

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

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

Board of Directors

Composition

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: Mr. Gary J. Allen, Sir Anthony Galsworthy and Lady Barbara Thomas Judge. The latter two directors are also independent within the meaning of provision 2.3 of

the Belgian Corporate Governance Code. Sir Anthony Galsworthy was first appointed in 2004. Lady Judge was appointed in 2007, and has since completed her induction program. Although Mr Allen, who will retire from the Board in 2008, has been a member since 1987 and has therefore served on the Board for more than three terms, Bekaert considers him to be an independent director, provision 2.3/1 of the Belgian Corporate Governance Code notwithstanding: the experience of the company's business Mr Allen has gained since 1987 is not liable in Bekaert's view to affect his independent judgment.

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	1
Executive Director					
Bert De Graeve	2006	2009	NV Bekaert SA	7	1
Members nominated by the principal shareholders					
Baron Leon Bekaert	1994	2009	Director of companies	7	0
Roger Dalle	1998	2010	Director of companies	7	2
Count Charles de Liedekerke	1997	2009	Director of companies	7	1
François de Visscher	1992	2010	President, de Visscher & Co. LLC (United States)	7	0
Hubert Jacobs van Merlen	2003	2009	President & CEO, IEE SA (Luxembourg)	5	1
Maxime Jadot	1994	2009	President of the Directoire, Fortis Banque France	6	0
Bernard van de Walle de Ghelcke	2004	2010	Partner, Linklaters LLP (Belgium)	7	1
Baudouin Velge	1998	2010	CEO, Interel PR & PA (Belgium)	7	0
Independent Directors					
Gary J. Allen	1987	2008	Director of The London Stock Exchange (United Kingdom)	1	0
Sir Anthony Galsworthy	2004	2010	Advisor to Standard Chartered Bank (United Kingdom)	7	0
Lady Barbara Thomas Judge	2007	2010	Chairman of the UK Atomic Energy Authority (United Kingdom)	4**	0
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.

(**) Nominated on 9 May 2007

Activity report

The Board met on nine occasions in 2007. There were seven regular and two extraordinary meetings. In light of its concern to keep in touch with Bekaert's global operations the Board held one of its regular meetings in Slovakia, where the company operates two production plants.

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 2007:

- the 2007 budget;
- major investments, acquisition projects, and other changes in the shareholdings portfolio;

- the buy-back of shares;
- the long term strategy;
- the organization structure;
- the long term financing requirements; and
- the three-year plans.

In 2007 the Board also completed a Board functioning and member appraisal.

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 2007
Chairman				
Baron Buysse	541 690			541 690
Board members				
Gary Allen	37 184	2 479	2 974	42 637
Dr. Pol Bamelis	18 592	7 437	1 487	27 516
Baron Leon Bekaert	37 184	17 353	5 948	60 485
Roger Dalle	37 184	19 832	2 974	59 990
Bert De Graeve	37 184	19 832		57 016
Count Charles de Liedekerke	37 184	19 832	5 948	62 964
François de Visscher	37 184	17 353	4 461	58 998
Julien De Wilde	37 184	19 832		57 016
Sir Anthony Galsworthy	37 184	17 353	5 948	60 485
Baron Georges Jacobs	18 592	9 916		28 508
Hubert Jacobs van Merlen	37 184	14 874		52 058
Maxime Jadot	37 184	14 874	8 922	60 980
Lady Barbara Thomas Judge	23 240	9 916		33 156
Bernard van de Walle de Ghelcke	37 184	19 832		57 016
Baudouin Velge	37 184	17 353	4 461	58 998
Total gross remuneration				1 319 513

Remuneration CEO¹

in €	Fixed Remuneration	Variable Remuneration	Other contractual	Total 2007
Bert De Graeve	639 725	500 000	161 970	1 301 695
Number of stock options granted				7 500

¹ The fixed remuneration includes board fees received as member of 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 Committees 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 and consolidated accounts, the half-year results, and the internal audit department activities.

As a rule 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 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.

The Committee met three times in 2007.

The main items on the agenda included:

- the long term financing requirements;
- the activities of the Internal Audit Department;
- the statutory auditor reports.

Name	Expiry of current term	Number of meetings attended
Baron Buysse	2009	3
François de Visscher	2010	3
Baudouin Velge	2010	3
Gary J. Allen	2008	1
Lady Barbara Thomas Judge (*)	2010	0

(*) appointed on 13 September 2007 to succeed Gary J. Allen who retires at the General Meeting of Shareholders of 14 May 2008.

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 stock 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 Buysse	2009	2
Roger Dalle	2010	2
Maxime Jadot	2009	2
Gary J. Allen	2008	1

The Committee met two times in 2007. The main item on the agenda was the succession at the Bekaert Group Executive level.

