
ANNUAL REPORT 2010

BENTELER GROUP IN FIGURES

FISCAL YEAR (JANUARY 1 – DECEMBER 31)

		under IFRSs		under German GAAP		
		2010	2009	2008	2007	2006
External Sales	[€ million]	6,104.9	4,558.3	6,327.4	6,319.4	5,597.7
Employees including trainees ¹⁾ (average for year); FTE starting 2009		23,748	22,654	24,281	22,938	21,992
Personnel expense	[€ million]	1,160.0	911.5	1,031.3	986.3	946.3
Personnel expense per employee, FTE starting 2009	[T €]	48.9	40.2	42.5	43.0	43.0
Investments	[€ million]	246.5	171.5	208.5	317.9	191.3
Depreciation and amortization	[€ million]	198.0	190.1	164.9	156.0	144.7
Cash flow	[€ million]	334.7	182.7	296.3	309.7	243.1
Equity ²⁾	[€ million]	1,015.6	892.4	802.3	773.9	712.3
Total assets	[€ million]	3,116.7	2,667.6	2,551.2	2,502.6	2,268.7
Equity ratio	[%]	32.6	33.5	31.4	30.9	31.4
Profit/loss before tax	[€ million]	112.6	-10.5	175.1	249.2	192.5
Consolidated profit	[€ million]	79.9	-8.3	121.9	149.8	94.7



1) Until 2008: Number of employees

2) Adjusted equity: Equity + participation certificates

CONTINUITY AMID CHANGE ...

THE WORLDWIDE RECESSION BEHIND US SHOWED
ONCE AGAIN HOW IMPORTANT IT IS TO KEEP THE
FOCUS ON CONTINUITY: CONTINUITY OF STAFF, CONTINUITY
OF CORPORATE GOALS – AND NOT LEAST OF ALL,
CONTINUITY IN TAKING ADVANTAGE OF THE OPPORTUNITIES
THAT CHANGE OFFERS.

THAT IS THE COURSE THAT BENTELER PURSUED ONCE AGAIN
DURING THE YEAR, MAKING IMPORTANT DECISIONS
FOR THE COMPANY'S FUTURE SUCCESSFUL PERFORMANCE.

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Salzburg, March 2011

LADIES AND GENTLEMEN,

The global economy recovered substantially faster in 2010 than we had expected even at the beginning of the year. The upswing varied widely in the market segments relevant to our divisions – Automotive, Stahl/Rohr, and Distribution. The automotive industry recovered fastest. The steel/tube business did not see a sustained recovery until the second quarter, and the distribution business revived only in the third quarter. Thanks to the recovery, as well as the further steps the Company took toward improving costs throughout the Benteler Group, we once again showed a substantial profit for the year.

To continue in line with our Company's performance in the years up to 2008, we have defined challenging goals for long-term growth and for improving profits in all our divisions. In regional terms, these plans will emphasize growth in Russia and the Asian markets.

In mid-2010 we introduced a new management structure for the Group. Under the strategic management holding company Benteler International AG, headquartered in Salzburg, Austria, we organized our business operations in three legally independent divisions – Benteler Automotive, Benteler Stahl/Rohr, and Benteler Distribution – within Benteler Deutschland GmbH, headquartered in Paderborn, Germany. This established a clear separation between strategic management and the operating divisions.

Seeing that the Company continues to internationalize, we decided to adopt International Financial Reporting Standards (IFRSs) for our consolidated financial reporting beginning with 2010. This allows us to meet the requirements for a global corporation in our financial reporting as well.

On behalf of the Executive Board of Benteler International AG and the Management Board of Benteler Deutschland GmbH, as well as the Management Boards of Benteler Automotive, Benteler Stahl/Rohr, and Benteler Distribution, I would like to thank our employees for the exceptional achievements with which they supported our Company, with dedication and flexibility, during a difficult, demanding period. We also want to thank all our business partners for showing so much confidence in us, and our shareholders for their constructive cooperation and support.

Hubertus Benteler
Chairman of the Executive Board

THE BENTELER GROUP AT A GLANCE

THE BENTELER GROUP

The Benteler Group does business internationally. Under the strategic management holding company Benteler International AG, business operations are organized in three legally independent divisions – Benteler Automotive, Benteler Stahl/Rohr, and Benteler Distribution – within Benteler Deutschland GmbH. The Company 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 SOME 25,000 EMPLOYEES AT 170 LOCATIONS IN 38 COUNTRIES.

BENTELER AUTOMOTIVE

Benteler Automotive develops and produces innovative products to enhance safety, the environment, and efficiency. It offers customer-oriented solutions for a broad range of products, and serves as a full-service supplier for virtually every major automotive manufacturer.

- **Chassis Systems Product Group**
Optimized lightweight chassis components and modules made of a wide variety of metal and non-metal materials and combinations.
- **Structures Product Group**
Lightweight yet ultra-high-strength components for meeting the safety requirements of tomorrow. Ultra-lightweight aluminum components to help comply with future anti-emission regulations.
- **Engine and Exhaust Systems Product Group**
Solutions for all aspects of engines, with components and modules that help realize extensive downsizing potential.
- **Benteler Engineering Services Product Group**
Development of individual components up to the module level, from concept to support for series production and testing.

- **Benteler Mechanical Engineering Product Group**
Development and marketing of innovative concepts for machines and plants in architectural, automotive, and solar glass, and for optical 3D measuring systems.
- **Benteler SGL Automotive Composite**
Innovative concepts for maximizing customized lightweight construction.

BENTELER STAHL/ROHR

The Benteler Stahl/Rohr division develops and produces customized tubes for selected customer groups and applications. Its particular strength lies in lightweight construction, high-strength products, and surface protection.

- **Benteler Steel/Tube business unit**
Development, production and sale of seamless hot-rolled and seamless cold-drawn steel tubes.
- **Benteler Rothrist business unit**
Development, production, and sale of welded and welded drawn precision steel tubes.
- **Benteler Tube Management business unit**
Development of new product and business ideas based on tube solutions and tube products.

BENTELER DISTRIBUTION

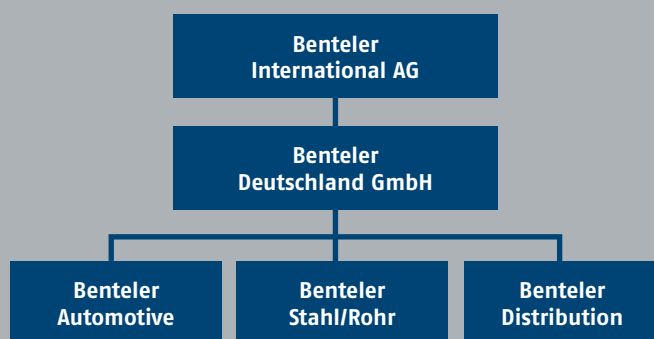
Benteler Distribution is one of the leading warehousers and processors of steel and stainless steel tubes. It offers a full range of tube products and accessories for many different applications.

Custom-made concepts thanks to

- an international sales and logistics network,
- technical consulting,
- extensive know-how in steel,
- processing solutions,
- expertise in procurement processes in machine construction, hydraulic cylinders, automotive, construction, health and consumer goods, energy.

WHEN WE SAY CLOSE TO THE CUSTOMER, WE MEAN IT! OUR APPROACH EMPHASIZES SHORT DISTANCES, QUICK DECISIONS, AND CLOSE COOPERATION WITH OUR BUSINESS PARTNERS.

IT GOES WITHOUT SAYING THAT WE ARE ALSO LOCATED NEARBY, WHICH ALLOWS US TO DO OUR WORK BETTER – AS A SKILLED DEVELOPMENT PARTNER AND A RELIABLE SUPPLIER.



Overview of management structure

PERSONNEL MATTERS

THE EXECUTIVE BOARD
OF BENTELER
INTERNATIONAL AG

Hubertus Benteler, Chairman
(since June 30, 2010)

Siegmund Wenk
(since September 3, 2010)



BENTELER INTERNATIONAL AG
from left: Siegmund Wenk, Hubertus Benteler



BENTELER DEUTSCHLAND GMBH
from left: Giorgio Frigerio, Hein Van Gerwen, Dr. Meike Schäffler, Norbert Bergs

THE SUPERVISORY BOARD OF BENTELER INTERNATIONAL AG (SINCE AUGUST 31, 2010)

Robert J. Koehler, Wiesbaden, Germany
Chairman
Chairman of the Executive Board of SGL Carbon SE,
Wiesbaden, Germany

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

Rolf Eckrodt, Berlin, Germany
Chairman of the Supervisory Board of Tognum AG,
Friedrichshafen, Germany

Dr. Markus Flik, Gerlingen, Germany

Axel Prym, Roetgen, Germany
Shareholder of William Prym GmbH & Co. KG,
Stolberg, Germany

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

THE MANAGEMENT BOARD OF BENTELER DEUTSCHLAND GMBH

(since September 3, 2010; formerly Benteler AG)

Hein Van Gerwen, Chairman

Norbert Bergs

Dr. Meike Schäffler

Giorgio Frigerio (until December 23, 2010)

Former Benteler AG

Hubertus Benteler, Chairman
(until June 29, 2010)

Siegmond Wenk (until September 2, 2010)

THE MANAGEMENT BOARDS OF THE DIVISIONS

BENTELER AUTOMOTIVE

Hein Van Gerwen, Chairman

Eric Alstrom

Ralf Göttel (since November 1, 2010)

Dr. Mathias Hüttenrauch
(until September 3, 2010)

BENTELER STAHL/ROHR

BENTELER STEEL/TUBE GMBH,
BENTELER ROTHRIST GMBH,
BENTELER TUBE MANAGEMENT GMBH

Norbert Bergs, Chairman

Matthias Jäger

BENTELER DISTRIBUTION

Giorgio Frigerio, Chairman
(until December 23, 2010)

Anders Ivarsson (since May 1, 2010)

Dr. Marcus Schubbe (since May 1, 2010)

Ralf Moysig (until April 30, 2010)



BENTELER AUTOMOTIVE
from left: Ralf Göttel, Hein Van Gerwen, Eric Alstrom



BENTELER STAHL/ROHR
from left: Norbert Bergs, Matthias Jäger



BENTELER DISTRIBUTION
from left: Giorgio Frigerio, Anders Ivarsson, Dr. Marcus Schubbe

CONTINUITY AMID CHANGE ...

