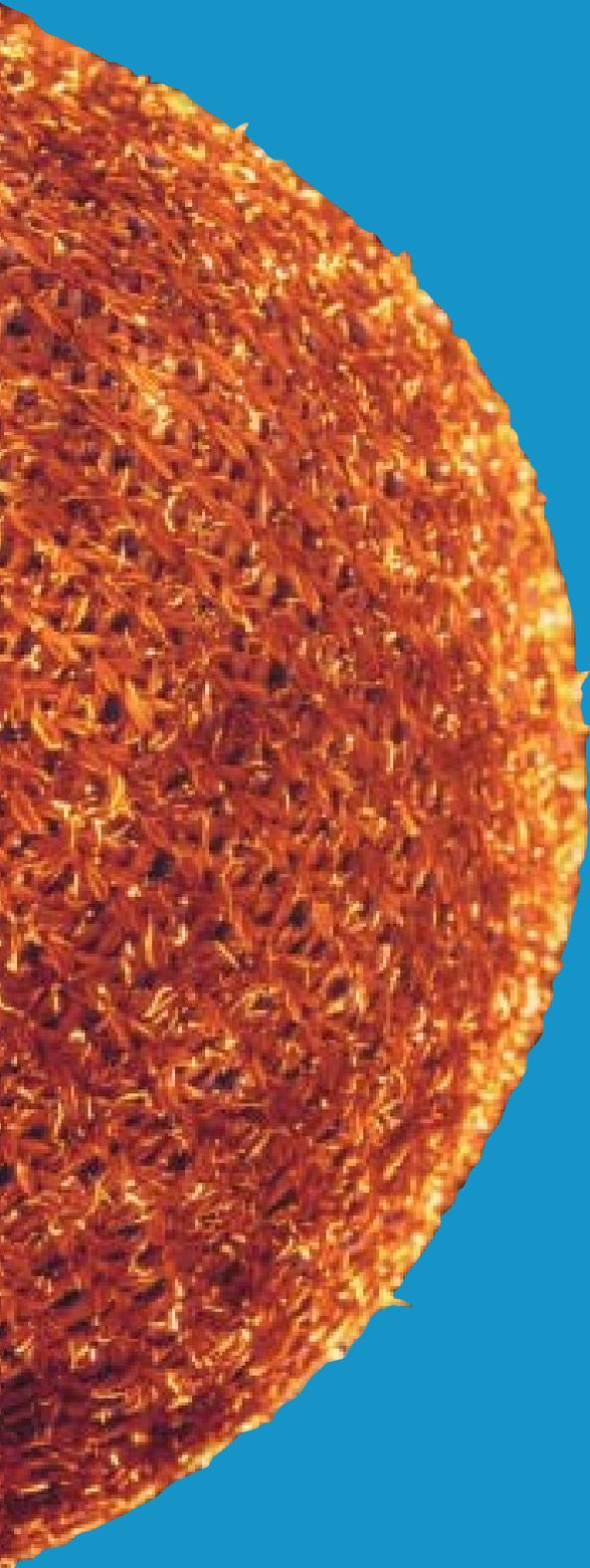




Celine Perque
Bekaert Solaronics,
Amentières, France





STATEMENT ON CORPORATE GOVERNANCE

Burner

Bekaert produces environment-friendly gas burners and burner systems based on fine metal fibres, which achieve better efficiency, lower consumption and lower emissions of harmful NO_x gases.

STATEMENT ON CORPORATE GOVERNANCE

Bekaert attaches great value to corporate governance and is aware that good governance of listed companies is an important factor in investment decisions. Bekaert accordingly complies with internationally accepted standards and rules.

The Belgian Corporate Governance Code, published by the Lippens Committee on 9 December 2004, will be on the agenda of the Ordinary General Meeting of Shareholders on 11 May 2005. Bekaert will determine its position with respect to the Code in the course of 2005.

As a member of the Belgian 'Instituut voor Bestuurders' (Institute for Directors), Bekaert is helping to shape a coherent vision of corporate governance based on solid research, cultural norms and practical management needs.

