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Corporate Governance



Bekaert attaches great importance to good corporate governance and is aware that good governance of listed companies is an important factor in investment decisions. The company complies with internationally accepted standards and rules. In accordance with the Belgian Code on Corporate Governance, the Board of Directors has on 16 December 2005 adopted the Bekaert Corporate Governance Charter.



Corporate Governance

Bekaert complies in principle with the Belgian Corporate Governance Code, and explains in its Charter or in this Corporate Governance Chapter why it departs from a few of its provisions.

Board of Directors

The Board of Directors consists of fourteen members, eight of whom are nominated by the principal shareholders. The Chairman and the Chief Executive Officer are never the same individual. The Chief Executive Officer is the only Board member with an executive function. All other members are non-executive directors. Three of the directors are independent within the

meaning of Article 524 of the Companies Code and provision 2.3 of the Belgian Corporate Governance Code: Dr Alan Begg, Sir Anthony Galsworthy and Lady Barbara Thomas Judge. Sir Anthony Galsworthy was first appointed in 2004. Lady Judge was appointed in 2007. Dr Begg was appointed in 2008, and has since completed his induction programme. Those three Directors also satisfy the independence criteria of the new Article 526ter of the Companies Code.

The Bekaert Corporate Governance Charter is available at www.bekaert.com

Name	First appointed	Expiry of current term	Principal occupation (*)	Number of ordinary meetings attended	Number of extraordinary meetings attended
Chairman					
Baron Buysse	2000	2009	NV Bekaert SA	7	2
Executive Director					
Bert De Graeve	2006	2009	NV Bekaert SA	7	2
Members nominated by the principal shareholders					
Baron Bekaert	1994	2009	Director of companies	7	2
Roger Dalle	1998	2010	Director of companies	7	3
Count Charles de Liedekerke	1997	2009	Director of companies	7	2
François de Visscher	1992	2010	President, de Visscher & Co. LLC (United States)	6	2
Hubert Jacobs van Merlen	2003	2009	President & CEO, IEE SA (Luxembourg)	6	2
Maxime Jadot	1994	2009	President of the Directoire, Fortis Banque France	6	1
Bernard van de Walle de Ghelcke	2004	2010	Partner, Linklaters LLP (Belgium)	7	2
Baudouin Velge	1998	2010	CEO, Interel PR & PA (Belgium)	7	2
Independent Directors					
Dr Alan Begg (**)	2008	2011	Senior Vice President Technology Development and Quality, SKF (Sweden)	4	1
Sir Anthony Galsworthy	2004	2010	Advisor to Standard Chartered Bank (United Kingdom)	7	1
Lady Barbara Thomas Judge	2007	2010	Chairman of the UK Atomic Energy Authority (United Kingdom)	6	1
Other Members					
Julien De Wilde	2002	2009	Director of companies	7	2

(*) The detailed resumes of the Board members are available at www.bekaert.com.

(**) Appointed on 14 May 2008.

Activity report

The Board met on ten occasions in 2008. There were seven regular and three extraordinary meetings. In light of its aim to keep in touch with Bekaert's global operations the Board held one of its regular meetings in China. The Board has on one occasion passed a resolution by the unanimous written consent of the Directors.

In addition to its statutory powers and powers under the Articles of Association, the Board of Directors also considered the following matters, among others, in 2008:

- the 2008 budget;
- major investments, acquisition projects, and other changes in the shareholders' portfolio;

- the buy-back of shares;
- the follow-up of the long-term strategy of the Group and its major components;
- the closure of the Lanklaar factory;
- the plans for the period 2009-2011;
- the financial crisis in the second half of the year, its impact on Bekaert, and the company's answer to the changed economic and financial conditions.

Remuneration

The remuneration of the members of the Board of Directors is reflected in the table below.