WHAT COULD BE A BETTER DESCRIPTION OF THE BENTELER GROUP'S PATH OVER THE PAST FEW YEARS? MUCH OF OUR SUCCESS IS FOUNDED ON RESPONSIBLE, FORWARD-LOOKING DECISIONS, TO TAKE TIMELY ADVANTAGE OF OPPORTUNITIES IN CHANGING MARKETS.

THE BASIS IS THE COMPANY'S UNDERSTANDING OF ITSELF AS A MODERN FAMILY FIRM THAT EARNS ITS CUSTOMERS' CONFIDENCE WITH STRONG INDIVIDUAL RESPONSIBILITY, LEAN HIERARCHIES, AND CONSISTENT DEDICATION.

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BUSINESS AND GENERAL CONDITIONS

THE GLOBAL ECONOMY RECOVERS

During fiscal 2010, the global economy recovered faster than expected from the profound recession that the global financial crisis had induced the year before. At the end of 2009, economic growth gathered momentum, resulting in an increase of 4.8 % in world global domestic product (GDP), according to projections by the Kiel Institute for the World Economy (IfW). The principal impetus came from vigorous growth in the emerging economies of Asia and South America. Government economic programs, a buildup of inventories in international trade, and rising export demand also contributed to the recovery. While industrialized countries grew 2.4 %, GDP growth was 10.7 % in China, for example, and 9.5 % in India. Growth for Germany in 2010 is projected at 3.7 %. World industrial production is expected to rise only moderately at first over the next few years. Nevertheless, emerging economies like Thailand and India still have a substantial need to catch up, and will therefore make a positive contribution to worldwide industrial growth.

AUTOMOTIVE PRODUCTION ON THE UPSWING WORLDWIDE

The world built 71.5 million cars in 2010 – a 19.2 % gain from 2009. The revival of consumer demand amid an environment of government economic programs, combined with low interest rates, had a positive impact on carmakers' sales volumes. As a consequence, world automotive production recovered faster than had been expected the year before.

Asia produced a total of 36.7 million vehicles, 16.5 million of them in China alone. That figure represents a 26.5 % gain from 2009 – meaning that this region accounted for 49.6 % of world production. The figure for the year before was 48.3 %. China's share of worldwide automotive production is now 22.3 %. Japan, the second-largest Asian producer, produced 21.6 % more cars than in 2009, but still lagged well behind the Chinese total, at 9.4 million. The strongest relative growth was in Thailand, with 58.4 %, and India, with 35.0 %. To profit from the ongoing boom in demand in this region, many major OEMs are further expanding their local capacity. Ford and Suzuki, for example, are planning to build new plants in Thailand (Rayong) by 2012.

Automotive production in Europe recovered only moderately, by international comparison. Growth was 14.0 % compared to the year before. Total production came to 19.2 million vehicles. Western Europe, with 13.4 million cars, accounted for 69.9 % of this result. In all, production was 14 % below the 2007 record. Nevertheless, Europe still built more than 26 % of the world's cars in 2010. However, no noteworthy expansion of capacity can be expected here. It should be noted, moreover, that vehicle production continues to relocate from Western Europe to Eastern European countries.

Germany, with 5.7 million cars, is still Europe's largest automotive producer, but logged only comparatively low growth of 11.4 %. The fastest relative growth from the previous year was in Russia, at 87.7 %. Russia produced a total of 1.3 million cars. Sales were supported by government incentive programs that continued throughout 2010.

The NAFTA countries achieved the world's fastest growth relative to the previous year. The total number of new vehicles grew 39.1 %, to 11.9 million. Because of accelerating demand, the market recovered faster here than had originally been expected, although it still remains well below pre-crisis levels. The United States produced 7.6 million cars (+36.0 %), Mexico produced 2.2 million (+49.3 %), and Canada produced 2.0 million (+40.2 %). GM, the largest American carmaker, emerged from bankruptcy and placed its stock successfully on the market. Ford shed Volvo, and reduced its stake in Mazda to only 3.5 %. Chrysler, the smallest OEM of the American "Detroit 3," lost its former independence through a takeover by Fiat, and played a smaller role in the North American upswing than GM and Ford.

South America, which was less severely affected by the crisis, increased vehicle production 11.1 % from the year before. In absolute terms, carmakers there put out 4.1 million vehicles, contributing 5.5 % of world production for the year. The figure in 2009 had been 6.1 %. Brazil remained by far the most important producer in the region.

The first few months of 2010 still saw major doubts about a sustainable recovery of the global economy – and with it, the automotive industry. But the mood turned more optimistic as the year went on. More than 70 % of the world's cars come from the plants of the ten largest OEMs. Toyota, Volkswagen, and General Motors account for 30 % all by themselves. Manufacturers have taken up the challenge of reducing CO₂ emissions, and have set a strategic course toward developing more sustainable vehicle fleets. A systematic search for lighter weight, alternative drives, and new vehicle designs will contribute here.

RECOVERY IN THE STEEL TUBING INDUSTRY

German production of steel tubes increased substantially in 2010 compared to the crisis year 2009. In seamless precision steel tubes, an especially important line of business for Benteler Stahl/Rohr, growth was more than 50 %. Rising oil prices resulted in an acceleration of oil and gas exploration worldwide. This, combined with lower inventory stock of OCTG products, resulted in lively demand for tubes.

In Asia, increasing demand for energy encouraged new power plant projects, while the focus in Europe and the Americas was on major repairs to existing power plants. Buoyed by strong export business, German



machine construction also recovered over the year, with rising new orders. The tube business also benefited from the growth of passenger car markets and the revival of sales in utility vehicles. Amid the generally positive market environment, warehousing and distribution maintained stocks.

The rise in the cost of procuring basic raw materials like ore, coal, and scrap, as well as alloys, was largely compensated by raising the prices of steel and steel tubes.

STEEL TUBE DISTRIBUTION GROWS MODERATELY

Almost every market saw an economic revival, with an associated increase in production and a buildup of inventories. In tube distribution, demand grew in 2010 primarily in machine construction, building construction, and agricultural machinery. In the automotive industry, orders in the truck and utility vehicle segment improved from the year before. The energy sector, particularly plant construction, and the building construction industry revived in the second half of 2010, while the first half was still affected by postponements of projects from 2009.

Changes in demand for semifinished materials and rising costs for shipping and energy generally led to small price increases in steel tube distribution compared to the year before.

EARNINGS SITUATION

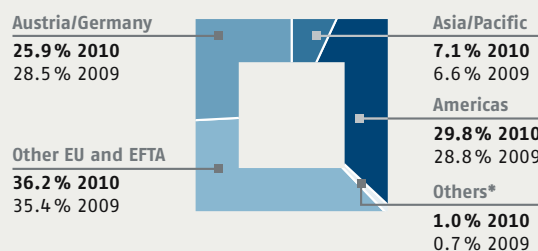
BENTELER GROUP REVENUE RISES 34 %

The Benteler Group generated revenue of €6,104 million in 2010 – a 34 % increase from the year before. All divisions contributed to the growth.

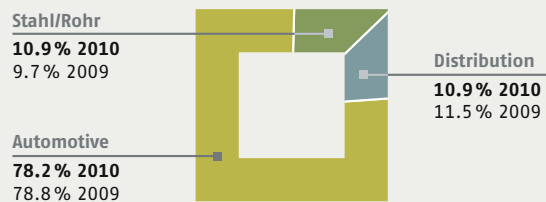
The Automotive division's revenue grew 33 % from the prior year. Its share of Group revenue came to 78 %. At 50 %, Benteler Stahl/Rohr generated the year's largest revenue increase. Its share of group revenue was 11 %. The Distribution division's revenue grew 27 %, and its share of the Group revenue was likewise 11 %.

Inter-divisional revenue (internal sales) for the year came to €186 million, and was mostly for deliveries by Benteler Stahl/Rohr to the Distribution and Automotive divisions.

The various markets' shares of external sales changed slightly in 2010 from the prior year. Once again, more than a quarter of revenue came from Germany: 26 %. The other EU countries and EFTA accounted for 36 % of revenue, the Americas 30 %, and Asia 7 %.