General Meeting of Shareholders

The Articles of Association stipulate that the Ordinary General Meeting shall be held on the second Wednesday in May at 10:30 a.m. Shareholders wishing to attend the General Meeting must notify the company of their intention at least three full working days before the meeting. Each shareholder may be represented by a proxy who is entitled to vote in his own right. However, legal persons may be represented by a proxy who is not a shareholder. Registered shareholders will receive an invitation in advance, together with the agenda and the annual report. The meeting can only consider and adopt resolutions on the items appearing on the agenda, but time is always allowed for questions. All shares carry the same rights and each share entitles the holder to one vote.

A total of 127 shareholders were present in person or by proxy at the Ordinary General Meeting on 12 May 2004, representing a total of 6 522 963 shares or 29.6% of the total number of issued shares. Seven holders of subscription rights also attended the meeting, representing 13 239 subscription rights or 3.6% of the total number of issued subscription rights.

The meeting approved the financial statements and profit appropriation for 2003 and discharged the Directors and the Statutory Auditor of responsibility. Messrs. Pol Bamelis, Roger Dalle, François de Visscher and Baudouin Velge were re-appointed as Directors for a term of three years, ending at the close of the Ordinary General Meeting in 2007. The meeting acknowledged Baron Jan Huyghebaert's resignation from the Board. Sir Anthony Galsworthy and Mr. Bernard van de Walle de Ghelcke were appointed as Directors for a term of three years, ending at the close of the Ordinary General Meeting in 2007. Mr. Pol Bamelis was appointed as an independent Director within the meaning of Article 524 of the Belgian Companies Code and in accordance with the interim provision of Article 53, para 2, of the Act of 2 August 2002. Sir Anthony Galsworthy was appointed as an independent Director within the meaning of the above-mentioned Article 524. Mr. Gary Allen and Baron Georges Jacobs were confirmed in their capacity as independent Directors within the meaning of the above-mentioned Article 524 and interim provision. Deloitte & Partners Bedrijfsrevisoren BV o.v.v.e. CVBA, represented by Messrs. Geert Verstraeten and Guy Wygaerts, was re-appointed as Statutory Auditor for a term of three years, ending at the close of the Ordinary General Meeting in 2007. The annual remuneration of the members of the Board of Directors for 2004 was maintained at € 52 058 per person, of which € 37 184 was fixed and € 14 874 was variable, based on attendance at six meetings. The remuneration of the Statutory Auditor for 2004 was set at € 78 000.

An Extraordinary General Meeting held on 12 May 2004 renewed the Board's authority to repurchase the company's own shares for a period of eighteen months, and for a period of three years to prevent a threatened serious harm to the company (including a public takeover bid). The Board's

authority to increase the registered capital by a maximum amount of € 170 million (authorised capital) was extended for five years. In the event of a public bid for the company's shares, such extension is valid for three years and special restrictions apply. Also, the advisory committees of the Board of Directors were regulated in the Articles of Association (cf. below).

A provision was included in the Articles of Association in 2003 authorising the Board of Directors to transfer its management powers to an executive committee. The Board of Directors has not exercised this authority to date.

Composition of the Board of Directors

The Board of Directors of NV Bekaert SA consists of fourteen members, eight of whom represent the reference shareholders. Only the Chief Executive Officer, who is responsible for the day-to-day management of the company, has an executive function. All other members are non-executive directors. Four directors are independent.

The members of the Board of Directors are appointed for a three-year term and are eligible for re-appointment. New candidates must notify the Board of Directors at least two months prior to the Ordinary General Meeting. The selection of new candidates for Board membership is formally entrusted to the Nomination, Compensation and Pensions Committee. The selection criteria relate to the contribution which the candidate can make to the Board of Directors on the basis of talent, interest, background and willingness and ability to devote adequate time to the office. In the case of a nomination for re-appointment, the quality of the actual contribution to the Board is considered. Membership of the Board of Directors is subject to a minimum age limit of 35 and a maximum age limit of 67. Only in the case of the Chairman and the Chief Executive Officer is membership of the Board their principal occupation. The candidates proposed by the Nomination, Compensation and Pensions Committee are nominated by the Board for appointment by the General Meeting.

