significantly more difficult, and more expensive, to obtain additional funding.

Thanks to its long-term, conservative financing policy, the Benteler Group is well prepared to meet the current challenges. All volumes to be redeemed in 2010 were already refinanced in 2009, especially by taking out loans through the Company's main banking connections. The inventory credit lines maintained to finance working capital will still be available for a number of years; some were renewed. This solid financing structure ensures that the Group will remain solvent even under the burden of adverse economic conditions. Additionally, the Benteler Group has taken extensive steps to enable it to assess future liquidity needs even more accurately, and to free up liquidity within the Company. The principal focus here is on working capital management and capital investment planning. Thanks to active working capital management, the Group currently has substantial cash funds available.

IT RISKS

The failure of IT systems and/or the manipulation of data could interfere with important processes at the Benteler Group, and might for example result in delivery problems or missed deliveries. Benteler counters this risk with a redundant configuration of IT systems and with authorization rules, emergency plans, and IT security guidelines, all of which are regularly reviewed.

OVERALL ASSESSMENT OF RISK MANAGEMENT

In the reporting year, in addition to auditing the Consolidated Financial Statements, the auditors of the German companies' single-entity financial statements also examined their risk management processes. They concluded that the Benteler Group complies with the requirements of law, and that the Company's early warning system is capable of identifying in a timely way any developments that might pose a threat to the Company's continuing existence.

On the basis of an examination of the current risk situation, there is no identifiable risk at present that could pose a threat to the continuing existence of the Benteler Group.

REPORT ON RESEARCH AND DEVELOPMENT ACTIVITIES

PROGRESS THROUGH INNOVATIVE TECHNOLOGIES, PRODUCTS AND PROCESSES

The Benteler Group offers its customers competitive advantages by way of high-performance products and processes, comprehensive service and new materials. It also intends to rate among the very best in every field in which it operates. For that reason, innovation is a key concern at every department. Benteler works with customers to analyze their needs and develop the best solutions in terms of both technology and cost.

MATERIAL PROPERTIES ARE KEY TO SUCCESS

During the year, the Steel/Tube Division expanded its existing cooperative arrangements in research, and established new ones, for example with Vienna Technical University. These projects focus especially on kinetic computations of how materials behave. They will make it possible to attune future materials even better to customers' needs. Other new cooperative ventures were organized to research material failures at maximum rates of load application, as a further expansion of the Company's expertise in exploration technology.

Material properties are the key to product success. To improve the Company's work here, it introduced a broad range of simulation tools in 2009. Software-assisted material simulation makes it possible to develop new materials, and modify existing ones, significantly faster and at less expense. The finite element method (FEM) was extended into many additional production processes, such as skew-roll piercing, punching and cold-drawing. A simulated but extremely true-to-life description of processes makes it easier to find the causes of defects and to carry out production improvements faster and more cost-effectively.

AUTOMOTIVE PRODUCT DEVELOPMENT

AIRBAGS

Further prototype tubes for airbag gas components were supplied to all leading airbag makers worldwide in 2009, to support their series-production startups in the medium and longer term. Optimizing production and heat-treatment processes has made it possible to expand the applications of known hardening materials even further.

STABILIZERS

Tubular stabilizers weigh up to 30 to 40 % less than solid stabilizers. Benteler Steel/Tube supports Benteler Automotive's introduction of this product on the market by producing high-strength, water-quenched and tempered manganese-boron steels with mechanical characteristics custom-tailored to this application. A first series-production order for this kind of stabilizer tube for sports vehicles was acquired during the year. Even though they have a strength of more than 1,200 MPa, these tubes can still be cold-bent, so that customers can eliminate the expensive heat treatment that otherwise would be absolutely necessary.

DOOR REINFORCEMENTS

For side impact protection in passenger cars, the Company developed a variant made of a single tube that offers better crash performance, at lower cost, than the current two-tube solution. Further advantages result from the less expensive material and lower production cost.