EXTERNAL SALES BY MARKET AREA

* including Eastern Europe, outside EU

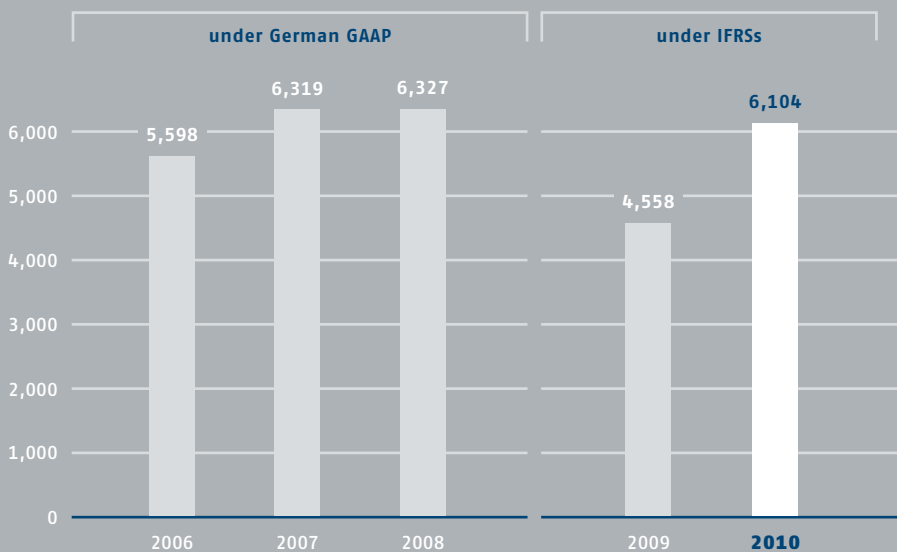
DIVISIONS' SHARES OF CONSOLIDATED EXTERNAL REVENUE

EXTERNAL REVENUE BY DIVISION

	2010 [€ million]	2009 [€ million]	CHANGE	
			[€ million]	[%]
Automotive	4,793	3,599	1,194	33
Stahl/Rohr	826	568	258	45
Distribution	671	529	142	27
	6,290	4,696	1,594	34
Less internal revenue	186	138	48	35
External revenue	6,104	4,558	1,546	34

REVENUE GREW A
SUBSTANTIAL 34 % IN 2010
FROM THE CRISIS YEAR 2009.

REVENUE PERFORMANCE SINCE 2006 – EXTERNAL REVENUE [€ MILLION]



AUTOMOTIVE DIVISION

REVENUE RISES SIGNIFICANTLY

The **AUTOMOTIVE** division generated revenue of €4,793 million for 2010, outperforming the previous record year, 2007, by €21 million. This represents an increase of €1,194 million, or 33 %, from the year before.

The Automotive 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 develops and manufactures chassis cross-members, subframes, control arms and knuckles, as well as complete front and rear suspension modules. It still remains the largest product group, and increased its revenue 21 %, with the component business growing 23 % and the module business growing 21 %. Further contributions here came from the new module plants in Kaluga, Russia, and Fuzhou, China. By contrast, the module plants in Germany and Spain saw their revenue decrease as a consequence of one customer's changeover to having its clients provide their own materials.

STRUCTURES, the second-largest Product Group, increased its revenue 33 % from the year before. 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). More customer calls for products, a positive effect from exchange rates, and the newly acquired pressing plant in Puebla, Mexico, contributed to this increase.

The **ENGINE AND EXHAUST SYSTEMS** Product Group saw the largest percentage of growth in revenue, with a 65 % increase. Most of this increase is attributable to the revival of markets in North America and Europe. This 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 **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. Benteler Engineering Services revenue for 2010 was 7 % below the prior year's level. While the Mechanical Engineering segment's revenue was 14 % below 2009, the Engineering Services segment's revenue was 3 % higher than the year before, at about €43 million.

The Automotive Structures unit acquired from Norsk Hydro ASA as of December 31, 2009, was integrated into Benteler Automotive as **BENTELER ALUMINIUM SYSTEMS** during the year. This unit produces aluminum components for the automotive industry, and likewise contributed toward the division's revenue growth, with €258 million.





CONTINUITY AND INITIATIVE:
ENTHUSIASM ABOUT PROGRESS
LAYS THE CORNERSTONE FOR
THE COMPANY'S INNOVATIVE
STRENGTH.

RAPID RECOVERY IN THE **STEEL/TUBE** MARKET

Effective May 1, 2010, the **STAHL/ROHR** division was restructured into three independent companies: Benteler Steel/Tube GmbH, Benteler Rothrist GmbH and Benteler Tube Management GmbH. Benteler Steel/Tube GmbH pools the unit's capabilities in seamless hot and cold-drawn tubes. Benteler Rothrist GmbH handles welded and welded drawn precision steel tubes. Service and corporate functions were centralized at Benteler Tube Management GmbH.

In 2010 the Stahl/Rohr division generated revenue of €826 million, up 45 % from the year before.

BENTELER STEEL/TUBE supplies products worldwide for the automotive industry, oil and gas exploration, power plants, building construction, and machine construction. Benteler Steel/Tube revenue grew 64 % from the previous year.

Important contributors to this growth were the increasing number of active drilling sites (rig counts), an initial buildup of stock on hand in warehouse sales, and the economic recovery in Europe, the unit's principal selling market, particularly in building and machine construction.

BENTELER ROTHRIST produces welded and welded drawn tubes for numerous applications in the automotive industry, but also for other industries such as machine and plant construction. The general market recovery and growing demand for new cars pushed Benteler Rothrist's revenue up 33 % from the year before.





CONTINUITY AND QUALITY:
HIGH-QUALITY, CUSTOM-MADE
PRODUCTS ARE AN IMPORTANT
PART OF BENTELER'S PARTNER-
SHIP WITH ITS CUSTOMERS.

DISTRIBUTION DIVISION SALES VOLUMES AND REVENUE BOTH HIGHER

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 technical consulting. The division also serves customers in the mechanical engineering, hydraulic cylinders, automotive, construction, healthcare, and consumer goods industries, as well as energy. In 2010 Benteler Distribution generated revenue of €671 million, 27% more than the year before. The increase resulted almost entirely from higher sales volumes.

In contrast to the year before, all European markets produced higher revenue. Northern and Central Europe especially benefited from demand in machine and automotive construction. Revenue also recovered in Germany and Southern Europe. It was down only in the Asia/Pacific region, as a consequence of projects that had not yet reached the books.





**CONTINUITY AND
CUSTOMER ORIENTATION:**
BENTELER'S STRENGTHS
ARE PRODUCTS AND SERVICES
TAILORED TO CUSTOMERS'
NEEDS.

GROUP AGAIN SHOWS A PROFIT

The **CONSOLIDATED PROFIT FOR THE PERIOD**, before tax, grew to €112.6 million, moving firmly back into the black after the crisis of 2009.

Cost of materials, as a percentage of the total performance (inventory turnover and operating revenue) of €6,136 million, decreased from 69.4 % to 67.8 %, primarily as a consequence of higher productivity. The share of personnel expenses decreased from 20.2 % to 18.9 %. As revenue rose, available capacity could be utilized more fully. Depreciation and amortization decreased from 4.2 % to 3.2 %, because of lower investments during 2009. Other operating expenses as a percentage of total performance remained almost unchanged, rising from 9.1 % to 9.2 %. The net interest expense decreased only slightly, by €0.1 million, to €55.1 million. Net interest as a percentage of total performance decreased from 1.2 % to 0.9 %, because of the higher total performance.

The Automotive division returned to the black in 2010. Most of the growth in earnings came from the gross margin gains as a result of higher sales volumes and the cost management system put in place during 2009. The Stahl/Rohr division also generated a substantial before-tax profit in 2010. Higher employment and higher productivity were the main contributors here. The recovery of demand, with the associated rise

in sales volumes, brought the Distribution division back into profitability. The structural measures introduced to improve costs in 2009 already began paying off in 2010. Total costs rose only moderately compared to the rise in total performance.

The tax expense, including deferred taxes, came to €32.8 million (tax rate: 29.1 %). The Benteler Group's after-tax profit for fiscal 2010 came to €79.9 million, compared to a loss of €8.2 million the year before. But the previous year was significantly affected by non-recurring effects from the initial consolidation of companies acquired from Norsk Hydro ASA (now Benteler Aluminium Systems). Without that effect, 2009 would have shown a loss of €72.1 million. Allowing for €5.2 million attributable to minority shareholders, the Group's net profit was €74.7 million, compared to a loss of €6.1 million in 2009.





PROGRAMS TO IMPROVE
PROFITABILITY AND
SAFEGUARD LIQUIDITY
PROVED EFFECTIVE.

ASSETS AND FINANCIAL POSITION

CAPITAL EXPENDITURES ADJUSTED

The Benteler Group invested €247 million during the year. Consequently investments for 2010 were more than depreciation and amortization, which came to €198 million. Out of the total for 2010, €218 million was paid for property, plant and equipment, and €29 million for intangible assets. The Automotive division in particular stepped up its investment projects after the end of the economic crisis, adjusting them to match its growth targets.

Out of the total, €209 million, or 83%, went for production facilities and equipment in the Automotive division. Important single projects included axle projects for BMW in Germany, Ford in the United States, and Chrysler in Canada. There were major investments to establish new plants in South Africa, Russia, and India during 2010.

The Stahl/Rohr division's investments for 2010 remained at the same level as the year before, at €25 million. Investments during 2009 had served entirely to maintain resources, while 2010 saw an increase in investments in expansion and rationalization.

The Distribution division invested €11 million. The two largest single projects were the acquisition of a company in Denmark and the opening of a second warehouse location in Brazil. The division also invested during the year in replacing processing equipment and in renovating or expanding warehouse locations.

LIQUIDITY STILL HIGH AT END OF 2010

The cash flow reflects not only the results of operating activities net of non-recurring effects, but depreciation and amortization, changes in noncurrent assets and provisions, and noncash transactions; the cash flow from operating activities also includes changes in working capital and income taxes paid. On these bases, the cash flow from operating activities was €367 million, 34.9% more than in the previous year, primarily because of the consolidated profit for the year. Working capital changed by €35 million, while taxes paid came to €50 million for the year.

The Benteler Group endeavors to finance all investments (apart from corporate acquisitions) out of cash flow. It achieved that goal thanks to the improved earnings situation. Net investments for 2010, at €247 million, were less than the cash flow of €335 million.

The cash flow from financing activities came to €-69 million in 2009, particularly as a result of interest payments and the settlement of credit obligations. No dividend was paid during the year.

Cash included in cash funds increased by €79 million compared to the prior year, to €302 million in 2010; liquidity represented 9.7% of total assets, compared to 8.4% in 2009.