Name	Position	Term expires	Principal occupation ¹	Membership of committees ²
Members representing reference shareholder				
Baron Leon Bekaert	Director	2006	Director of companies	SC
Roger Dalle	Director	2007		NCPC
Count Charles de Liedekerke	Director	2006	Director of companies	SC
François de Visscher	Director	2007	President of de Visscher & Co. (USA)	A&F
Hubert Jacobs van Merlen	Director	2006	President and Chairman, IEE SA (Luxembourg)	
Maxime Jadot	Director	2006	Head of Investment Banking, Fortis Bank (Belgium)	SC/NCPC
Bernard van de Walle de Ghelcke	Director	2007	Partner, Linklaters	
Baudouin Velge	Director	2007	Chief Executive Officer, FEDIS (Belgium)	A&F
Management				
Julien De Wilde	Chief Executive Officer	2006	NV Bekaert SA	SC/A&F
Other members				
Baron Paul Buysse	Chairman	2006	NV Bekaert SA	SC/A&F/NCPC
Gary J. Allen	Independent Director	2005		A&F/NCPC
Pol Bamelis	Independent Director	2007	Director of companies	SC
Sir Anthony Gaisworthy	Independent Director	2007	Director of companies	
Baron Georges Jacobs	Independent Director	2005	Chairman of the Board of Directors, UCB (Belgium)	

Situation as of 31 March 2005

¹ An extensive curriculum vitae of all Directors is available on the Bekaert website.

² SC: Strategic Committee – A&F: Audit & Finance Committee – NCPC: Nomination, Compensation and Pensions Committee

Functioning of the Board of Directors

The Board met on eight occasions in 2004. Seven were regular meetings, at which the average attendance rate was 93.7%, and one was held in the presence of a notary public for the purpose of issuing subscription rights within the limits of the authorised capital. One regular meeting was held on 16 September 2004 at the Bekaert Shenyang Steel Cord Co., Ltd, plant in Shenyang (Liaoning province, China).

All resolutions were adopted by consensus. The Board of Directors did not make use in 2004 of the options provided by the Articles of Association of holding meetings and adopting resolutions via teleconferencing or videoconferencing or by unanimous written consent, nor of its freedom to enlist the assistance of independent experts at the company's expense.

In addition to its statutory powers and powers under the Articles of Association, the Board of Directors in 2004 approved amongst others the update of the strategy proposed by management. It approved major investments and acquisitions and the issue of subscription rights in accordance with the company's stock option plan (SOP1), which was introduced in 1999. The Board monitored the implementation of the strategy and performance against three-year plans and one-year budgets and drew up the 2003 annual accounts.

The Chief Executive Officer monitors the activities of the subsidiaries, joint ventures and associates. Their boards generally consist of management personnel, but in a few instances they include members of the Board of Directors of the parent company, who in that case represent the Chief Executive Officer.

The Board of Directors is assisted by three committees:

Strategic Committee

The Strategic Committee (membership: cf. table) has six members, is chaired by the Chairman of the Board, and further consists of the Chief Executive Officer and four Directors, one of whom is independent and three of whom represent the reference shareholders. The Group Secretary acts as its secretary. The Strategic Committee, which met four times in 2004, advises the Board of Directors on general policy and on the principal strategic decisions. The Chairman formally reports the recommendations of the Strategic Committee to the Board for approval.

Audit & Finance Committee

The Audit & Finance Committee (membership: cf. table) has six members, is chaired by the Chairman of the Board, and further consists of the Chief Executive Officer, three Directors, one of whom is independent and two of whom represent the reference shareholders, and the Chief Financial & Administration Officer (who also acts as secretary). This composition ensures that the necessary dialogue takes place between the Board of Directors and management. The Audit & Finance Committee met on three occasions in 2004. The Committee advises on the financial statements, the full year and half-year results, the proposed dividend, the annual report, the indebtedness, the valuation rules, the hedging of foreign currency exposure and forward purchasing of strategic materials, internal financial and operational controls, the selection and remuneration of the Statutory Auditor and compliance with its recommendations and advice on appropriate financial procedures. The full Audit & Finance Committee meets twice a year to receive the reports of the internal auditors and the Statutory Auditor. A number of meetings are also held each year between the Chairman of the Audit & Finance Committee, who is also the Chairman of the Board of Directors, and the Statutory Auditor. The Chairman formally reports the recommendations of the Audit & Finance Committee to the Board for approval. Particular attention was devoted in 2004 to the scope and efficiency of the internal control systems. The Audit & Finance Committee approves the Board of Directors' operating budget and monitors actual expenditure.

Nomination, Compensation and Pensions Committee

The Nomination, Compensation and Pensions Committee (membership: cf. table) has four members, is chaired by the Chairman of the Board, and further consists of three Directors, one of whom is independent and two of whom represent the reference shareholders. The Chief Executive Officer acts as secretary. The Committee met four times in 2004.