Directors Remuneration (Board fees)

in €	Fixed remuneration	Variable Board attendance	Variable Committee attendance	Total 2008
Chairman				
Baron Buysse	500 040	-	-	500 040
Directors				
Gary Allen	18 592	2 479	-	21 071
Alan Begg	23 240	12 395	2 974	38 609
Baron Bekaert	37 184	22 311	4 461	63 956
Roger Dalle	37 184	22 311	4 461	63 956
Bert De Graeve	37 184	22 311	-	59 495
Count Charles de Liedekerke	37 184	22 311	4 461	63 956
François de Visscher	37 184	19 832	2 974	59 990
Julien De Wilde	37 184	19 832	-	57 016
Sir Anthony Galsworthy	37 184	19 832	5 948	62 964
Hubert Jacobs van Merlen	37 184	19 832	-	57 016
Maxime Jadot	37 184	17 353	8 922	63 459
Lady Barbara Thomas Judge	37 184	14 874	4 461	56 519
Bernard van de Walle de Ghelcke	37 184	22 311	-	59 495
Baudouin Velge	37 184	22 311	2 974	62 469
Total	988 080	260 295	41 636	1 290 011

CEO Remuneration*

in €	Fixed remuneration	Variable remuneration	Other contractual remuneration	Total 2008
Bert De Graeve	656 372	450 000	167 679	1 274 051
Number of stock options granted				8 000

(*) The fixed remuneration includes the Board fee received as member of the Board of NV Bekaert SA.

Committees of the Board of Directors

The Board of Directors has established three advisory committees.

Audit and Finance Committee

The Audit and Finance Committee advises the Board on the appointment, the dismissal and the remuneration of the Statutory Auditor and on the extent of its control mission, and generally on all subjects relating to the annual statutory and consolidated accounts and the half-year results, and on the activities of the Internal Audit Department.

The Committee has four members, who are non-executive directors. Contrary to provision 5.2/1 of the Belgian Corporate Governance Code, it is chaired by the Chairman of the Board: Bekaert wishes the Chairman to preside over all committees, to enable him to discharge as effectively as possible his specific duties with regard to the protection of the interests of all shareholders.

The Committee further consists of three directors, one of whom is independent. Contrary to provision 5.2/1 of the Belgian Corporate Governance Code, according to which at least a majority of the members should be independent, Bekaert takes the view that the Audit and Finance Committee should reflect the balanced composition of the full Board. The competence in accounting and auditing of Lady Judge, the independent Director on the Committee, is demonstrated by the position of vice chairman of the Financial Reporting Council, the British accounting and corporate governance regulator, which she held until the end of 2007.

The Chief Executive Officer and the Chief Financial Officer are no members of the Committee, but are invited to attend its meetings. This arrangement guarantees the essential interaction between the Board of Directors and executive management.

Name	Expiry of current term	Number of meetings attended
Baron Buisse	2009	3
François de Visscher	2010	2
Baudouin Velge	2010	2
Lady Barbara Thomas Judge	2010	3

The Committee met three times in 2008. The main items on the agenda included:

- the annual and half-year results and the quarterly trading updates;
- the activities and reports of the Statutory Auditor;
- the treasury situation;
- Bekaert's financing actions as a result of the financial crisis.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee advises the Board on the (re)appointment of Directors, the appointment and remuneration of the members of the Bekaert Group Executive, the remuneration policy with respect to senior management, and all aspects of the company's subscription rights and option plans.

The Committee has four members, who are non-executive directors. It is chaired by the Chairman of the Board and further consists of three directors, one of whom is independent. Contrary to provision 5.4/1 of the Belgian Corporate Governance Code, according to which at least a majority of the members should be independent, Bekaert takes the view that the Nomination and Remuneration Committee should reflect the balanced composition of the full Board.

Name	Expiry of current term	Number of meetings attended
Baron Buisse	2009	3
Roger Dalle	2010	3
Maxime Jadot	2009	3
Dr Alan Begg (*)	2011	2

(*) Appointed on 25 June 2008.

The Committee met three times in 2008. The main items on the agenda were:

- the positioning of the HR department in function of Bekaert's geographic expansion;
- the appointment of a new independent Director and new members of senior management;
- the annual offer of subscription rights and stock options.

Strategic Committee

The Strategic Committee advises the Board on the general policy of the company, and on the most important strategic decisions concerning the company's development.

The Committee has six members, five of whom are non-executive directors. It is chaired by the Chairman of the Board and further consists of the Chief Executive Officer and four directors, one of whom is independent.

Name	Expiry of current term	Number of meetings attended
Baron Buysse	2009	3
Bert De Graeve	2009	3
Baron Bekaert	2009	3
Count Charles de Liedekerke	2009	3
Maxime Jadot	2009	3
Sir Anthony Galsworthy	2010	3

The Committee met three times in 2008. The main item on the agenda was the follow-up of the long-term strategy of the Group and its major components.