INVESTMENTS

	2010	2009	CHANGE	
	[€ million]	[€ million]	[€ million]	[%]
Automotive	209	128	81	63
Stahl/Rohr	25	25	0	0
Distribution	11	15	-4	-27
Holding companies*	2	3	-1	-33
Total investments	247	171	76	44

*Benteler International AG and Benteler Deutschland GmbH

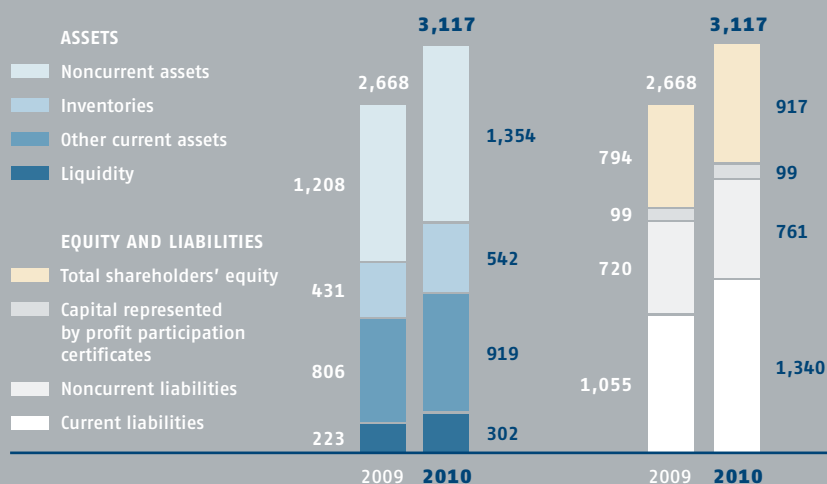
CASH FLOW STATEMENT

	2010	2009
	[€ million]	[€ million]
Cash flows from operating activities	366.5	272.1
<i>(of which: Cash flow from profit)</i>	334.7	182.8
Cash flows from investing activities	-232.7	-137.0
Cash flows from financing activities	-69.3	-158.5
Effect of exchange rate changes on cash and cash equivalents	14.9	10.0
Cash and cash equivalents at beginning of period	222.7	236.2
Cash and cash equivalents at end of period	302.0	222.7

THE BENTELER GROUP'S
CAPITAL EXPENDITURES GREW
44 % IN 2010, ADJUSTING
TO GROWTH TARGETS.

TOTAL ASSETS GREW
17 % DURING THE YEAR,
TO €3,117 MILLION.

GROUP BALANCE SHEET RATIOS [€ MILLION]



TOTAL ASSETS INCREASE

Total assets in 2010 were €3,117 million, 17% more than in 2009. Noncurrent assets increased €146 million, to €1,354 million. Property, plant and equipment and intangible assets increased by €107 million. Deferred tax assets grew by €24 million. Additions of €247 million to intangible assets and to property, plant and equipment (not including companies newly included in the consolidated financial statements) were countered by disposals of €20 million at the residual carrying amount, and depreciation and amortization of €198 million.

Other current assets (not including cash) grew by €225 million to €1,461 million. These changes resulted from the increase in working capital in 2010, including increases of €111 million in inventory. Receivables increased by €122 million over a year earlier. Neither factoring nor an asset-backed security program was carried out in 2010.

The Group's cash funds increased by €79 million, to €302 million. As a result of central cash pool liquidity management, these funds are currently deposited mainly with Benteler Deutschland GmbH and are available on a daily basis.

SOUND FINANCING STRUCTURE AFTER CRISIS

Equity (not including capital represented by participation certificates) increased €123 million, to €917 million. The consolidated profit for the year contributed an increase of €80 million. Favorable changes in foreign exchange rates yielded an increase of €50 million, and other components of equity decreased by €14 million.

Noncurrent liabilities came to €761 million at the end of 2010, an increase of €41 million from the year before. Noncurrent financial liabilities decreased €9 million, deferred tax liabilities increased €17 million, and provisions for pensions and similar obligations likewise increased €17 million, while other noncurrent provisions decreased €11 million.

Trade payables, at €771 million, were up €172 million from the prior-year figures. Other current liabilities increased €113 million; current financial liabilities increased €10 million, and other current liabilities increased €93 million. These primarily comprised liabilities for outstanding invoices, vacation and overtime, employee profit sharing, and other liabilities.

Working capital (current assets less current liabilities) increased by €35 million to €516 million, and came to 8.5 % of revenue, compared to 10.6 % a year earlier.

Noncurrent capital (equity, capital represented by participation certificates, and noncurrent liabilities) came to €1,777 million, or 57 % of total assets. It covered 131 % of noncurrent assets.

The equity ratio in 2010, at 32.6 %, was marginally lower than the previous year's 33.5 %. Net financial debt decreased by €89 million, to €183 million. The gearing ratio decreased from 31 % to 18 %. In the aftermath of the crisis, the Benteler Group had achieved two of its three goals: an equity ratio of about 30 % and a gearing ratio of not more than 50 %. However, the goal of a ROCE of at least 15 % was not yet achieved during the year; the figure was 10.0 %.

CENTRAL CASH AND FOREIGN EXCHANGE MANAGEMENT

In general, the Benteler Group's capital expenditures financing is centralized. Liquidity surpluses or shortages are currently pooled within Benteler Deutschland GmbH by way of intra-Group 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 is financed by short-term funding. Noncurrent assets are continuously financed with matching maturities, by taking out appropriate long-term loans. In addition, large portions of loan re-payments that were due in 2011 were already refinanced in 2010. To finance working capital, the Company had cash resources of €302.0 million available at December 31, 2010, as well as credit facilities promised in writing, including an undrawn loan, for a total of €343 million, which are treated as a strategic liquidity reserve. The credit had not been drawn upon as of the reporting date. All credit approvals are free from collateral and from financial covenants.

The asset-backed security program in Germany, which had last been utilized at the beginning of 2009 and had a maximum volume of €75 million, was terminated as agreed by contract in 2010. Because the commercial paper market is still not fully functional, and because the Company's liquidity reserves are already substantial, the program was not renewed.

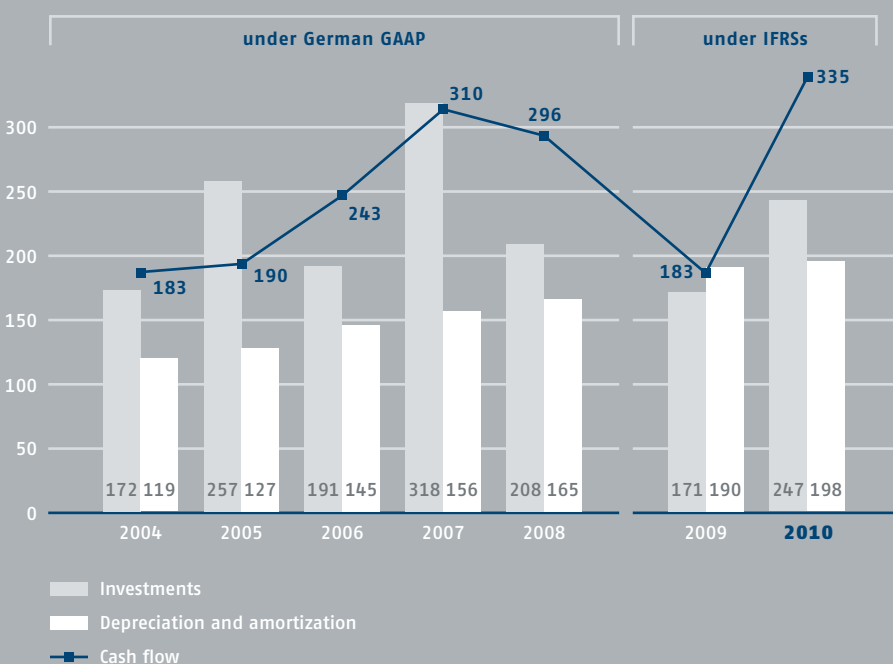
A large portion of internal payables and receivables are netted between Group companies by way of Benteler Deutschland GmbH, so that payment transactions can be settled cost-effectively. Because of the revenue growth, the netting volume increased by €105 million in 2010, to €585 million.

KEY FINANCIAL RATIOS

	2010	2009
Equity ratio ¹⁾ [%]	32.6	33.5
Internal financing ratio ²⁾	1.36	1.07
Debt-equity ratio ³⁾	0.18	0.31
Dynamic debt-equity ratio ⁴⁾	0.55	1.49
Return on equity ⁶⁾ [%]	17.4	4.9
ROCE ⁷⁾ [%]	10.0	2.8
Working capital ⁸⁾	515.9	481.1
EBIT ⁹⁾ [€ million]	167.8	45.7
Degree of interest coverage I ¹⁰⁾	3.0	0.8
EBITDA ¹¹⁾ [€ million]	365.7	235.8
Degree of interest coverage II ¹²⁾	6.6	4.3

- 1) Adjusted equity (equity capital + participation certificates) : Total assets
- 2) Cash flow from profit : Investments
- 3) Net financial debt ⁵⁾ : Adjusted shareholders' equity (as of year's end)
- 4) Net financial debt ⁵⁾ : Cash flow from profit
- 5) Net financial debt = Liabilities to banks, bonded loans, borrowings contained in other liabilities less loans, securities, and liquid funds (not including profit participation certificates and pension provisions)
- 6) Gross operating income after gains from business combinations : Adjusted equity (averaged between beginning and end of the year)
- 7) (Operating profit/loss + net interest income/expense) : (Intangible assets + property, plant and equipment + working capital ⁸⁾) (averaged between beginning and end of the year)
- 8) Working capital = (Inventories + trade receivables from third parties, related and associated companies) ./. (Liabilities to third parties, related and associated companies + notes payable)
- 9) Gross operating income after gains from business combinations + net interest income/expense = EBIT
- 10) EBIT : Interest expense
- 11) Gross operating income after gains from business combinations + net interest income/expense + depreciation and amortization
- 12) EBITDA : Interest expense

TOTAL CAPITAL INVESTMENTS, DEPRECIATION, AND CASH FLOW [€ MILLION]



RISK REPORT

COMPREHENSIVE RISK MANAGEMENT

The Benteler Group, with its individual companies and divisions, is exposed to a variety of strategic and operational risks that may have a considerable impact on the Group's assets, financial position, and results of operations. The Benteler risk management system becomes especially important in periods of high market volatility, when demand sometimes receives additional support from government programs and other non-recurring factors. It governs the identification, assessment, and management of defined risks, and is fully integrated into the Group's processes for strategy, planning, and information. During the crisis of 2009, the risk management system was thoroughly reviewed and its controlling effects within the Group were refined. The efficiency and efficacy of the Group's risk management systems were examined and confirmed once again in 2010 by outside consultants.