ENERGY PRODUCT DEVELOPMENT

FOSSIL ENERGY SOURCES

The ever-increasing need for more efficient energy generation processes prompted the development of numerous new tube geometries for the power plant and refinery market. In addition to extremely flat oval



tubes and boiler tubes whose wall thicknesses vary along their length, these particularly include interlocking heat exchanger lines with minimum tolerances.

RENEWABLE ENERGY SOURCES

Solar technology and geothermal energy are markets that need large quantities of special steel tubing. Here new potential was tapped by developing special geometries and structures, as well as extreme tube lengths.

EXPLORATION

For petroleum exploration, Benteler developed high-strength standpipes for oil production that resist corrosion even in extremely aggressive acid-gas environments. For Arctic exploration applications, Benteler produced the first maximum-strength cold-ductile drilling pipes.

INDUSTRY PRODUCT DEVELOPMENT

INJECTION ANCHOR

The induction-hardening unit at the Dinslaken plant is able to produce anchor tubes without the hard exterior martensite layer that otherwise develops in heat treatment. This homogeneous new hardening method makes it fast and easy to produce homogeneously hardened injection anchors for tunneling and mining operations.

FLUID TECHNOLOGY

Numerous modifications of materials and production processes for hydraulic applications have now made it possible to use cylinder tubes even at low temperatures of -60°C .

RECOGNIZING AND USING POTENTIAL

Research and development at the Automotive Division in 2009 emphasized safety, efficiency and the environment – in both product development and process development.

NEW METHODS FOR USING EXHAUST GAS HEAT AND FOR CRASH DETECTION

In regard to climate change and environmental protection, Automotive developed an efficient aluminum-based cooler for exhaust gas recirculation that offers several weight and price advantages over stainless-steel-based coolers. Benteler also extensively explored how to make use of dissipated heat, with the aim of using the heat generated by combustion in an engine as an energy source. The Company is currently working with a car manufacturer on a development project to integrate thermoelectric materials into the exhaust gas recirculation cooler of future diesel engines. Here the heat of the exhaust gas is converted directly to electrical energy using the Seebeck effect.

Another emphasis in product development was safety. For example, new crash detection methods were under development. These solutions aim to use the deformation of structural components in a vehicle during a crash to generate defined acoustic signals (structure-borne sound) or defined optical signals that the airbag control unit can use to either trigger or control passive safety mechanisms. Apart from significantly faster determination of the severity of an accident, the optical method offers the additional advantage that the crash can be clearly located. The technologies are now to be advanced to series production in a joint project with a car manufacturer and a supplier.



JOINING: A KEY TECHNOLOGY

In addition to analyzing and optimizing existing processes for hot-forming steel with the assistance of new equipment, Benteler pursued new approaches to lastingly and significantly reduce cycle times and furnace lengths. The use of newly developed thermographic monitoring systems in series production has made it possible to respond quickly to process deviations, and thus to produce with very high efficiency and very low defect rates.

Special test benches were developed and built for hot-forming aluminum. They make it possible to assess special customer requirements and generate the parameters so that parts can be designed to conduct simulations. One emphasis in joining technology was studying, characterizing and implementing connection technologies for multi-material designs when combining aluminum and steel. Adhesives offer special potential for reducing the weight of chassis components here. This technology made it possible to develop and build a hybrid lightweight composite link axle that will save weight and expense in comparison to current series production. Customer feedback indicates that this "cold" joining technique is a promising key technology for chassis production as well, and that Benteler has taken the lead as a pioneer in this technology segment.

With similar goals in mind regarding weight and expense, Benteler also developed and built an aluminum-steel hybrid cross-member. This hybrid member, produced with an innovative combination of pressing-in and rewelding, has already passed the internal testing phase and will now undergo extensive load testing by the customer.

