Partial demerger of

Umicore NV/SA

into

umicore

cumerio

Admission to listing on the Regulated Market of Euronext Brussels of all Cumerio shares and VVPR strips to be issued following the partial demerger

Organized by

KBC Securities

UBS Investment Bank

in collaboration with

KBC Bank **CBC Banque**

29 March 2005

PARTIAL DEMERGER OF UMICORE NV/SA

Broekstraat 31 rue du Marais
B – 1000 Brussels
a limited liability company having made a public call on savings, organized under the laws of Belgium
VAT BE 0401.574.852
Register of Legal Entities Brussels

into

UMICORE NV/SA **CUMERIO NV/SA**

On 21 February 2005, the Board of Directors of Umicore NV/SA decided to propose to its shareholders the partial demerger ("Demerger") of Umicore by spinning off Umicore's copper branch of activity into a new company Cumerio NV/SA ("Cumerio"), to be incorporated and organized under the laws of Belgium and that will make a public call on savings.

The Demerger proposal will be first presented to the extraordinary shareholders meeting of Umicore to be held on 13 April 2005. The Demerger of Umicore will be realized (the "Closing of the Demerger") upon the approval of the Demerger proposal and the incorporation of Cumerio by the shareholders of Umicore representing at least 75% of the votes validly cast at the above-mentioned shareholders meeting. It is expected that another shareholders meeting will be needed to reach the required quorum and hence is planned for 28 April 2005. However, for tax and accounting purposes, the Demerger will have retroactive effect from 1 January 2005.

Umicore has 25,633,000 shares outstanding ("Umicore Shares") as at 29 March 2005. One Cumerio share ("Cumerio Share") per Umicore Share will be distributed to Umicore's shareholders. The Cumerio Shares will have coupons numbers 1 up to 30 attached. The total number of Cumerio Shares that will be distributed will be equal to the number of Umicore Shares on the date of the Closing of the Demerger. This will be published in the Belgian press on 29 April 2005.

ADMISSION TO LISTING OF ALL CUMERIO SHARES AND VVPR STRIPS ON THE REGULATED MARKET OF EURONEXT BRUSSELS

Application has been made for the admission to listing on the Regulated Market of Euronext Brussels of all Cumerio Shares and VVPR strips that will be issued following the Closing of the Demerger.
Subject to approval by Euronext Brussels, it is expected that the listing and trading of these securities will start the first banking day following the Closing of the Demerger at or around 29 April 2005 under the symbol "CMR" for the Cumerio Shares and "CMRS" for the Cumerio VVPR strips.

The Umicore Shares and Umicore VVPR strips are traded on the Regulated Market of Euronext Brussels. They will remain listed under the same name and symbols after the Closing of the Demerger (for the Umicore Shares symbol: UMI; ISIN code: BE0003626372 and for the Umicore VVPR strips: symbol UMIS; ISIN code: BE000550216).

This document is issued solely in connection with the admission to listing of all the Cumerio Shares and Cumerio VVPR strips on the Regulated Market of Euronext Brussels upon Closing of the Demerger. It does not constitute, nor does it form part of, any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, any Umicore securities or Cumerio securities or any options thereon or rights therein, nor shall it, or any part of it, or the fact of its distribution, form the basis of, or be relied on in connection with, or act as any inducement to enter into, any contract therefore.

The Demerger and the listing of, and the trading and/or investing in, Cumerio securities and Umicore securities involve risks that are described in the "Risk Factors" and "Investor notices" sections beginning on page 14 and 2 respectively of this Prospectus.

Organized by

KBC Securities **UBS Investment Bank**

INVESTOR NOTICES

General

Capitalized terms not defined in this Prospectus are defined in the glossary at the end of this Prospectus.

On the date of this Prospectus, Cumerio had not yet been incorporated. This Prospectus has been prepared by Umicore and the statements and representations contained herein have been made by Umicore, it being understood that subject to the approval of the Demerger and the incorporation of Cumerio, any liability resulting from this Prospectus and the statements and representations contained herein will be borne by Umicore and Cumerio in accordance with Article 17 of the Public Offer of Securities Act. Consequently, this Prospectus must be read and construed accordingly.

This Prospectus does not constitute any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe to, any shares or any other securities of Umicore or Cumerio or any options thereon or rights therein. This Prospectus has been prepared solely for the admission of the Cumerio Shares and VVPR strips to listing on the Regulated Market of Euronext Brussels. This Prospectus is made available solely for information purposes and there is no possibility to acquire or to subscribe to the Cumerio Shares or VVPR strips within the framework of the Demerger. The Umicore shareholders and/or holders of Umicore VVPR strips will, as the case may be, automatically receive Cumerio Shares and/or VVPR strips upon the Closing of the Demerger without any consideration being due by them.