Benteler International AG, as a strategic holding company, and Benteler Deutschland GmbH, as the operating management company, guide the divisions by setting goals. A detailed management information system monitors goal achievement; it tracks all relevant key figures in terms of actual, planned, and projected figures. If there is a deviation for the worse from plans,

the management companies initiate appropriate countermeasures. Here the operating decisions are made by the governing bodies and boards of Benteler Deutschland GmbH. Decisions of Group-wide strategic importance are made by Benteler International AG.

Each month, all divisions report on their economic performance, and point out opportunities and risks that may affect planned results and future developments. An aggregate risk status report is also submitted to the management bodies every six months, on the basis of an inventory of risks that might pose a threat to the Company's continued existence. In a cascading reporting system based on defined indicators about probability and (financial) importance, this report describes the status of risks and pertinent measures. Officers are appointed to take specific responsibility for each risk and the associated measures.

The Group also has a Company-wide internal control system that arranges organizational safeguards, procedural rules, and system audits. Internal Auditing regularly reviews every unit of the Company. 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 Group's central service provider BLV. In particular, claims resulting from any recalls or 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 at present. Unforeseen risks or risks considered negligible today may also have adverse effects on future business activities.

In the current economy, particular attention must be paid to risks resulting from changes in demand due to business cycles and from the financial sector, specific customer and supplier risks, and risks resulting from changes in the supply markets. Management also carefully watches project risks, quality risks, foreign currency risks, IT risks, and liquidity risks.

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. But these opportunities also entail risks to sales volumes, revenue, profits, liquidity, and investments, resulting from unplanned overruns – and even more importantly, underruns – of production volumes in the vehicle models for which Benteler supplies its products.

Cyclical fluctuations may also significantly influence business in steel tubes, in both sales and production.

In 2010, demand increased sharply at all three of the Benteler Group's divisions. Government programs supported demand in the automotive sector – and with a slight delay, in the construction sector as well – during the year of crisis. Machine and plant construction lagged behind these developments by three to six months, depending on the segment.

Because of the sharp slump in sales volumes in virtually every market and customer segment during 2009, the Executive Board and the Managing Boards initiated projects to adapt cost structures to demand at every unit of the Company, and to keep potential cash flow risks within narrow bounds. These particularly included the Profit Improvement Programs, 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. Although sales volumes improved in 2010, these measures were continued and were incorporated into the Benteler Group's standard control procedures.

The Group still aims to safeguard its good liquidity position for the long term, through efficient investment and working capital management, and to build up reserves for growth projects.

SPECIFIC CUSTOMER AND SUPPLIER RISKS

Adverse economic performance among individual contracting partners could have consequences for the Benteler Group's sales and earnings. As has already been mentioned, the Company limits these risks by diversifying its customer and supplier base as much as possible, and by constantly watching important market indicators and other early warning indicators.

The Benteler Group could incur losses if the creditworthiness of individual customers deteriorates so that delays or defaults occur in payments, or planned sales volumes cannot be achieved. Because of the difficult



market economics of 2009, the Company intensified its debtor management further, and it continued these processes in 2010 even though business conditions are now much better. The divisions' sales and financing officers regularly track customers' economic condition, their payment performance, and the possibility of hedging risks, for example by insuring a portion of receivables.

To meet its obligations as a supplier, the Benteler Group must rely on materials and services provided by numerous other companies. In the current highly volatile economy, with sharply rising commodity prices and an increasingly strong demand for technological quality in emerging markets, business might particularly be hindered if existing suppliers encounter supply difficulties, or if suitable new suppliers must be found on short notice. The Automotive division has an especially large number of specialized suppliers. Here the purchasing department applies an extensive range of successful tools for monitoring and mitigating risk. For example, suppliers' credit ratings are continually 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 Stahl/Rohr 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 sometimes lead to higher costs for the start of series production and/or higher investments than were planned. To avert or reduce these risks, the division applies extensive standards for project execution. These also call for regular project reviews to permit early countermeasures when needed. Suppliers are included in this process, and are audited periodically.

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 or delivers 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 the 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,

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. (See the Notes to the consolidated financial statements for more information about financing instruments.)

LIQUIDITY RISKS

The Benteler Group requires a sufficient supply of liquidity to safeguard its continuing existence and achieve its growth objectives. 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 the Company's house banks. Additional financing needs may develop if economic risks arise. Borrowed funds may also be needed in order to take advantage of opportunities. Ensuring a sufficient prospective supply of liquidity is one of the most important tasks of the Company's financial management. Its capability in this regard has been thoroughly proved, including during the financial crisis.

Thanks to its long-term, conservative financing policy, the Benteler Group is well prepared to handle its planned growth. The inventory credit lines maintained to finance working capital will still be available for a number of years. A 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 particular focus here is on working capital management and capital expenditures. As a consequence of its active working capital management and efficient investment approach, the Group currently enjoys substantial cash resources.

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. The Company counters this risk with a redundant configuration of IT systems and with appropriate authorization rules, emergency plans, and IT security guidelines, all of which are regularly reviewed and monitored.

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 Group's early warning system is capable of identifying and managing 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.

RESEARCH AND DEVELOPMENT REPORT

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.

PRODUCT DEVELOPMENTS IN WELDED TUBES

Benteler Rothrist has worked with Benteler Automotive to bring the air-hardened material BNX120 into industrial-scale production, on the basis of hot and cold-rolled strips. This steel has a significantly better performance profile than previous material concepts. For example, its tensile strength is 20 % higher, while alloy costs are substantially lower. The various states of the material were extensively characterized at a large-scale smelter for tubes and sheets of different dimensions, and the material demonstrated excellent forming characteristics in the production of tube-based components for both twist-beam rear suspensions and front cross-members. Because of its good hardenability and tempering resistance, the steel can also be used to produce lighter-weight stabilizers.

Truck exhaust components call for appropriate tube designs in terms of both material and weight. Tailored blanks (welded plates with variable wall thicknesses) were used in a two-stage pressing process, with subsequent laser welding, to produce stainless special steel tubes on an automated line. If the material and thickness are chosen appropriately for the stresses involved, these tubes can reduce weight by more than 30 % compared to conventional tubes. Alternatively, use characteristics like corrosion resistance and heat conductivity can be adjusted precisely and selectively along the length of the tube.

In 2010, a manufacturer of airbag components helped test the first airbag generators made of welded tubes. Following the initial tests, these were approved for series production. They are based on a welded tube of high-strength multi-phase steel, without additional heat treatment. The introduction of this product makes Benteler one of the market's first providers of tubes for pyrotechnic airbag generators.

PRODUCT DEVELOPMENTS IN SEAMLESS TUBES

Benteler Steel/Tube continued its successful run of long-term strength studies on heat transfer in new boiler tube materials during the year. Even after 15,000 hours at continuous load, the tubes still presented excellent mechanical characteristics. Several new materials for plant construction were put into production. These "heat resistant" steels make it possible to use tubes at extremely high temperatures while they are also exposed



to corrosion. They open up a new market segment in chemicals and nuclear technology. In developments to improve tube geometry, the Company built its first tubes with wall thicknesses that vary around the circumference. These are intended for use in refuse-fueled heating and power plants. The thicker tube wall on the firing side and the thinner wall on the side with the weld seam provide for more economical construction and substantially more efficient operation of such plants.

Requirements for tubes are becoming more and more demanding, for example in perforating guns, as explorers tap deeper and deeper petroleum and natural gas deposits. Extensive simulation calculations have now laid the groundwork for the Company to run its own survival tests on perforating guns. For the first time these will help test and optimize the bursting behavior of the Company's own developments for materials and products.

In hydraulics and precision technology, the Company developed mineralogical drill tubes that meet high strength requirements and meet the necessary straightness tolerance of not more than 1 mm per 6,000 mm of length. In addition to better wear resistance, the service life of drill rods was increased about 30 % compared to conventional market drill tube materials. These drill tubes are being used in one customer's new drilling system to take cores down to a depth of about 1,500 m.

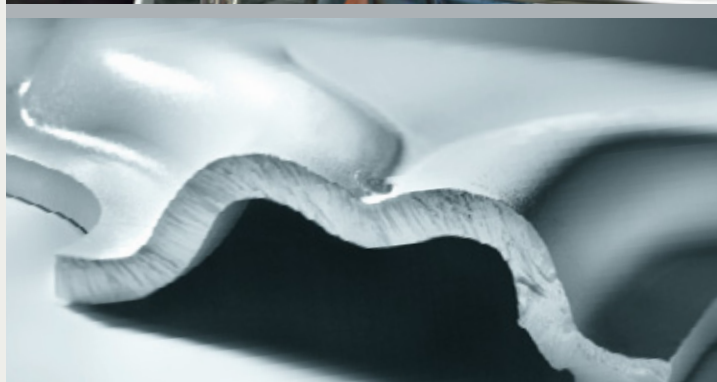
Diesel injection tubes were processed further by bending, crimping, and autofrettage to make high-pressure lines for the common rail system. Subsequent validation in an endurance test by an independent institute yielded a permissible pressure of 2,315 bars with a 1 ppm failure probability for this microalloyed material, given the appropriate production. Further materials using the modified production method are under development.