Executive Management

Composition

The Bekaert Group Executive has five members. It is chaired by the Chief Executive Officer and further consists of four members, who bear the title of Group Executive Vice President and who are responsible for the various activity platforms, finance and administration, and technology.

Name	Position	Appointed
Bert De Graeve	Chief Executive Officer	2006
Bruno Humblet	Chief Financial Officer Specialized films	2006
Dominique Neerincx	Chief Technology Officer Industrial coatings	2006
Geert Roelens	Advanced wire products / Steelcord	2008
Henri-Jean Velge	Advanced wire products / Wire Advanced materials	1998

Remuneration

The remuneration of the members of the Bekaert Group Executive and of senior management is reflected in the table below.

Group Executive Vice Presidents and Senior Management Remuneration

in thousand €	2007	2008
Number of persons	19	19
Short-term employee benefits		
Basic remuneration	3 669	3 912
Variable remuneration	1 836	1 954
Remuneration as directors of subsidiaries	547	502
Post-employment benefits		
Defined benefit pension plans	231	227
Defined contribution pension plans	400	426
Share-based payment benefits	277	746
Total gross remuneration	6 960	7 767
Average gross remuneration per person	366	409
Number of subscription rights and options granted (stock option plans)	25 350	45 400

A number of stock options is offered each year to each member of the Bekaert Group Executive. The decision to accept an offer of options, and consequently the number of options to be granted, reflects a personal choice that may be influenced by multiple considerations, and the disclosure on an individual basis of the number of options granted would therefore intrude the privacy of the persons concerned: for that reason Bekaert has elected to deviate from provision 7.17 of the Belgian Corporate Governance Code, and only to disclose on an individual basis the number of options granted to the Chief Executive Officer.

Contractual arrangements

The hiring and termination arrangements made with the members of the Bekaert Group Executive contain no provisions which can be characterized as unusual in light of current Belgian legislation or practice. As such, and contrary to provision 7.18 of the Belgian Corporate Governance Code, Bekaert does not provide further details of such contractual arrangements.

Shares and shareholders

Our approach

Bekaert is committed to providing high-quality financial information to its shareholders. Clarity and transparency are not empty words and it is Bekaert's intention to engage constantly in an open dialogue with its shareholders.

Bekaert has always chosen to respond promptly to international standards. The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), which have been adopted by the European Union.

By creating value for the customer, Bekaert also creates value for shareholders and other stakeholders. Both private and institutional investors benefit from our sustained commitment to transparent reporting, be it at shareholders' or analysts' meetings. As a consequence, our shareholders have become more and more international.

Share identification

The Bekaert share is listed on NYSE Euronext Brussels exchange as ISIN BE0003780948 (BEKB) and was first listed in December 1972. The VVPR strip is listed under ISIN BE0005569406 (BEKS). The ICB sector code is 2727 Diversified Industrials.

Bekaert share in 2008

The share started the year at a price of € 90.59 but dropped fairly quickly in the wake of the downturn in the financial markets to € 73.50 in the third week of January. The February announcement of robust sales figures and the March announcement of good results for 2007 were the basis of a rise in the share price in the first six months of the year, peaking on 19 May at € 109.37.

The second half of the year got off to a difficult start and the share dropped in mid-July to € 89.35. The half-year results were awaited with hesitation. Strong results for the first half of 2008 were marked by better than expected resilience in the United States and in the construction industry, the steady, organic growth in China and in Latin America, the possibility of passing on the costs of raw materials, as well as a product mix in which innovative products provided for higher added value. That all resulted in accelerated growth and an increase of the EBIT margin to 11.2% over the first half of the year. Immediately after these results were announced, the share saw its highest ever one-day increase of over 13%. On 2 September the share price climbed further to a historic high of € 121.24. The highest target price at that time was € 147.

