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(a public limited liability company)
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SPECIAL REPORT BY THE BOARD OF DIRECTORS TO THE SHAREHOLDERS

July 22, 2009

prepared in accordance with Article 604 of the Belgian Companies Code

on the use and purpose of the authorized capital

In accordance with Article 604 of the Belgian Companies Code, this special report aims to inform the shareholders of RHJ International (the “**Company**”) on the proposal that shall be made to the Extraordinary Shareholders’ Meeting convened on August 26, 2009 to renew the general authorization to the Board of Directors to increase the share capital of the Company. Furthermore, it is also proposed to renew the authorization to the Board of Directors to increase the share capital in the event of a public takeover bid on the Company.

1 Request for new capital authorizations

On March 23, 2005, the Extraordinary Shareholders’ Meeting granted the general authorization to the Board of Directors to increase the share capital of the Company under the conditions set forth in the Company’s articles of association (the “**Articles of Association**”).

Pursuant to the Articles of Association, the Board of Directors is authorized to increase the capital of the Company on one or more occasions by a maximum amount provided for in the Articles of Association.

In accordance with Article 604 of the Belgian Companies Code, such authorization was granted for a period of 5 years, as from the publication of the decision of the Extraordinary Shareholders’ Meeting of March 23, 2005 in the Annexes to the Belgian State Gazette (and such publication has occurred on April 26, 2005).

In accordance with Article 607 of the Belgian Companies Code, the authorization to increase the capital of the Company in the event of a public takeover bid on the Company was granted for a period of 3 years, commencing on the date of the Extraordinary

Shareholders' Meeting held on March 23, 2005 and such authorization period has now elapsed.

In order to allow the Board of Directors to react to future business opportunities and achieve such other objectives as set out in this special report, the Extraordinary Shareholders' Meeting is respectfully requested to renew its authorizations which would enable the Board of Directors to increase, in one or several times and up to the maximum amount provided for in Article 8, paragraph 1 of the Articles (such amount currently being EUR 663,955,470), the share capital of the Company in accordance with the Articles of Association. Such renewal will be effective for a duration of 5 years as from the date of publication in the Belgian State Gazette of the resolution of the Extraordinary Shareholders' Meeting approving this proposal, it being understood that the authorization to increase the capital of the Company in takeover bid circumstances will, in accordance with Article 607 of the Belgian Companies Code, be effective for a duration of 3 years as from the date of the Extraordinary Shareholders' Meeting approving this proposal

2 Rationale

The Board of Directors proposes that the Extraordinary Shareholders' Meeting renews the above-mentioned authorizations in order to allow the Board of Directors to use the authorized-capital:

- (i) when the sound management of the Company's business would call for a restructuring, an acquisition (whether private or public) of shares or assets in one or more companies, or, generally, an increase of the Company's share capital; or
- (ii) within the framework of any incentive plans, aimed at executives, employees, consultants and/or certain directors of the Company and its subsidiaries: or
- (iii) in the event of a public takeover bid on the Company when a capital increase constitutes, if justified by the circumstances, a legitimate means to safeguard the interests of the Company and those of its shareholders.

In both cases, the flexibility of the authorized capital (as compared to the relatively burdensome procedure for increasing the share capital through a Shareholders' Meeting) will allow the Company to react swiftly and efficiently to fluctuations in the capital markets and to growth opportunities (such as the acquisition of other companies with a view to strengthening the position of the Company or the acquisition of additional shareholdings in companies of which the Company is already, or will become, a (direct or indirect) shareholder). Without limiting the generality of the foregoing, if deemed appropriate by the Board of Directors, the issue of new shares may be decided and used as consideration for a public takeover on one or more companies. The authorized capital may also be used to issue convertible bonds or warrants.

The authorizations granted pursuant to Article 8 of the Articles will remain unchanged: when using the authorized capital, the Board of Directors may restrict or exclude the shareholders' preferential subscription right, as set forth in Article 9 of the Articles of Association. This applies also to capital increase made in favour of the management executives as well as the directors of the Company and its subsidiaries in the framework of any incentive plans.

Moreover, should the Board of Directors resolve, while increasing the capital, to restrict or exclude the preferential subscription right, its justification will be set out in a special report

presented by the Board of Directors, which will also set out the issue price and the financial consequences of such decision. A report by the statutory auditor will also be prepared in this respect.

The annual management report by the Board of Directors will, each year, provide information on any use of the authorized capital decided by the Board of Directors.

The Board of Directors hereby confirms that any capital increase carried out in accordance with the authorized capital, whatever its aim and purpose, will comply with the provisions of the Belgian Companies Code, notably Article 604 et seq. Inter alia, the Board of Directors will not be allowed to increase the share capital mainly by means of a contribution in kind reserved exclusively to a shareholder of the Company holding securities to which more than 10% of the voting rights are attached.

In addition, the Board of Directors also confirms that any capital increase carried out in accordance with the authorized capital in takeover bid circumstances will comply with the conditions set forth in Article 607, paragraph 2, 2° of the Belgian Companies Code, i.e.:

- (i) the shares issued on account of such capital increase will be paid up in full at the time of the issue;
- (ii) the issue price of the shares issued on account of such capital increase will not be less than the public takeover bid price; and
- (iii) the number of shares issued on account of such capital increase will not exceed 10% of the shares constituting its capital issued prior to such capital increase.

3 Corresponding amendments to the Articles

In the event that the Extraordinary Shareholders' Meeting approves the proposal in sections 1 and 2 above:

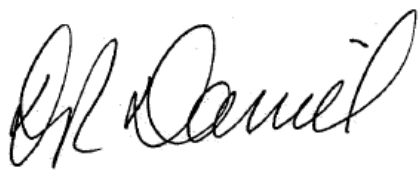
- (i) Article 8, paragraph 3 of the Articles would be amended as follows:

"(...) The Board of Directors shall have such authority for a period of five years, commencing on the date of publication (as defined below) of an extract of the minutes of the Extraordinary Shareholders' Meeting held on August 26, 2009. For the purposes of these articles, "publication" shall mean publication in the Belgian State Gazette. (...)"; and

- (ii) Article 8, paragraph 5 of the Articles would be amended as follows:

"(...) The Board of Directors is expressly authorized, in the event of a public takeover bid on the Company, to increase the capital of the Company, in accordance with Article 607 of the Companies Code. Such authority is granted for a period of three years commencing on the date of the Extraordinary Shareholders' Meeting held on August 26, 2009. (...)".

Brussels, July 22, 2009



D. Ronald Daniel
Chairman of the Board of Directors



Leonhard Fischer
Director