Benteler Steel/Tube supplied its own high-strength steel types to airbag manufacturers for further processing into hybrid, cold-gas or pyrotechnic generators. In developing airbag materials, the Company has now demonstrated higher strengths combined with low-temperature ductility in bursting tests down to -40°C .

It was also able for the first time to develop a successful special tube stabilizer for a truck. Compared to solid stabilizers, tube stabilizers offer a weight advantage of 30 % to 40 %. They reduce the cornering tilt of the body structure, and are used in the axles and cabs of trucks.

FOCUSING ON SAFETY, EFFICIENCY, AND THE ENVIRONMENT

Research and development at Benteler Automotive in 2010 emphasized safety, efficiency, and the environment – in both product development and process development.



WASTE HEAT RECOVERY

Using waste heat makes an important contribution toward efficiently reducing a car's fuel consumption and CO₂ emissions. In this connection, the German Federal Ministry of Education and Research is supporting two major projects by Benteler Automotive in thermoelectric recovery, for a total of €6.7 million. Other cooperating partners include BMW AG, the Fraunhofer Gesellschaft, and the University of Paderborn. In parallel, Benteler Automotive expanded its waste heat recovery portfolio by developing heat exchangers for thermodynamic processes. These offer significantly greater efficiencies than thermoelectric systems, but are mechanically more complex.

The division achieved a significant breakthrough in mechatronics with semi-active chassis systems. These improve driving safety and adjust driving performance dynamics appropriately to the driving situation, with good energy efficiency and at low cost. The first prototypes are under development. A center of competence was also founded to develop and integrate mechatronic components.

In measurement technology, a weld seam inspection system was developed that makes it possible to inspect inert-gas weld seams during the welding process, non-destructively and fully automatically. The prototype is currently integrated into an existing production plant as a pilot system.

NEW MATERIALS IN CARS

Lightweight construction remains a key concern in the automotive industry. Heat-formable BSEC steels (Benteler SECurity steel) have been used in military applications as well as ongoing civilian projects. During the year, BSEC510 earned an important qualification for applications in military vehicles for the German Bundeswehr. The first prototype contracts were won for BSEC610, as a maximum-strength, maximum-hardness armored steel. High resistance to artillery fire and good heat formability mean that structures can be produced with a substantially greater safety potential. To analyze the detonation resistance of heat-formed protective components, simulation models were developed and subsequently validated in live experiments.

ALUMINUM ACTIVITIES EXPAND

Research work in high-strength aluminum alloys continued. Modified process management promises additional application opportunities here, combined with high potential weight savings. As special process management has also shown with conventional aluminum alloys, these techniques can also achieve high performance with comparatively low-cost alloys. Studies with crash components made of a wide variety of materials have shown that weight can be reduced substantially at an attractive cost.

DEVELOPMENTS IN DRIVING DYNAMICS

The goal of the “Five-Link Suspension” project was to improve driving safety, driving comfort, and driving dynamics in passenger cars. One emphasis was on modeling the kinematics, elastokinematics, and topology of wheel suspensions. The axle was developed on the basis of the new “power loss” theory, which represents a fundamental contradiction of the automotive industry’s conventional design strategies for driving dynamics. To assess the axle’s performance, a retrofitted car was compared against a series-produced vehicle. The tests fully measured up to expectations.

STRUCTURES

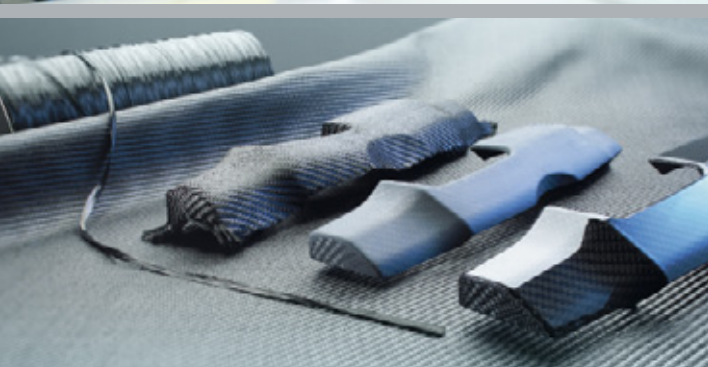
In ultra-high-strength steel alloys, the product range in profiles was expanded and brought to maturity for series production with the development and introduction of the roll-forming process. The integration of additional forming operations additionally made it possible to emboss contours and integrate hole patterns into components. This special type of production is also useful for a number of chassis components, such as rockers and struts, as well as bumper systems, where open profile structures are often used.

The partial annealing process was pursued further for ultra-high-strength heat-formed components. This special heat treatment makes it possible to adjust hardened structural parts for chassis locally to a lower

strength level. Components in these areas are less prone to crack, with advantageous implications for extreme deformations in a crash. The process also means that high-cost hard-cutting operations can be eliminated. Instead, the final component contour can be produced with simpler cutting tools. It also means that bending and overturning operations can be performed on hardened parts.

ENGINE DOWNSIZING TECHNOLOGY

The introduction of the Euro 5 standard and the impending Euro 6 standard are raising requirements for engine and exhaust systems. There is a stronger focus on reducing raw emissions and consumption. The most important driver for innovation is downsizing internal combustion engines, making them lighter, smaller, and more efficient. In addition to more stringent requirements for superchargers, however, this also has an important influence on the characteristics of ancillary units associated with combustion like the exhaust, exhaust gas recirculation, and injection systems. The evolution of the pressure wave supercharger principle, in the form of the electrically powered Hyprex, offers specific performance figures of more than 100 kW per liter of engine displacement, combined with excellent driving characteristics, and thus sets a new benchmark in downsizing



technology. Significant development advances were achieved in 2010. Several advance development projects have already been put into action with clients. Based on Benteler's core competence in producing sheet-steel manifolds, the concept of a sheet-metal, integrated manifold-turbocharger module (a "maniturbo") was developed and implemented in a first series production project. The maniturbo has significant advantages over the cast-metal solutions that still dominate the market. The combination of sheet-steel manifolds with an integrated sheet-steel turbocharger housing offers advantages over cast turbochargers in terms of weight and heat management. The first series application is in the new Ford 2.0 L Ecoboost engine, which began selling in 2010.

EXHAUST GAS RECIRCULATION

The introduction of the Euro 6 standard in 2014 will raise the requirements for the efficiency of exhaust gas recirculation systems. The portfolio was significantly expanded with the development of a new generation of plate coolers, which offer higher cooling efficiency and more robust resistance to dirt.

The Benteler Group has about 1,000 employees in research and development, at 25 locations in 12 countries. Research and development expenditures in 2010 totaled €109.5 million, 12% more than for the previous year.

ENVIRONMENTAL MANAGEMENT REPORT

INTEGRATED ENVIRONMENTAL PROTECTION

Conserving resources and protecting the environment is not only an increasing necessity, it is also standard practice at the Benteler Group. The Company intends to make a positive contribution toward a sustainable future by improving its environmental performance in every segment and raising awareness among employees, suppliers, and customers. Measures for environmentally appropriate organization cover the Group's entire product range and all production procedures – and here Benteler includes 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. In other words, integrated environmental protection stands on an equal footing as a corporate goal in all the Benteler Group's activities, on a par with maximum quality and maximum customer satisfaction, combined with maximum levels of safety for employees. These principles are laid down in the corporate guidelines. The Benteler Group has installed an environmental management system that is regularly certified to DIN EN ISO 14001. All plants met the requirements of that standard during the year, and in many cases exceeded them.

ACTING WITH ENVIRONMENTAL AWARENESS

In addition, environmental protection is a part of everyday routine – and depends directly on employee involvement. Benteler maintains an extensive training program at every location, to raise awareness of how production processes interact with the environment.

Many individual measures demonstrate this high level of commitment – such as setting up site maps to help visualize noise emissions, replacing solvents with innovative anti-corrosion treatments, introducing a new process control technology at the Lingen steel works, and developing shutdown checklists for unneeded auxiliary systems.

THE REACH EUROPEAN CHEMICALS REGULATION

The REACH Regulation, originally adopted to improve protection for health and the environment by establishing complete information about the characteristics of materials, includes all substances and byproducts generated in the European Union, including the slag that develops in smelting steel. For that reason, with the participation of the entire industry throughout the EU, the Benteler Stahl/Rohr division developed extensive documentation of chemical and physical properties, and submitted it on time to the new central authority in Helsinki, Finland, on November 30, 2010. Under the principle of "no data – no market," it would have been impossible to market products without a registration, meaning in effect a production ban for the steel mill.

The standardized SAP materials database on traceability of employed substances under the terms of the REACH Regulation has been implemented at Benteler Automotive and introduced with success in all of the division's regions. Methods have also been optimized for preventive emergency organization, emergency supplies, and hazard prevention for both employees and the environment. A further established process regulates safe ordering procedures worldwide, and the substitution testing of hazardous materials to control and reduce those materials.



ENERGY MANAGEMENT SYSTEMS

The heart of the energy management system introduced at the Benteler Stahl/Rohr division in 2010 is an extensive collection of data from all points that consume energy, making it possible to identify weaknesses. The system is aligned with the new DIN EN 16001 standard, and has been integrated into the existing management system. Benteler Automotive launched the Integrated Management System project to achieve the Company's ecological and economic objectives, and to improve on them. The energy aspects of DIN EN 16001 and the environmental aspects of ISO standard 14001 are described in a single, unified process.