	2003	2004	2005	2006	2007	2008
Price as at 31 December (in €)	50.50	58.75	78.95	94.70	92.00	48.32
Price high (in €)	50.75	59.95	78.95	102.60	113.90	121.24
Price low (in €)	31.00	43.37	55.30	69.20	82.90	43.70
Price average (in €)	41.22	50.06	65.13	81.99	98.19	88.53
Strips as at 31 December (in €)	0.79	0.51	0.62	0.56	0.45	0.68
Daily volume	28 950	33 439	39 639	58 414	57 430	74 380
Daily turnover (in millions of €)	1.2	1.7	2.6	4.5	5.4	6.4
Annual turnover (in millions of €)	304	435	653	1 228	1 433	1 652
Market capitalization (in millions of €)	1 115	1 285	1 700	1 984	1 824	956
Free float (in %)	59.7	57.9	57.2	56.1	61.7	60.9

The effects of the credit crisis began to become noticeable shortly thereafter in the huge slow-down of the real economy. The United States had already been in a recession for nearly a year and, technically speaking, the eurozone also entered a recession. The United Kingdom watched in disillusionment as their GDP dropped by 0.5% in the third quarter. The fear of deflation and globalization of the recession intensified the pressure on the growth countries. China was feeling the effects but took key steps to support its national economy. On a worldwide scale orders decreased, the pipeline of inventories dropped to the bare minimum, giving rise to a sharp decrease in activity in the industry. The banks' restrictive credit policies shifted attention to the debt structure and businesses' refinancing options. Bekaert, with its relatively low level of debt and strong balance sheet structure, has remained fairly unscathed by this problem.

Given these rapidly deteriorating macro-economic conditions and the forced sale of shares by cash-strapped institutional investors, the already volatile situation became even more volatile. Most companies saw their share prices plummet. Whereas Bekaert kept its head up during the first three quarters, its share price also dropped by 64% from its early September rate to € 43.70 on 20 November 2008. The third quarter publication of a sales increase topping 40% did not bring any relief. The fear of negative consequences connected to the severe slow-downs in the automotive and building industries and the expectation that growth countries will also suffer greatly from the credit crisis have overshadowed all else. On 31 December 2008, the share traded at € 48.32, far below book value.

In late December, Bekaert confirmed its membership in the BEL20, the Belgian reference index.

Volumes traded

The average daily trading volume was 74 380 in 2008, a 30% increase over 2007. The volumes were low in the first half of the year, while liquidity increased markedly in the second half, even reaching a monthly average in October of 135 000 shares a day. The volume peaked on 1 August at 330 000, a completely different picture than 2001 when a daily volume of only 18 000 shares was achieved.

traded volume and price of Bekaert shares in 2008



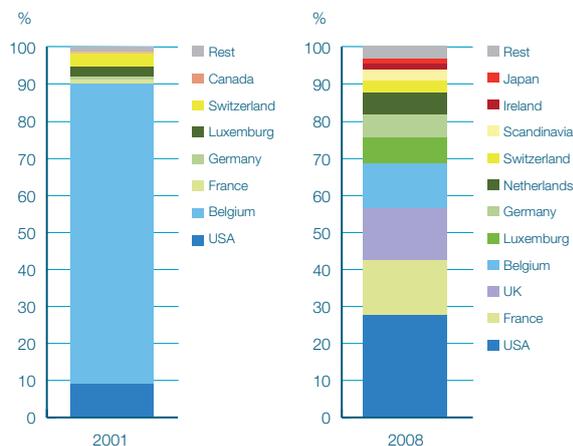
Bekaert versus BEL20



Bekaert versus NEXT100 and NEXT150



increasing internationalization of our shareholder structure



Bekaert versus BEL20, NEXT100 and NEXT150 (2008)

From February to November, the share did better than the reference indexes. It was only at the end of the year that all leads were lost. The BEL20 index fell from 4 117 points at the beginning of the year to just 1 784 points in autumn.

Internationalization of our shareholder structure and significant participations

After a strong internationalization of the shareholder structure in previous years, 2008 saw about the same geographical distribution as the year before.

In connection with the entry into force of the Act of 2 May 2007 on the disclosure of significant participations (the Transparency Act), Bekaert has in its Articles of Association set the thresholds of 3% and 7.50% in addition to the legal thresholds of 5% and each multiple of 5%. Three notifications of participations in shares of NV Bekaert SA as of 1 September 2008 were received under the transitory provisions of the Transparency Act. There has also been one subsequent notification. An overview of the current notifications of participations of 3% or more can be found in the Financial Review (Parent company information: interests in share capital) in this annual report.

The principal shareholders own 39.11% of the shares. One international institutional shareholder holds more than 3% of the shares. On 31 December, Bekaert had 103 registered shareholders who represent a combined total of 2.9%.