MATERIALS AND LIGHTWEIGHT CONSTRUCTION IN AUTOMOBILES

To meet the future challenges of lightweight vehicle construction with continuous fiber reinforced plastics like CRP and GRP (carbon and glass-reinforced plastics), the joint venture Benteler SGL GmbH & Co. KG, founded in 2008, develops ready-for-mass-production part designs using these materials, with the associated production concepts. As an example of lightweight structural construction, Benteler is working with German car manufacturers on the concept of steel-FRP (FRP = fiber-reinforced plastic) hybrid technology using the example of a B-pillar. Benteler SGL is testing the technology using CAE methods and substitute tests, to be followed by a whole-vehicle crash test at the customer's facility.

A further application being developed for fiber reinforced materials in automotive construction is a steel-FRP hybrid concept for natural gas tanks that combines cost-effective construction from lightweight materials with flexible production technology. This new configuration can reduce weight as much as 50 % from the usual steel solution.

The 2009 takeover of the Fischer Composite Technology (FCT) production site in Ried, Austria, has now given Benteler SGL a way of producing components using RTM (resin transfer molding) and prepreg technology on an industrial scale. Applications of RTM technology in making chassis springs are currently being tested, with the aim of taking the Company's own technology onto the market in the future.

The Benteler Group has about 1,000 employees in research in development, at 25 locations in 12 countries. Research and development expenditures in 2009 totaled EUR 95.8 million, 22.3 % less than for the previous year.

REPORT ON QUALITY AND THE ENVIRONMENT

COMPREHENSIVE QUALITY MANAGEMENT

International quality standards are a matter of course at all Benteler sites. Benteler plants' certification to the ISO/TS 16949 management system was renewed again during 2009, guaranteeing that customers can expect a uniform standard of quality worldwide.

Benteler also has accreditations, certificates and licenses from major-name German and international certification and classification organizations and customers. In times of crisis, the management system's process-oriented structure showed itself to be an especially valuable aid in auditing and revising business processes. The Benteler Group's institutionalized use of classic quality tools and up-to-date methods in a continuous improvement process has proved its worth. The focus was on efficiency (turnaround time), freedom from defects, and availability.

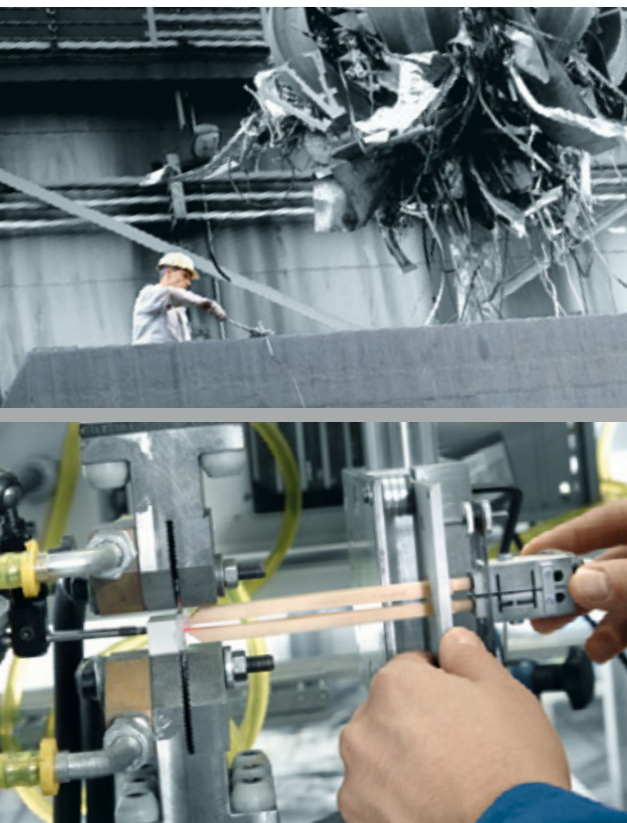
The quality management system also underwent continuous updating, with an emphasis on defining and maintaining standards. To make sure that current information is easily available to users, the Company introduced database-supported CAQ systems (for example for document management), standardized FMEAs, and measuring equipment monitoring. Changes were systematically incorporated into the Milestone System for describing the acquisition and project phase – a system

that has already demonstrated its value. Thus the Company ensured that measures would remain in use, and at the same time raised employees' quality awareness.