WASTE DOCUMENTATION PROCEDURE

The new waste documentation procedure has been fully computerized. It makes it significantly easier for generators of waste, waste disposal services, and the authorities to communicate with each other. Extensive paper documentation formerly had to be prepared and exchanged among parties for each individual batch, but now the process is handled entirely through an e-mail system in which the government's Central Coordination Office serves as the information hub. The project, carried out under the leadership of the Benteler Stahl/Rohr division for all Benteler locations in Germany, reached a successful completion in 2010. To optimize waste management, Benteler Automotive developed a new key performance indicator. It assigns recyclable waste a positive rating and landfill waste a negative one, thus helping to limit landfill waste.

PERSONNEL REPORT

AN INVESTMENT IN THE FUTURE

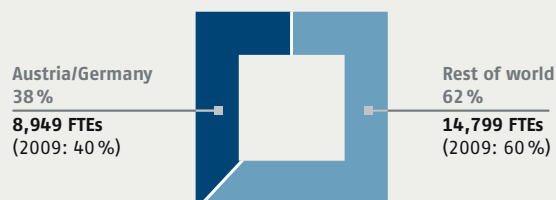
The Benteler Group's success is closely tied to our employees' performance, their creativity, and their personal and professional expertise. Their dedication is the foundation for every success we have in the marketplace and every new idea that will advance the Company's growth.

As an average for 2010, the Benteler Group had 23,748 full-time equivalent (FTE) employees worldwide – 1,094, or 5%, more than in 2009. Most of the growth was in the Automotive division. The Benteler Group is well aware of its social responsibility, and trains young people in a variety of occupations. The number of trainees worldwide was 660 in 2010 (previous year: 637).

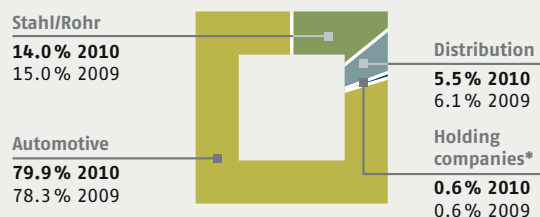
In the Automotive division, the average workforce increased by 1,239, or 7%, to 18,984 FTEs. The additions were mainly in Mexico, with about 1,000 FTEs. Employees in Austria and Germany represented 38% of the Group's total employees for the year. About 80% of all Benteler Group FTEs worked in the Automotive division in 2010.

The workforce at the Stahl/Rohr division decreased by 64 FTEs, or 2%, from the year before, to 3,314. The average number of employees in the Distribution division decreased 6%, to 1,308 FTEs. The average number of employees at the two holding companies in Austria and Germany was 142 FTEs, compared to 141 the year before. On average for the year, 8,949 FTEs were employed in Austria and Germany, and 14,799 FTEs in other countries.

PERCENTAGE BREAKDOWN OF BENTELER GROUP EMPLOYEES (IN FTE) IN AUSTRIA AND GERMANY AND IN OTHER COUNTRIES



PERCENTAGE BREAKDOWN (IN FTE) OF WORKFORCE BY DIVISION



* Benteler International AG and Benteler Deutschland GmbH

BREAKDOWN OF EMPLOYEES (IN FTE) BY DIVISION (AVERAGE FOR YEAR)

	2010	2009	CHANGE	
				[%]
Automotive	18,984	17,745	1,239	7
Stahl/Rohr	3,314	3,378	-64	-2
Distribution	1,308	1,390	-82	-6
Holding companies*	142	141	1	1
Employees	23,748	22,654	1,094	5
Including: trainees	660	637	23	4

* Benteler International AG and Benteler Deutschland GmbH

80% OF THE BENTELER GROUP'S 23,748 EMPLOYEES WORK IN THE AUTOMOTIVE DIVISION.



SAFEGUARDING JOBS IMPROVES COMPETITIVE POSITION

The measures agreed upon between management and the General Works Council in Germany to overcome the crisis and safeguard employment in 2009 were lifted in 2010. Because of the improving economy, short-schedule employment was reduced starting in January, first at some Automotive plants, and then gradually at other plants. By the end of the third quarter the entire workforce had returned to full employment. The termination of shortened work hours for the staff as a whole was agreed upon for the end of May 2010, a month earlier than planned. All in all, the package of measures, which also included savings on company benefits, made a significant contribution toward overcoming the crisis. The agreements on staffing flexibility made it possible to survive the bad economy with no active staff cuts in Germany. This proved to be a competitive advantage for Benteler in 2010, because it had retained skills within the Company and could put the entire staff to work handling incoming orders.

ATTRACTING EMPLOYEES

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

Offering young people an opportunity for vocational training has traditionally been a high priority at Benteler. The aging of the population, with significantly declining numbers of schoolchildren, will have an increasing effect on the quantity and quality of applicants. This is particularly so in the MINT professions –



mathematics, IT, natural science, and technology. That is why Benteler makes an early appeal to young people with numerous activities intended to awaken their interest in technology and attract them to the Company. Besides expanding cooperative arrangements with schools near its sites, making binding cooperation agreements, arranging internships for students and teachers, and sponsoring "technology days," the annual Open House at the Benteler Training Center in Paderborn, with some 3,000 visitors, helps find well-qualified trainees and recruit the next generation of technical employees.

Benteler participates in the annual Girls' Day to interest young women in the world of technology. More than 100 girls took part in the events held in 2010. Here too the Company can report successes: Benteler is now training women at all levels and for all occupations in its training program.

University students' interest in exploring the job world and professional opportunities at Benteler remains as strong as ever. Through contacts made at job fairs at university-level schools and at in-house events, Benteler gave 570 students a look at the Company during the year, 406 in internships and 133 in connection with thesis work.

Benteler's new BENTalent program has built up extensive contacts with outstanding students. Nineteen talented engineers and students in business administration from various fields were nominated for the program. They are assisted with extensive programs and prepared to join the Group.

Another important component in ensuring the long-term availability of new generations of employees is the Group's dual courses of study, which have been

offered for ten years now in mechanical engineering, business engineering, electrical engineering, international business, and accounting and finance. Benteler currently sponsors 100 positions for students. More than 80 % of the graduates to date have taken a job with the Company.

Because of the Company's increasingly international orientation, a 24-month international technical trainee program now trains experts for promising future markets, who will then be able to assist with building up new locations.

RAISING EMPLOYEE QUALIFICATIONS

The qualifications of the Company's management and employees are an important contribution toward keeping Benteler sound and competitive for the long term. It is essential for an innovation-oriented company like Benteler to keep all employees continually developing. For that reason, the Benteler Performance and Talent Management Process continued during 2010. 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.

The Foundation of Leadership (FoL@Benteler) for first-level executives, initiated in 2009, was launched in 2010. This uniform, modular qualification program, conducted worldwide, teaches not only management tools, but the concept of a "learning organization." Participants find out how to apply what they have learned from seminars as a part of everyday practice, and how to support one another.

In selecting executives, Assessment Center Modules were used for the first time in 2010, in combination with the well-established Behavioral Event Interview (BEI). This combined approach provides a more accurate prediction of management and leadership potential and the ability to think strategically and tactically.

The Company gave special attention to change management during the year. Executives who track processes as change managers were trained to perform their tasks capably at special workshops and skills sessions.

BUILDING EMPLOYEE LOYALTY

Worldwide growth and increasing international, inter-divisional cooperation make jobs more complex. To make sure employees at all levels will always be able to meet the resulting requirements, the Benteler Group offers them an all-inclusive range of advanced training courses that enable them to earn further professional and personal qualifications. The programs establish a shared understanding of procedures and processes within Benteler, and facilitate efficient cooperation.

Open communication and smooth collaboration are important elements of day-to-day work life. That is why Benteler conducts regular employee surveys. In the fall of 2010, it surveyed employees of the Benteler

Automotive and Benteler Distribution divisions worldwide. The high response rate of nearly 90% shows the strength of employees' loyalty to the company and their dedication to working fairly and constructively together.

To support employee satisfaction, Benteler invests in a family-oriented personnel policy. The "Rohrspatzen" childcare center in Paderborn, which opened in 2008, enables working parents to combine job and family. Additional playing and climbing equipment was installed on the roughly 7,000-square-meter playground, to encourage vigorous activity among the children. The four-week summer vacation session for school children from six to twelve has also become an established benefit to assist working parents. Yet another childcare emphasis is cooperating with the "Kindergarten and Primary School" task force to provide optimum preparation for the transition from kindergarten to school. In July 2010, the facility was awarded the title of "Little Scientist's House." The initiative's goal is to study nature and the environment with children, for example in scientific experiments.

HEALTH AND OCCUPATIONAL SAFETY

A company must rely on its employees' ability and willingness to perform. That is why as part of its company health management system, the Benteler Group sustainably works to protect every employee's health



at its divisions and international companies. It takes a holistic approach that includes offering extensive sports and preventive activities, as well as many different campaigns concerning health, stress relief, and nutrition. In addition, the Company Integration Management Program enables employees to return gradually to everyday work after an extended illness. Retraining, modified work hours, and changes in the work environment help such employees once again make a full contribution in job life. There are also regular training courses on changing attitudes and behavior in occupational safety, so as to teach employees to recognize potential sources of accidents in a plant, take steps promptly to protect staff, and avoid occupational accidents.

ENCOURAGING GOOD IDEAS

The Benteler Group's employees actively contribute their ideas to help further optimize the work environment and job life at the Company. In 2010 they submitted more than 6,600 suggestions for improvements (prior year: 5,500) by way of the Company Suggestion Program. The potential for savings, improving communication, and optimizing processes, with the associated leveraging of competitive advantages, are important reasons to keep actively soliciting employees' ideas.