Capital structure

The registered capital of NV Bekaert SA amounts to € 174 668 000, and is represented by 19 783 625 shares without par value. The shares are in registered, bearer or non-material form.

The number of VVPR strips is 4 007 626.

The total number of outstanding subscription rights under the SOP1 and SOP 2005-2009 stock option plans is 276 978.

A total of 113 625 subscription rights were exercised in 2008 under the SOP1 1999-2004 employee stock option plan, resulting in the issue of 113 625 new NV Bekaert SA shares and VVPR strips, and an increase of the registered capital by € 1 005 000 and of the share premium by € 4 357 333.

Bekaert purchased a total of 238 800 own shares in 2008:

- 22 800 shares were delivered to the individuals who had exercised their options under the SOP2 stock option plan;
- 161 000 shares were canceled in the framework of a share buy-back program; and
- 55 000 shares are held as treasury shares.

As a result of those movements, the number of issued shares decreased by 47 375 and the number of VVPR strips increased by 113 625.

In 2008 a third issue of subscription rights took place under the SOP 2005-2009 stock option plan: 76 400 subscription rights were issued to members of the Bekaert Group Executive, senior management and senior executive personnel. Each subscription right is convertible into one newly issued NV Bekaert SA share with VVPR strip at an exercise price of € 85.00. A fourth offer of 100 900 subscription rights was made on 18 December 2008. Each subscription right of the fourth series is convertible into one newly issued NV Bekaert SA share with VVPR strip at an exercise price of € 49.98. An aggregate 207 836 subscription rights had been granted under the SOP 2005-2009 stock option plan as of 31 December 2008.

14 500 options were granted under the SOP2 stock option plan in 2008: each option will be convertible into one existing NV Bekaert SA share with VVPR strip at an exercise price of € 85.00. A new offer of 21 500 options was made on 18 December 2008. Each option of this series is convertible into one existing NV Bekaert SA share with VVPR strip at an exercise price of € 49.98. A total of 116 420 options had been granted under the SOP2 stock option plan as of 31 December 2008.

The SOP 2005-2009 and SOP2 plans comply with the Act of 26 March 1999.

Detailed information about capital, shares and stock option plans is given in the Financial Review (Note 6.11) of this annual report.

Bekaert's dividend policy

It is in the policy of the Board of Directors to propose a profit appropriation to the General Meeting of Shareholders which, insofar as the profit permits, provides a stable or growing dividend while maintaining an adequate level of cash flow in the company for investment and self-financing in order to support growth. In practice, this means that the company seeks to maintain a pay-out ratio of around 40% of the result for the period attributable to the Group over the longer term.

in €	2004	2005	2006	2007	2008
Per share					
Gross dividend	2.00	3.00	2.50	2.76	2.80
Gross dividend without exceptionals	1.88	2.00	2.50	2.76	2.80
Net dividend	1.50	2.25	1.88	2.07	2.10
Net dividend with VVPR strip	1.70	2.55	2.13	2.35	2.38
Coupon number	6	7	8	9	10
Date of payment	18/05/05	17/05/06	16/05/07	21/05/08	20/05/09

Appropriation of available profit

In the light of the company's strong performance in 2008 and its confidence in the future, the Board of Directors will propose that the General Meeting of Shareholders approves the distribution of a gross dividend of € 2.80 per share. If this proposal is accepted, the net dividend per share will be € 2.10, and the net dividend on shares with VVPR strip, giving entitlement to reduced withholding tax of 15%, will be € 2.38 per share.

General Meetings of Shareholders

The Ordinary General Meeting was held on 14 May 2008. An Extraordinary General Meeting was held on the same day. A Special General Meeting took place on 16 April 2008. The resolutions of the three meetings are available at www.bekaert.com

For more detailed information we refer to the Bekaert Shareholders' Guide 2008 and www.bekaert.com

Conduct Policies

Statutory conflicts of interests in the Board of Directors

In accordance with Article 523 of the Companies Code, a member of the Board of Directors should give the other members prior notice of any agenda items in respect of which he has a direct or indirect conflict of interests of a financial nature with the company, and should refrain from participating in the discussion of and voting on those items. A conflict of interests arose twice in 2008 in respect of the Chief Executive Officer, who on both occasions complied with the provisions of Article 523.