SUSTAINABLE ENVIRONMENTAL PROTECTION

Conserving resources and protecting the environment is not only an increasing necessity, it is also standard practice at the Benteler Group. Employees are also involved in these tasks. The Company encourages environmentally aware attitudes and action at all sites worldwide, aiming to achieve ecological and economic goals on an equal footing. Measures for environmentally appropriate organization span the Group's entire product range and all production procedures – covering a product's entire life cycle, from the use of raw materials, to product development, production, and product use, all the way to disposal and recycling. Ecological responsibility also means regularly reviewing the Company's processes, procedures and technologies, and continuously improving them. All plants met the requirements of ISO 14001 once again in 2009.

Furthermore, all products the Group makes, as well as its suppliers, are continuously audited for their compliance with the EU Chemicals Regulation (REACH). Following the pre-registration phase, work on the



REACH Regulation continued smoothly on the procurement and customer end at the Steel/Tube Division. The Automotive Division implemented a standardized SAP database of substances so that it can ensure extensive tracking of employed substances under REACH. This method has already been successfully introduced at the first plants in the Northern Europe and Southern Europe regions.

Under the leadership of Benteler Steel/Tube, the Group began work on introducing an electronic waste tracking procedure that will replace the former paper disposal documentation forms, tracking slip procedures and record books with an electronic form of document processing and archiving. The statutory starting date for the electronic waste tracking procedure is April 1, 2010.

Reducing CO₂ is one of the most important environmental policy goals of our time. Since 2005 there has been an emissions trading system that sets a monetary value on the emission of CO₂ in industry. The electric furnace steel plant in Lingen/Ems has participated in emissions trading from the start, and preparations are currently under way for the hot rolling mills to participate starting in 2013. Benteler Steel/Tube protects its interests in this sector by participating vigorously in German and European associations.

*The Benteler Group
endeavors to attract and
keep the right employees
so that it can continue to
think and act innovatively.*

BREAKDOWN OF EMPLOYEES BY DIVISION
(ANNUAL AVERAGE)

	2009	2008	CHANGE	
				[%]
Automotive	17,531	18,361	-830	-5
Steel/Tube	3,981	4,070	-89	-2
Distribution	1,485	1,696	-211	-12
Holding	149	154	-5	-3
Employees	23,146	24,281	-1,135	-5
Of which are trainees*	630	524	106	20

*including retrainees



PERSONNEL REPORT

MAKING THE MOST OF THE CRISIS

The worldwide economic and financial crisis faced human resources departments with great challenges in 2009. In these difficult times, it was necessary to take every necessary step while maintaining a strong commitment to treating employees responsibly. For that reason, every unit of the Benteler Group made extensive use of flexible HR policy instruments such as overtime accounts, reducing vacation entitlements, cutting back work hours during the week, and applying government-subsidized shortened work schedules.

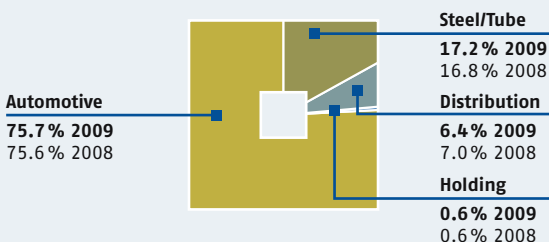
An important tool in this regard was the "Quali-Kug" program for raising job qualifications while working a shortened work schedule. With this program, for the first time the Federal Employment Agency opened up a way for employees to take training courses on their off-days while working shortened schedules. Almost all of the courses, including CIP, IT and foreign languages, but also technical fields like welding, were taught by trainers from within the Company. Employees could choose from a catalog of 263 certified training courses. From March to December 2009, 1,700 employees from the Steel/Tube Division and 585 from the Automotive Division participated in these courses, taking the equivalent of 51,700 hours of

continuing training. This commitment, and its results, made the Benteler Group one of the pioneers in the state of North Rhine-Westphalia.