FORECAST

**GROWTH TO TAKE ADVANTAGE OF
A POSITIVE MARKET ENVIRONMENT**

The Benteler Group's paramount corporate goals remain unchanged – a long-term, continual increase in corporate value and the preservation of financial independence. Benteler is hard at work to make the most of current market opportunities and to prepare for new challenges.

According to the DIW institute for economic research, the global economy has largely overcome the world-wide crisis, and has returned to sustained growth. The economic climate has improved substantially in every major market. But in spite of the positive signals, the risks cannot be ignored. Tighter requirements for financial institutions, government debt in some major industrialized nations, and substantial regional differences in economic development still remain core problems.

COURSE IS SET FOR THE FUTURE

During the crisis period from the end of 2008 through 2009, the entire Benteler Group took steps to increase profitability and safeguard liquidity. These measures proved their efficacy and sustainability in 2010. The associated instruments and methods have been incorporated into standard procedure at every division in 2011,

and are being continued with new targets. In addition, all units have revised their processes and structures, and are now adjusting their business models to expected market developments. Besides the reorganization of the divisions, another important reorganization was in corporate management, with the founding of the strategic holding company in Salzburg. Further adjustments of processes and structures are still to come, because this process has not been completed yet.

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 in 2011 it will continue growing and significantly exceed the revenue from 2008, the year before the crisis. That means that this goal will be achieved a year earlier than had still been expected in 2009. All divisions will work hard on initiatives to build growth, enhance profits, and ensure excellence in their operations. In the period to 2015, every Benteler Group division is expected to generate steadily rising revenue and show a profit. The goal for 2015 is revenue of about €10 billion.



The current situation offers good opportunities for acquisitions and external growth. The Automotive Structures division of the Norwegian company Norsk Hydro ASA, taken over as of December 31, 2009, was successfully integrated under the name Benteler Aluminium Systems in 2010, and is included in the business model and strategic optimization of Benteler Automotive's range of products and services in lightweight construction.

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

CHALLENGES FOR THE AUTOMOTIVE INDUSTRY

External market researchers estimate that worldwide growth in automotive production will be 5 % in 2011. Projections call for a 2 % increase in production in Europe, following the 14 % recovery in 2010. Future growth impetus will come from Eastern Europe (+7 %), while production in Western Europe is expected to remain stable at the same level as 2010. Volumes in North America are expected to grow 8 %, following a 10 % increase in 2010. Asia in particular will be a growth driver, and will reconfirm its growing importance for the world's automotive industry. Production will increase 6 % in 2011, led by India (+20 %) and China (+9 %).

Japan, on the other hand, is expected to see a 1% decrease in vehicle production. In the future, 50% of the world's vehicles will be produced in Asia (25% in China alone). For that reason, the Benteler Group will further expand its presence in the Asian automotive market, so that it can take part in the growth of production in China and India.

In addition to quantitative growth in the market, the following trends will also play an important role in the automotive industry's future:

One important factor will be the continuing increase in the cost of mobility. This will include higher fuel prices, but also rising financing costs, taxes, and fees. The result will be higher sensitivity to prices and costs for individual mobility. At the same time, changing consumer attitudes will lead to a rising demand for smaller engines (downsizing) and smaller vehicles (downshifting).

New customer segments will also continue to gain in importance. Although the markets in India and China offer great potential for sales volumes, they also need new concepts and products. Demand for economical, affordable vehicles for these target groups is on the rise. Consequently the very new "low cost car" and "affordable car" segments will pose new challenges for efficiency and cost optimization in the automotive industry. Customers' quality expectations remain as high



as ever, and high standards are taken for granted. In sum, these and other changes in the market will pose three dominant challenges for the automotive industry: cost, flexibility and innovation.

Within the medium term, the greatest potential for Benteler Automotive lies in emission reduction, safety, and cost-efficiency. Alongside a steady expansion of its long-standing skills in steel, the emphasis will be on product innovation in multi-material solutions. Lightweight automotive construction will be advanced by the Company's experience in aluminum and carbon-fiber composites. Another focus will be engine management.

Benteler Automotive intends to track market trends and achieve its financial goals with three defined emphases:

1. GROWTH IN EXISTING LINES OF BUSINESS

The division intends to grow in its existing product portfolio, and especially enhance its presence in Asia with new locations. In its established markets in Europe and North America, it will make the best possible use of existing resources.

2. GROWTH IN NEW LINES OF BUSINESS

Growth in existing lines of business will be supplemented with a strategically chosen entry into new lines of business and the use of new technologies that offer good expectations for profits. One example is Hyprex technology, as an innovation project in the Engine and Exhaust Systems Product Group, in the area of future engine supercharging concepts. The new Benteler Defense unit, which offers solutions for passenger protection in civilian and military applications, is also expected to contribute toward further growth.

3. EFFICIENCY IN PROCESSES THROUGHOUT THE ORGANIZATION

Besides profitable growth in existing and new lines of business, process efficiency will also make a crucial contribution toward enhancing the Company's value. Efficiency programs will be expanded at Benteler Automotive for this purpose.

The division will keep concentrating its efforts in this regard on established improvement programs in the areas of standardization (BOS^{LE}, MTP, the Lead Plant Concept), sustainable increases in profits (BEST/PIP), and optimizing the cost of materials (Benteler Cost Engineering). They will also include implementing a global procurement system and an optimized logistics chain.

RECOVERY IN THE STEEL/TUBE MARKET CONTINUES

The Benteler Stahl/Rohr division expects both volumes and revenue to grow in 2011 compared to 2010 in both of its units – Benteler Rothrist and Benteler Steel/Tube.

Benteler Rothrist will continue to participate in the growth of the automotive industry. In the utility vehicle sector, the recovery of the past few months is apparently proving sustainable and is expected to continue over the coming year. Growth rates in excess of 30 % can be assumed here.

In the non-automotive sector, machine and plant construction is becoming increasingly important. Here the vigor in new orders from the past few months will continue, though perhaps somewhat more moderately.

Because of the expansion of the economy, growth is also expected at Benteler Steel/Tube. In the OCTG (oil country tubular goods) business, market estimates predict higher exploratory drilling activity. In heat transfer, project implementation in Europe and North America must be expected to remain rather slow (including because of the CO₂ problem), with consequences for the

salable volumes of heating tubes. In North America, the revival in the maintenance and upgrade business for power plants, which has been evident since the third quarter of 2010, will have a positive impact on sales of cold tubes. In machine construction for hydraulics and precision technology, a primary market for the division, the German market, remains the growth driver, in part because of its export orientation. The VDMA machinery and equipment manufacturers' association currently projects that German machine construction will grow 8.8 % in 2011, compared to 6 % in 2010. All in all, machine construction sector expects that the crisis will assume a V shape. Tube dealers ahead of Benteler in the supply chain have adjusted their stocks in hand to the data on the upswing. The unit will especially benefit from the general economic growth in its sales of tube blanks for other drawing mills, and of steel.

The Benteler Stahl/Rohr division still holds firm to its "tube solutions" strategy. The associated top-priority goals – profitable growth, expanding the unit's lead as a maker of precision steel tubing, and localization of production – will be pursued further by allocating resources, processes and projects.



DISTRIBUTION DIVISION ON A GROWTH TRACK

The Distribution division also expects the market recovery to continue in 2011 in its strategic segments of machine construction, automotive construction, and plant construction, with an associated rise in sales volume from 2010. In combination with sustainable cost management, it also expects a substantial increase in profits.

The ongoing trend toward the concentration of customers and suppliers will keep up the pressure on procurement and selling prices in tube distribution during 2011. Thanks to its size, its focus on strategic market segments, and its capabilities in logistics, Benteler Distribution is extremely well equipped to achieve its goals in this market environment. It will also continue pursuing its strategy of geographical expansion. Business operations are planned to start in Turkey this year. Preparatory analyses are also under way for entering the markets in Spain, the United States, and India.

SUPPLEMENTARY REPORT

DISCLAIMER

BENTELER INTERNATIONAL AG

SUPPLEMENTARY REPORT

A major fire occurred at the hot-rolling mill of Benteler Steel/Tube GmbH in Dinslaken, Germany, on February 25, 2011. Production must be suspended for at least four months because of the damage. The Group had appropriate property and business interruption insurance to cover the damage caused by the fire. Benteler estimates that the Group's deductible for this loss will be not more than €6.5 million.

On March 11, 2011, an earthquake registering 9.0 on the Richter scale, with a subsequent tsunami, caused widespread devastation in Japan. Numerous automotive manufacturers and suppliers were forced to suspend or interrupt production. It is currently still impossible to estimate the effects of this catastrophe on the global supply chain between automotive manufacturers and suppliers, and therefore on the ability of Benteler Automotive to deliver to its customers. However, the Company is keeping a close eye on the risks that may result for individual Benteler Automotive locations.

There were no other 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.

BENTELER INTERNATIONAL AG

Benteler International AG, of Salzburg, Austria, is the strategic management holding company of the Benteler Group. It combines the Group's functions in strategy and business development, finance and accounting, taxes, human resources and human resources development, legal, corporate communications, compliance and board affairs.

The company began business operations as of July 1, 2010. Since that time, the above functions have been performed in Salzburg.

In 2010, all shares of Benteler Aktiengesellschaft, of Paderborn, Germany (now Benteler Deutschland GmbH), were transferred through a succession of mutually contingent legal steps (contributions and transformations) to Benteler International AG. The effective date of the transfer was June 30, 2010.

Exercising its option under Sec. 267(4) of the Austrian Commercial Code, the Company has combined the single-entity management report of Benteler International AG with the Group management report of Benteler International AG.