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

The Chairman formally reports the recommendations of the Nomination, Compensation and Pensions Committee to the Board for approval.

Conflicts of interest within the Board of Directors

As prescribed by company law, the members of the Board of Directors are expected to give the Chairman prior notice of any agenda items in respect of which they have a direct or indirect conflict of interest of a financial nature with the company, and to refrain from participating in the discussion of and voting on those items. Two such conflicts of interest arose in 2004.

Except from the minutes of 16 September 2004.

Indemnification of civil directors liability of Sir Anthony Galsworthy

The Chairman informs the members of the Board that he received a letter, dated 1 September 2004, from Sir Anthony Galsworthy reporting a conflict of interest in connection with the Board's discussion and decision relative to the indemnification of his civil directors liability by the company. The conflict arises from the fact that Sir Anthony Galsworthy will be the beneficiary of the indemnification. Sir Anthony Galsworthy also informed the company's independent auditors in writing on 1 September 2004. Sir Anthony Galsworthy thereupon leaves the Board room.

The Chairman explains that it has been the company's policy since a number of years to indemnify its directors and officers from their civil liability incurred in the performance of their duties as such. The policy was introduced in response to the increasing legal exposure of directors and officers. It has become established international market practice, and is viewed as a prerequisite to attracting highly qualified individuals to serve on boards of directors and senior management positions. The company has contracted an insurance policy to cover the cost of such indemnification commitments. The aggregate directors' and officers' liability insurance premium in respect of the directors and officers of the company, and of its wholly or majority owned subsidiaries worldwide, amounts to approx. USD 88 000 for the current annual insurance period. In the Chairman's opinion, the adoption of the proposed resolution is in the company's interest.

Resolution: The Board resolves to fully indemnify Sir Anthony Galsworthy from and against any and all financial consequences of his civil liability as a director of the company, except if such liability results from his fraudulent intent or wilful misconduct. Sir Anthony Galsworthy thereupon returns to the Board room.

Indemnification of civil directors liability of Mr Bernard van de Walle de Ghelcke

The Chairman informs the Members of the Board that he received a letter, dated 31 August 2004, from Mr. Bernard van de Walle de Ghelcke reporting a conflict of interest in connection with the Board's discussion and decision relative to the indemnification of his civil directors liability by the company. The conflict arises from the fact that Mr. Bernard van de Walle de Ghelcke will be the beneficiary of the indemnification. Mr. Bernard van de Walle de Ghelcke also informed the company's independent auditors in writing on 31 August 2004. Mr. Bernard van de Walle de Ghelcke thereupon leaves the Board room.

The Chairman refers to his expose on the previous agenda item. In his opinion, the adoption of the proposed resolution is in the company's interest.

Resolution: The Board resolves to fully indemnify Mr. Bernard van de Walle de Ghelcke from and against any and all financial consequences of his civil liability as a director of the company, except if such liability results from his fraudulent intent or wilful misconduct. Mr. Bernard van de Walle de Ghelcke thereupon returns to the Board room.

Remuneration of the Board of Directors

The annual remuneration of the members of the Board of Directors consists of a fixed fee and a variable fee, plus reimbursement of expenses incurred in the performance of their duties. The Ordinary General Meeting on 12 May 2004 determined that the annual remuneration of the members of the Board of Directors would remain unchanged at € 52 058, consisting of a fixed fee of € 37 184 and a variable fee of € 14 874, based on attendance at six meetings. With the exception of the Chairman and the Chief Executive Officer, the members of the Board of Directors receive no stock options nor any other benefit in kind. With the exception of the Chairman and the Chief Executive Officer, the members of the Board of Directors who are members of the committees of the Board receive a fee of € 1 487 for each meeting they attend. In 2004, the total remuneration of the Directors of NV Bekaert SA in respect of their service on the Board and on committees, amounted to € 2.70 million.

Daily management of the company

The daily management of the company is the responsibility of the Chief Executive Officer, who reports to the Board of Directors. He is assisted by the Bekaert Group Executive, consisting of himself as chairman and four members with responsibility for the various activity platforms and for finance and administration. The Bekaert Group Executive, which meets on average twice per month, is responsible for developing, implementing and monitoring the strategy of each activity platform and of the various functional units, for formulating and monitoring the short-term and long-term plans and for the results of the various activity platforms and the Group.