On 13 March 2008 the Board had to determine the remuneration of the Chief Executive Officer. Excerpt from the minutes:

On the motion of the Nomination and Remuneration Committee, the Board approves:

- the grant of a bonus of € 450 000 to the Chief Executive Officer for 2007;
- the 2008 bonus target proposal for the Chief Executive Officer, as amended; and
- an increase of the fixed remuneration of the Chief Executive Officer by 5% for 2008.

On 12 December 2008 the Board had to determine the offer of stock options to the Chief Executive Officer. Excerpt from the minutes:

The Nomination and Remuneration Committee has recommended to grant 10 000 stock options to the Chief Executive Officer: as those options are for existing shares, the Company will have to purchase a number of shares on the stock exchange equal to the number of options that will be exercised by the Chief Executive Officer. The options to be offered will be accounted for as equity-settled share-based payments in accordance with IFRS2. Assuming the Chief Executive Officer accepts all of the 10 000 options to be offered, and based on an exercise price provisionally estimated at € 50.204, the cost of such options can be estimated to be € 161 800. The correct cost can only be determined upon the acceptance of the offer, i.e. on 16 February 2009. The amount will be subject to a straight-line amortization over the three-year vesting period.

The Board resolves to make an offer of options on 18 December 2008 in accordance with the list submitted to the Nomination and Remuneration

Committee meeting of 11 December 2008, and to offer 10 000 options to the Chief Executive Officer.

All options of the 18 December 2008 offer are for new shares pursuant to the Stock Option Plan 2005-2009, except that those for the self-employed members of the Bekaert Group Executive are for existing shares pursuant to the Stock Option Plan SOP2.

Other transactions with Directors and Executive Management

The Bekaert Corporate Governance Charter contains conduct guidelines with respect to direct and indirect conflicts of interests of the members of the Board of Directors and the Bekaert Group Executive that fall outside the scope of Article 523 of the Companies Code. Those members are deemed to be related parties to Bekaert, and have to report on an annual basis their direct or indirect transactions with Bekaert or its subsidiaries. The only potential conflict of interests of which Bekaert is aware concerns transactions between a company of a member of the Board of Directors and a subsidiary of Bekaert (cf. Note 7.6 of the Financial Review of this annual report): those transactions are effected upon normal commercial terms.

Market abuse

In accordance with provision 3.7 of the Belgian Corporate Governance Code, the Board of Directors has on 27 July 2006 promulgated the Bekaert Insider Dealing Code, which is included in its entirety in the Bekaert Corporate Governance Charter as Appendix 4. The Code restricts transactions in Bekaert securities by members of the Board of Directors, the Bekaert Group Executive, senior management and certain other persons during closed and prohibited periods. The Code also contains rules concerning the mandatory internal notification of intended transactions, as well as the disclosure of executed transactions through a notification to the Belgian Banking, Finance and Insurance Commission (CBFA). The Chairman of the Board is the Compliance Officer for purposes of the Bekaert Insider Dealing Code.

Elements pertinent to a take-over bid

Restrictions on the transfer of securities

The Articles of Association contain no restrictions on the transfer of the shares, except in case of a change of control, for which the prior approval of the Board of Directors has to be requested in accordance with Article 11bis of the Articles of Association.

Subject to the foregoing the shares are freely transferable. The Board is not aware of any restrictions imposed by law on the transfer of shares by any shareholder.

Restrictions on the exercise of voting rights

Each share entitles the holder to one vote. The Articles of Association contain no restrictions on the voting rights, and each shareholder can exercise his voting rights provided he was validly admitted to the General Meeting and his rights had not been suspended. The admission rules to the General Meeting are laid down in Article 31 of the Articles of Association. Pursuant to Article 11 the company is entitled to suspend the exercise of the rights attaching to securities belonging to several owners.

No person can vote at General Meetings using voting rights attaching to securities that had not been reported timely in accordance with the law.

The Board is not aware of any other restrictions imposed by law on the exercise of voting rights.

Agreements among shareholders

The Board of Directors is not aware of any agreements among shareholders that may result in restrictions on the transfer of securities or the exercise of voting rights, except those disclosed in the notifications referred to in the Financial Review (Parent company information: interests in share capital) in this annual report.

Appointment and replacement of Directors

The Articles of Association (Articles 15 and following) and the Bekaert Corporate Governance Charter contain specific rules concerning the (re)appointment, the induction and the evaluation of Directors.