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.

The Committee met four times in 2007.

The main items on the agenda were:

- the long-term strategy, including the implications of the company's changing industrial environment;
- strategic acquisition projects.

Name	Expiry of current term	Number of meetings attended
Baron Buysse	2009	4
Bert De Graeve	2009	4
Baron Leon Bekaert	2009	4
Count Charles de Liedekerke	2009	4
Maxime Jadot	2009	4
Sir Anthony Galsworthy	2010	4

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, for finance and administration, and for technology.

Name	Position	Appointed
Bert De Graeve	Chief Executive Officer	2006
Bruno Humblet	Chief Financial Officer Specialised films	2006
Dominique Neerincx	Chief Technology Officer Industrial coatings	2006
Marc Vandecasteele	Advanced wire products / Steel cord	1998
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	2006
Number of persons	19	20
Short-term employee benefits		
Basic remuneration	3 669	3 946
Variable remuneration	1 836	2 010
Remuneration as directors of subsidiaries	547	463
Post-employment benefits		
Defined benefit pension plans	231	248
Defined contribution pension plans	400	386
Share-based payment benefits (2)	277	479
Total gross remuneration	6 960	7 532
Average gross remuneration per person	366	377
Number of subscription rights/options granted (stock option plans)	25 350	48 200

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 prefers 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.

Conduct policies

Statutory conflicts of interests within 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. Two such conflicts of interests arose in 2007.

Excerpt from the minutes of the meeting of 15 March 2007

Report of the Nomination and Remuneration Committee meeting of 14 March 2007

The agenda calls for the discussion of the remuneration of the CEO. The Chairman informs the members that he has received a letter, dated 12 March 2007, from the CEO reporting a conflict of interests in this respect. The CEO has also informed the Statutory Auditor in writing on 12 March 2007.

At the request of the Chairman, the CEO leaves the Board room.

- 2006 bonus grant for the CEO

The Committee reviewed the CEO's performance in 2006 against the targets that were specified at the time of his appointment in May 2006, and recommended that the Board approve the grant of the maximum bonus, i.e. €500 000.

- 2007 bonus targets for the CEO

The Committee reviewed and endorsed the proposed 2007 bonus targets for the CEO. Also, in line with the expected general market movement, the Committee supported the proposal to increase the fixed remuneration of the CEO by 3%.

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

- *the 2006 bonus proposal for the CEO;*
- *the 2007 bonus target proposal for the CEO; and*
- *the proposed 2007 fixed remuneration increase for the CEO.*

The CEO returns to the Board room.

Excerpt from the minutes of the meeting of 14 December 2007

Report of the Nomination and Remuneration Committee meeting of 13 December 2007

Grants of stock options

The Board has to consider the Committee's recommendation regarding the grant of stock options. The Chairman received a letter, dated 12 December 2007, from the CEO reporting a conflict of interests in that respect. The CEO also informed the Statutory Auditor in writing on 12 December 2007. At the Chairman's request the CEO leaves the meeting room.

The Chairman announces that the Committee recommended to grant 8 000 stock options to the CEO: 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 CEO.

The options to be offered will be accounted for as equity-settled share-based payments in accordance with IFRS2. Assuming the CEO accepts all of the 8 000 options to be offered, and based on an exercise price provisionally estimated at 92.00 EUR, the cost of such options can be estimated to be 190 000 EUR.

The correct cost can only be determined upon the acceptance of the offer, i.e. on 18 February 2008.

*The amount will be subject to a straight-line amortisation over the three-year vesting period.
The Board resolves to make an offer of options on 20 December 2007 in accordance with the list submitted to the Nomination and Remuneration Committee meeting of 13 December 2007, as amended by the Committee, and to offer 8 000 options to the CEO.*

All options of the 20 December 2007 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.

The CEO returns to the meeting room.

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 companies of a member of the Board of Directors and subsidiaries of Bekaert (cf. Note 5.6 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.

Shares and shareholders

Capital and shares

A total of 41 866 subscription rights were exercised in 2007 under the SOP1 1999-2004 employee stock option plan, resulting in the issue of 41 866 new NV Bekaert SA shares and VVPR strips, and an increase of the issued capital by € 363 000 and of the share premium by € 1 477 779.48.

Bekaert purchased a total of 1 160 425 own shares in 2007:

- 2 780 shares were delivered to the individuals who had exercised their options under the SOP2 stock option plan;
- 1 157 645 shares were cancelled in the framework of a share buy-back program: this reduction of the number of shares is aimed at further optimizing the debt structure of Bekaert.

As a result of those movements, the number of issued shares decreased by 1 115 779 and the number of VVPR strips increased by 41 866.