Senior management remuneration policy

The Nomination, Compensation and Pensions Committee formulates all recommendations relating to the nomination and remuneration of the Group Executive Vice Presidents and Group Vice Presidents, on the proposal of the Chief Executive Officer. The committee discusses in depth the remuneration policy, the levels and the individual evaluations of senior management staff.

Senior management remuneration consists of a base salary, a variable bonus, subscription rights or options, a pension plan and life insurance and other customary insurance (such as incapacity). Appointments to the boards of certain subsidiaries are also remunerated. Senior management staff are provided with all the equipment needed to perform their duties. Remuneration is benchmarked at regular intervals through external comparative studies by independent consultants. The variable remuneration of senior management staff is based on individual performance and the results achieved in the area for which they are accountable. The number of subscription rights for or options on NV Bekaert SA shares offered to senior management staff depends on the achievement of pre-defined targets relative to Bekaert's group result.

Post-employment benefits consist of a defined-benefit plan funded through V.Z.W. Bekaert Pensioenfonds and a defined-contribution plan funded through an external insurance company.

The total remuneration of all Group Executive Vice Presidents and Group Vice Presidents for 2004 was as follows:

	in thousands of €	
	Total	Average
Number of persons	17	-
Short-term employee benefits		
Basic remuneration	3 019	178
Variable remuneration	1 712	101
Remuneration as directors of subsidiaries	761	45
Post-employment benefits		
Pension defined benefit plans	205	12
Defined contribution pension plans	399	24
Other long-term benefits	-	-
Termination benefits	-	-
Total gross remuneration	6 469	381
Number of subscription rights/option granted (stock option plan)	50 420	2 966

Senior management includes all Group Executive Vice Presidents and Group Vice Presidents.

Policy on profit appropriation

It is the policy of the Board of Directors to propose a profit appropriation to the Ordinary General Meeting which provides, in so far as the profit permits, a stable or growing dividend while maintaining an adequate level of cash flow for investment and self-financing. In practice, this means that Bekaert seeks to maintain a pay-out ratio of around 40% of the consolidated net result over the longer term.

Relationships with reference shareholders

Stichting Administratiekantoor Bekaert was established in order to rationalise the reference shareholders' interests. The Stichting, which is jointly controlled by a number of physical persons and companies representing the reference shareholders, holds 4 741 750 shares or 21.68% of the issued share capital of NV Bekaert SA. Stichting AK Bekaert and the physical persons and companies referred to further in this annual report act in concert, and together own 9 209 380 shares or 42.10% of the issued share capital of NV Bekaert SA.

Stock option plans

1) Subscription rights were issued for the sixth and last time in 2004, within the limits of the authorised capital, under the stock option plan introduced in 1999 (SOP 1). The Board of Directors executed a notarial deed on 30 September 2004 to issue 167 394 subscription rights to senior management and executive employees of the company and a number of subsidiaries, excluding the pre-emptive rights of the existing shareholders. Each subscription right is convertible into one NV Bekaert SA share at an exercise price of € 47.29. Up to the end of 2004, a total of 536 664 subscription rights had been issued under SOP 1. An overview is shown in Note 5.11 further in this annual report.

During the period 16-30 November 2004, subscription rights of the first and second series, issued in 2000, were exercised for the first time. A total of 23 705 subscription rights were exercised, resulting in the issue of 23 705 new NV Bekaert SA shares and increasing the company's share

capital to € 171 million.

2) Under a second stock option plan (SOP 2), which is restricted to a maximum of 50 individuals and was approved by the Board of Directors in 2000, for the Chairman, the Chief Executive Officer and senior managers of the company and its subsidiaries whether employees or self-employed, a total of 32 800 options were granted in 2004 subject to the same conditions as those applying to employees under SOP 1. If and when these options are exercised, NV Bekaert SA will purchase own shares on the stock exchange. By the end of 2004, a total of 52 920 options had been granted under SOP 2. An overview is shown in Note 5.11 further in this annual report.

Repurchase of own shares

A total of 220 300 NV Bekaert SA shares were repurchased in 2004 at an average price of € 46.28 and subsequently cancelled, in order to avoid a possible future dilution of the voting rights of the existing shares as a result of the conversion of subscription rights into shares. Following the cancellation of the shares, the Articles of Association of NV Bekaert SA were amended accordingly.