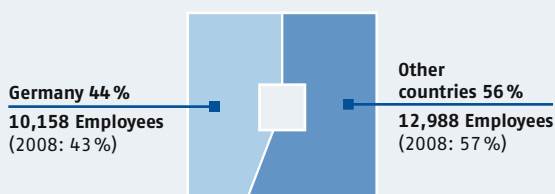
The Benteler workforce worldwide averaged 23,146 employees for 2009, 1,135, or 5 %, fewer than in 2008. In spite of the difficult economy, the Company remained faithful to its social responsibility, and provided training places for 20 % more young people in 2009 than the year before. In 2009 Benteler trained 534 employees in Germany (vs. 452 in 2008), and 96 in other countries (vs. 72).

In the Automotive Division, the average workforce decreased by 830, or 5 %, to 17,531 employees. Most of the decrease was at locations outside Germany (-785). Staff was cut back in almost all regions. The number of employees grew during the year only in the Asia/Pacific region (+80) and in the Engineering unit (+14), as well as through Benteler SGL's takeover of the Austrian company Fischer Composite Technology (+77). In 2009, 33 % of the workforce was employed in Germany. About 76 % of all Benteler Group employees for the year worked in the Automotive Division.

PERCENTAGE BREAKDOWN OF
WORKFORCE BY DIVISION



BREAKDOWN OF BENTELER GROUP WORKFORCE:
STAFF IN GERMANY AND OTHER COUNTRIES



The workforce at the Steel/Tube Division decreased by 89, or 2%, against the year before, to 3,981. The number of employees at the Distribution Division decreased 12 %, to 1,485. The staff of the Management Holding numbered 149, compared to 154 in 2008.

On average, 12,988 employees were working in countries outside Germany, and 10,158 in Germany during the year. The workforce contracted both in Germany (-198) and in other countries (-937). The percentage of employees in Germany remained roughly constant against the year before, at 44 % (2008: 43 %).

LOOKING TO THE FUTURE

Even though the economic crisis dominated a large share of the Company's HR policy activities and initiatives worldwide, work still continued on the defined points of emphasis of the personnel strategy that had been adopted in 2008. The focus for 2009 was on standardizing processes and procedures, and on introducing a Group-wide Performance and Talent Management (PTM) process.

EMPLOYEES BENEFIT

The Benteler Group is an attractive employer and intends to remain that way. The Company endeavors to attract and keep the right employees so that it can continue to think and act innovatively.

The aging of the population, with significantly decreasing numbers of secondary-school graduates, will have an increasing effect on the quantity and quality of applicants. To ensure adequate quality, especially in the MINT professions (mathematics, information technology, natural science and technology), and to ensure that information continues to be channeled to young people, the Company substantially expanded its cooperative efforts with schools and reached binding cooperation agreements. Well-qualified trainees were

recruited successfully by such measures as an annual open house at the Benteler Center for Basic and Continuing Training (the AWZ) attended by more than 3,500 interested visitors, as well as internships for students and teachers, technology days for girls and boys, and informational events at schools.

Offering young people an opportunity for vocational training has traditionally been a high priority at Benteler. During the year, a total of 217 trainees, students and retrainees took the step into job life at Benteler. In recent years especially, Benteler has also been able to recruit an increasing number of women for technical professions.

During the year, direct contacts through job fairs at university-level institutions or in field trips resulted in the opportunity for 294 university students to get a practical look at job life at Benteler – including 228 interns and 66 young people who wrote theses at the company. The range of offerings and projects for students was revised to align with the restructuring of German university studies to lead to Bachelor's and Master's degrees. Feedback shows that the Benteler Group is on the right track to become an employer of choice among an even larger target group.

Another important component of ensuring the long-term availability of new generations of employees is the Group's dual courses of study, which have been offered since 2001 in mechanical engineering, business engineering, electrical engineering, international business, and accounting and finance. More than 100 such openings are currently available, and over 80 % of the 41 graduates to date have joined the Company.