Directors are appointed for a term not exceeding four years (in practice usually for three years) by the General Meeting of Shareholders, who can also dismiss them at any time. An appointment or dismissal requires a simple majority of votes. The candidates for the office of Director who have not previously held that position in the company must inform the Board of Directors of their candidacy at least two months before the Ordinary General Meeting.

Only if and when a position of Director prematurely becomes vacant can the remaining Directors appoint (co-opt) a new Director. In such a case the next General Meeting will make the definitive appointment.

The appointment process for Directors is led by the Chairman of the Board. The Nomination and Remuneration Committee submits a reasoned recommendation to the full Board, who on that basis decides which candidates will be nominated to the General Meeting for appointment. Directors can as a rule be reappointed for an indefinite number of terms, provided they should be at least 35 and at most 64 years of age at the moment of their initial appointment and they have to resign in the year in which they reach the age of 67.

Amendments to the Articles of Association

The Articles of Association can be amended by the General Meeting in accordance with the Companies Code. Each amendment to the Articles requires qualified majority of votes.

Authority of the Board of Directors to issue or buy back shares

The Board of Directors is authorized by Article 45 of the Articles of Association to increase the registered capital in one or more times by a maximum amount of € 170 000 000. The authority is valid for five years, but can be extended by the General Meeting.

Within the framework of that authority the Board can also during a period of three years increase the registered capital, upon receipt by the company of a notice from the CBFA of a public take-over bid, and

provided that:

- the shares to be issued are fully paid up upon issue;
- the issue price of such shares is not lower than the price of the bid; and
- the number of shares to be issued do not exceed 10% of the issued shares representing the capital prior to the capital increase.

This authority can also be extended by the General Meeting.

The Board of Directors is authorized by Article 12 of the Articles of Association to acquire a maximum number of shares that in the aggregate represent no more than 10% of the issued capital, during a period of 18 months (that can be extended by the General Meeting), at a price ranging between minimum € 1 and maximum 30% above the arithmetic average of the closing price of the share during the last 30 trading days preceding the Board's resolution to acquire. The Board is authorized to cancel all or part of the purchased shares during the 18-month period. The Board is also authorized to acquire shares if required to prevent a threatened serious harm to the company, including a public take-over bid. Such authority is granted for a period of three years, but can be extended by the General Meeting.

Articles 12bis and 12ter of the Articles of Association provide rules for the disposal of purchased shares and for the acquisition and disposal of shares by subsidiary companies.

The powers of the Board of Directors are more fully described in the applicable legal provisions, the Articles of Association and the Bekaert Corporate Governance Charter.

Change of control

NV Bekaert SA is a party to a number of significant agreements that take effect, alter or terminate upon a change of control of the company following a public take-over bid or otherwise. To the extent that those agreements grant rights to third parties that affect the assets of the company or that give rise to a debt or an obligation of the company, those rights were granted by the Special General Meetings held on 13 April 2006 and 16 April 2008 in accordance with Article 556 of the Companies Code: the minutes of those meetings were filed with the Registry of the Commercial Court of Kortrijk on 14 April 2006 and 18 April 2008 and are available at www.bekaert.com.

Most agreements are joint venture contracts (describing the relationship between the parties in the context of a joint venture company), contracts whereby financial institutions commit funds to the company or one of its subsidiaries, and service contracts. Each of those contracts contains clauses that, in the case of a change of control of the company, entitle the other party, in certain cases and under certain conditions, to terminate the contract prematurely and, in the case of financial contracts, also to demand early repayment of the loan funds. The joint venture contracts provide that, in the case of a change of control of the company, the other party can acquire the company's shareholding in the joint venture (except for the Chinese joint ventures, where the parties have to agree whether one of them will continue the joint venture on its own, whereupon that party has to purchase the other party's shareholding), whereby the value for the transfer of the shareholding is determined in accordance with contractual formulas that aim to ensure a transfer at an arm's length price.

Other elements

- The company has not issued securities with special control rights.
- The control rights attaching to the shares acquired by employees pursuant to the stock option plans are exercised directly by the employees.
- No agreements have been concluded between the company and its Directors or employees providing for compensation if as a result of a take-over bid the Directors resign or are made redundant without valid reason or if the employment of the employees is terminated.

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Successful companies respond swiftly to change. The measures Bekaert adopted in 2008 bear testimony to our resilience. We intend to remain just as effective in 2009 in our decisions.”