NV Bekaert SA's issued share capital amounts to € 173 663 000, represented by 19 831 000 shares without par value. The number of VVPR strips is 3 894 001.

The total number of issued subscription rights under the SOP1 and SOP 2005-2009 stock option plans is 315 703.

In 2007 a second issue of subscription rights took place under the SOP 2005-2009 stock option plan: 60 670 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 € 90.52.

A third offer of 97 000 subscription rights was made on 20 December 2007. Each subscription right of the third series is convertible into one newly issued NV Bekaert SA share with VVPR strip at an exercise price of € 85.00.

12 500 options were granted under the SOP2 stock option plan in 2007: each option will be convertible into one existing NV Bekaert SA share with VVPR strip at an exercise price of € 90.52. A new offer of 14 500 options was made on 20 December 2007. Each option of this series is convertible into one existing NV Bekaert SA share with VVPR strip at an exercise price of € 85.00. A total of 101 920 options had been granted under the SOP2 stock option plan as of 31 December 2007.

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 4.11) of this annual report.

Principal shareholders

Three declarations of interests in the securities representing the capital of NV Bekaert SA have been received pursuant to the Act of 2 March 1989 since the publication of the 2006 annual report.

An overview of the most recent declarations can be found in the Financial review (Interests in share capital) in this annual report.

General Meeting of Shareholders

A total of 103 shareholders were present in person or by proxy at the Ordinary General Meeting on 9 May 2007, representing a total of 7 387 879 shares or 36.22% of the total number of issued shares. Also present were three holders of subscription rights, representing a total of 3 686 subscription rights or 1.03% of the total number of issued subscription rights.

The meeting approved the financial statements and profit appropriation for 2006 and discharged the Directors and the Statutory Auditor of responsibility. The number of Directors was decreased from fifteen to fourteen. Messrs Roger Dalle, François de Visscher, Bernard van de Walle de Ghelcke and Baudouin Velge were reappointed as Directors for a term expiring at the close of the Ordinary General Meeting in 2010.

Sir Anthony Galsworthy was reappointed as independent Director for a term expiring at the close of the Ordinary General Meeting in 2010.

The independent Directors Dr. Pol Bamelis and Baron Georges Jacobs retired from the Board, and Lady Barbara Thomas Judge was appointed as independent Director for a term expiring at the close of the Ordinary General Meeting in 2010.

Deloitte Bedrijfsrevisoren BV o.v.v.e. CVBA, represented by Mr Geert Verstraeten, were reappointed as Statutory Auditor for a term expiring at the close of the Ordinary General Meeting in 2010.

The remuneration of the members of the Board of Directors for 2007 was determined, as well as the remuneration of the Statutory Auditor for the control of the annual accounts and of the consolidated annual accounts for the financial year 2006 and for the financial years 2007 through 2009.

An Extraordinary General Meeting, also held on 9 May 2007, renewed the Board's authority to repurchase the company's own shares for a period of eighteen months, and amended the Articles of Association in order to satisfy the requirements of the Act of 14 December 2005 relative to the abolition of bearer securities.

Dividend

The Ordinary General Meeting of Shareholders of 9 May 2007 resolved to distribute a gross dividend of € 2.50 per share for the 2006 financial year: the net dividend accordingly amounted to € 1.875 per share and € 2.125 per share with VVPR strip.

Elements pertinent to a take-over bid

Set forth below is the information concerning NV Bekaert SA that the company has to disclose in accordance with Article 34 of the Royal Decree of 14 November 2007 on the obligations of issuers of financial instruments admitted to trading on a regulated market.

Capital structure

The issued share capital amounts to € 173 663 000, and is represented by 19 831 000 shares without par value. The shares are in registered, bearer or non-material form, and are listed on NYSE Euronext Brussels..

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 Stichting Administratiekantoor Bekaert has declared that it is acting in concert with the companies Velge & Co, in liquidation, SA Berfin, SA Subeco and Millenium 3 SA. The Board of Directors is not aware of any other agreements among shareholders that may result in restrictions on the transfer of securities or the exercise of voting rights.

Appointment and replacement of Directors

The Articles of Association (Articles 15 et seq) 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 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 a qualified majority of votes.

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

The Board of Directors is authorised 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 authorised 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 authorised to cancel all or part of the purchased shares during the 18 month period.

The Board is also authorised 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 a Special General Meeting held on 13 April 2006 in accordance with Article 556 of the Companies Code, the minutes of which are available at www.bekaert.com and were filed with the Registry of the Commercial Court of Kortrijk on 14 April 2006.

Most agreements are joint venture contracts (describing the relationship between the parties in the context of a joint venture company), and contracts whereby financial institutions commit funds to the company or one of its subsidiaries.

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 loaned 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.