Because of the Automotive Division's increasingly international orientation, a 24-month international technical trainee program now trains experts for



promising future markets (including China, India, and Russia), who will then be able to assist with building up sites in China and India. The current 15 engineers are helping to promote intercultural relations within Benteler Automotive and to generate valuable expertise abroad.

EMPLOYEE QUALIFICATION WORLDWIDE

The qualifications of the Company's management and employees are an important contribution toward keeping Benteler sound and competitive for the long term. For that reason, during the year the Benteler Performance and Talent Management (PTM) process was introduced worldwide as a supplement to the Benteler Competency Model. In this structured process, talented individuals and employees who show potential are identified across division boundaries, and are helped into suitable development tracks and career steps. With the "Foundation of Leadership" (FoL@Benteler), a uniform, modular worldwide qualification program for entry-level executives was set up in 2009. Besides providing leadership tools, this program also embodies the concept of the "learning organization," which enables participants to apply content in everyday practice outside the classroom, and to support one another. Employees are nominated for the program – as for all further modules of the executive curriculum – on the basis of the individual plans for action adopted in the Benteler PTM process.

The recently developed internal "360° Feedback" system, which is based on the Benteler management principles and standards of conduct, and which also includes the Competency Model, is another instrument for training executives. This process enables executives to gain insight into their management behavior in a structured interview based on a previous 360° Feedback, and to agree on specific steps such as coaching.

BUILDING EMPLOYEE LOYALTY

Caring for kids is a major point of interest at Benteler – which is, after all, a family firm. In September 2008, the Rohrspatzen daycare center opened in Paderborn. During 2009, the playground was completed, and the fourth and last group entered the center in 2009. Currently the center provides educationally guided care for 60 children, from four months to school age. And for the first time, it offered a special daycare program during summer vacation for school children between the ages of six and twelve.

HEALTH MANAGEMENT

A company must rely on its employees' ability and willingness to perform. That's why the Benteler Group relies on an active company policy of promoting health. Health consultants conducted a large number of campaigns in the divisions during the year, addressing all aspects of health and nutrition. The range of options was rounded out with sports and preventive exercise programs from Pilates and back school, to in-house soccer and volleyball tournaments, and even a "Winter Inspection."

ENCOURAGING GOOD IDEAS

Even in a time of crisis, and in spite of shortened work schedules, employees kept recommending suggestions and ideas for improving the work environment and life on the job. During the year, Benteler Group employees submitted a total of 5,500 suggestions for improvements through the company suggestion program – equivalent to 0.60 suggestions per employee per year. Detecting potential for saving on costs, improving communication, optimizing processes, and the associated expansion of competitive advantages are important reasons for continuing to encourage the suggestion program in the future.



FORECAST

FOCUS STILL ON LONG-TERM GROWTH AND FINANCIAL INDEPENDENCE

Even as market conditions remain difficult, the Benteler Group's paramount corporate goals will still be a long-term, continuous increase in corporate value and the preservation of financial independence. Benteler will continue working to make the most of market opportunities and to prepare for new challenges.

According to the DIW institute for economic research, the global economy has largely emerged from the worst recession since the Second World War. This change has been reflected in the growth rates for production and trade, which have been slowly rising again since mid-2009. Support measures, including multi-billion-euro economic programs and a vigorously expansive monetary policy, contributed toward this improvement. Another contributing factor was the better economic environment, including the turnaround in the global inventory cycle and comparatively low oil prices.

Though the economic climate has improved in all major economic regions, the growth rate is still considered slow. One core problem is that the international financial markets remain weak, with limited functionality across broad segments. This holds back investment and consumption, and has a suppressive effect on the evolution of supply and demand. Thus, despite positive signals, any predictions about the period beyond 2010 remain highly uncertain.

WELL POSITIONED FOR THE FUTURE

At the end of 2008, the Benteler Group already began taking extensive steps to safeguard the Group's profitability and sound liquidity position even in periods of significantly lower demand. These efforts continued throughout 2009. The considerable decreases in sales volumes made it necessary to adjust capacity quickly. The Company also applied a wide variety of other tools. In Germany, for example, it pared back flextime credits, reduced weekly work hours, and put staff on shortened schedules. Every unit revised its processes and structures, and adjusted costs to the lower volume of business. Every function and company was treated in the same, systematic way. These profit stabilization programs will continue in 2010. We will hold firm to the same conservative financing principles in the future as in the past. As usual, capital expenditures will be financed from cash flow, the equity ratio is to be at least 30 %, and gearing is not to exceed 50 %. The Company assumes that it will not be possible to return to the sales levels of 2008 until 2012. In 2010 and 2011, it expects that every division will generate steadily rising sales and show a profit. All divisions will work hard on initiatives to build growth, enhance profits and ensure excellence in their operations. The goal for 2014 is sales of more than 7 billion euros. Moreover, the current crisis in the industry offers good opportunities for acquisitions and external growth.

As of December 31, 2009, the Company took over the Automotive Structures unit of Norwegian firm Norsk Hydro ASA. This unit produces aluminum components for the automotive industry – such as bumpers, roll-over-protection and impact-protection systems, as well as structural components – at nine locations worldwide. The unit, now to be known as Benteler Aluminium Systems (BAS), has about 1,100 employees and generated sales of 220 million euros. Before integration costs, it is expected to show a small loss for 2010. The acquisition is an excellent complement to Benteler Automotive's range of products and services, and has expanded Benteler's capabilities in lightweight construction, one of the focal points of current work in the automotive industry.

Thanks to its extremely sound financing structure, the Benteler Group will be able to take advantage of further such market opportunities in the future.

CRISIS RECOVERY AT THE AUTOMOTIVE DIVISION

Market researchers expect worldwide motor vehicle sales volumes to increase 3 % in 2010 against 2009, to 65 million units. Nevertheless, that figure represents volumes below those for 2007 and 2008. Volumes will still remain low in Europe particularly, because of the expiration of state incentive programs, while they will continue to grow vigorously in Asia. Volumes in North America are also expected to rise again. But not until 2011 at the earliest will the figures return to their former levels. Amid this environment, automotive producers and suppliers will remain under immense pressure. The expected wave of insolvencies in the supplier industry

has not materialized as yet, but the weeding-out process will intensify in 2010. Experts expect credit bottlenecks, especially when more capital is needed as sales volumes rise. Here smaller firms with limited access to the capital market face an especially high refinancing risk.

In spite of these challenges, the future will still hold opportunities for those providers who can weather the current crisis and its aftereffects in good condition. Growth in new sales regions will continue. Because of the special requirements in these countries, new vehicle segments will develop, especially for low-cost passenger cars.

Aside from the potential offered by regional growth markets, however, suppliers must invest in research and development for the long term if they are to profit from technological trends. Here the key concepts of environmental friendliness, cleanliness, and efficiency play an especially important role. However, experts assume that internal combustion engines will continue to dominate the market for the next 10 to 15 years. For that reason, consumption and emissions must be reduced further, while at the same time maintaining power and safety.

As a provider of innovative solutions that combine, for example, high performance and low weight, the Automotive Division is well equipped for the competition of the future. Chassis from Benteler win praise in all vehicle classes for their dynamic performance, safety and driving comfort. As the market leader in hot forming, the Group offers a technology that is particularly effective at meeting requirements for low weight and thus fuel efficiency.



Benteler components for uses around the engine help protect the environment by reducing fuel consumption. These products have good market opportunities among European and Asian producers.

The acquisition of Norsk Hydro's business in aluminum structural parts will enable Benteler Automotive to support its customers with additional innovative solutions and products for lightweight construction. The division will hold firm to its fundamental strategic course, in spite of the changes that the crisis has caused in its environment, and it still aims to be its customers' company of choice for efficient, environmentally friendly, safety-conscious automotive engineering solutions.

Particularly critical factors for success in this regard will be utilization of capacity at existing plants, and sustainably flexible handling of costs, so as to lay a firm foundation for profitable growth. Moreover, production startups at new plants, especially in Russia and Asia, will absorb attention and capacity.

To build its innovative strength still further, the Company will focus especially on environmental awareness and safety. Examples include carbon-fiber and aluminum parts, as well as products to enhance engine efficiency. The Benteler Group addresses safety with high-strength parts, innovative crash systems, and crash sensor engineering. Based on rising volumes in 2010, the Automotive Division expects earnings to rise substantially against 2009, so that setting aside the costs of integrating the new Benteler Aluminium Systems unit, the division plans to return to profitability.

Demand at the Steel/Tube Division is expected to rise in 2010 against 2009 in every relevant market.

In the OCTG (Oil Country Tubular Goods) business, the Energy Product Group expects significant increases in volume in the North American market in the first half of 2010. This will result primarily from the reduction of stocks on hand, which will be used up by then, together with rising exploration activity and anti-dumping measures directed against China. In the boiler tube segment, demand in Europe and North America will increase because of the 2009 reductions of stocks on hand and the maintenance and upgrades that have been deferred to 2010. Unabated growth in the Asian region, especially India and China, will keep demand for new power plant capacity high. However, competition from Chinese and Japanese competitors must be expected to intensify significantly. Planned downtime and repairs in the chemical and petrochemical industry, as well as rising investments in solar power plants, will cause volumes in tubing for heat exchangers to increase worldwide.

The Industry Product Group's principal lines of business are mechanical engineering, drilling technology and engineering design, with a regional emphasis in Europe.



New orders from ultimate consumers slumped an average of 55 % for all three units in 2009, but a mild recovery of about 4 % is expected in 2010. The main driver for this change in the market will be the need to invest in replacements that were deferred in 2009. New orders are also expected to grow faster than market demand in 2010, because stocks on hand will need to be replenished.

The Automotive Product Group assumes that the car and truck market will still be feeling the impact of the global crisis in 2010. The utility vehicle segment especially will be dominated by still-weak economic performance and large inventories of new vehicles. However, the trend in the automotive industry will continue toward replacing solid materials with tubes – and where possible, replacing seamless tubes with welded and cold-drawn tubes – for reasons of weight and cost. The Automotive Product Group's innovative range of products places it in a good position to take advantage of this evolution in the market.

In part due to the influence of the economic crisis, the Steel/Tube Division will hold firm to its formulated "Tube Solutions" strategy. The associated top-priority

goals of growth and of expanding the unit's lead as a maker of precision steel tubing will be pursued further by allocating resources, processes and projects. Since the market environment is likely to remain difficult at first in 2010, the division will focus on safeguarding its planned profit, along with its strategically oriented projects.

VOLUMES TO RISE IN DISTRIBUTION DIVISION

Because of the expected market recovery among its primary customer groups in mechanical engineering, automotive construction and plant engineering, Benteler Distribution also expects sales volumes to rise against the previous year in 2010. Many customers have largely completed their moves to free up liquidity, so that an economic revival will lead to direct demand.

Significant portions of measures to adjust costs and free up liquidity will remain in place at the Distribution Division in 2010, so that a profit can be expected due to a lower cost base. Additionally, projects to optimize logistics and processes will be maintained so as to achieve the targeted efficiency enhancements. In preparation for a revival of growth in the future, Benteler Distribution will continue to invest in new markets and is selectively expanding its product portfolio with articles that are consistent with its core business.

SUPPLEMENTARY REPORT

There were no major changes in the business situation for the current year after the preparation of the annual financial statements. The decision to conduct the Group's strategic management out of Salzburg will have no impact on the Benteler Group.

DISCLAIMER

This Management Report contains forward-looking statements about expected developments. These statements are based on current estimations and inherently involve risks and uncertainties. Actual events may differ from the statements presented here.