Availability of documents

This Prospectus and any other documents mentioned in this Prospectus which are available for inspection by the public will be made available at no cost at the registered office of Umicore and via the counters in Belgium of KBC Bank and CBC Banque. Subject to certain conditions the Prospectus can be consulted on the websites of Umicore, Cumerio and of KBC Securities: www.umicore.com, www.cumerio.com (from 29 April 2005 onwards) and www.kbcsecurities.be. Information contained on these websites or any other website does not form part of this Prospectus. The electronic versions of the above-mentioned documents are for information purposes only.

The Prospectus is available in English, French and Dutch. Umicore assumes responsibility for the consistency between the three languages. In Belgium, only the French and Dutch printed versions of the Prospectus as published in Belgium are legally valid.

Price-sensitive information (as defined in Article 10, §1, 1º, b of the Act of 2 August 2002 with respect to the supervision of the financial sector and financial services) and any other information referred to in Article 6 of the Royal Decree of 31 March 2003 on the obligations of issuers of financial instruments admitted to trading on a Belgian regulated market will be made available through an announcement in at least the Belgian press and the Euronext reporting and publication system.

DISCLAIMERS

The information contained in this Prospectus has been provided by Umicore and other sources identified herein. No person is or has been authorized by Umicore to give any information or to make any representations other than those contained in this Prospectus and, if given or made, such information or representations must not be relied upon as having been authorized by Umicore.

Statements herein are made as of the date hereof. Without prejudice to applicable laws requiring supplements to this Prospectus under certain circumstances, neither the delivery, nor the subsequent admission to listing of the Cumerio Shares and VVPR strips on the Regulated Market of Euronext Brussels, shall under any circumstance create an implication that there has been no change in the affairs of Umicore since the date hereof or that the entirety of the material information contained herein is correct as of any time subsequent to the date thereof.

This Prospectus has not been submitted for approval to any supervisory authority outside Belgium. Therefore no steps may be taken which would constitute, or result in, a public offering of the Cumerio Shares or VVPR strips outside Belgium. The distribution of this Prospectus and the offer or sale of the Cumerio Shares and VVPR strips subsequent to the admission to listing on the Regulated Market of Euronext Brussels, if any, may be restricted by law in certain jurisdictions. Umicore does not represent that this Prospectus or any other Demerger related documents may be lawfully distributed, or that the Cumerio Shares and VVPR strips may be lawfully distributed, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to any exemption available thereunder, or assume any responsibility for facilitating such distribution.

Accordingly, the Cumerio Shares and VVPR strips may not be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other Demerger related documents may be distributed or published in any jurisdiction, except in circumstances that will result in compliance with all applicable laws and regulations. Persons in possession of this Prospectus or any Cumerio Shares or VVPR strips must inform themselves about, and observe, any such restrictions. This Prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the Cumerio Shares or VVPR strips to any person in any jurisdiction.

This Prospectus may not be supplied to the public in any jurisdiction outside Belgium in which any registration, qualification or other requirements exist or would exist in respect of the admission to listing of the Cumerio Shares and VVPR strips on the Regulated Market of Euronext Brussels or any (public) offering of the Cumerio Shares and VVPR strips and, in particular, this Prospectus and any other Demerger related documents may not be distributed to the public outside Belgium including but not limited to Canada, Japan and France (except for existing Umicore shareholders). Any failure to comply with these restrictions may constitute a violation of Canadian, Japanese and French securities laws or the securities laws of other jurisdictions.

UNITED STATES

The Cumerio Shares and VVPR strips have not been and will not be registered under the US Securities Act of 1933 (the "Securities Act") and may not be offered or sold in the United States, except in a transaction that is registered under the Securities Act, or not required to be registered thereunder, or pursuant to an exemption from the registration requirements thereof.

The Cumerio Shares and VVPR strips have not been approved or disapproved by the US Securities and Exchange Commission, any state securities commission in the United States or any other US regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Cumerio Shares and VVPR strips or the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offense in the United States.

CANADA AND JAPAN

This Prospectus may only be passed on in Canada or any of its provinces or in Japan or any of its territories to persons to whom the Prospectus may lawfully be passed on in accordance with statutory exemptions in each relevant jurisdiction in Canada or Japan or pursuant to a discretionary exemption granted by the relevant Canadian and/or its provinces' or Japanese and/or its territories' securities regulatory authority.

This Prospectus is not, and under no circumstances is to be construed as, an advertisement or a public offering of the Cumerio Shares and VVPR strips in Canada. No securities commission or similar authority in Canada has reviewed or in any way passed upon this Prospectus or the merits of the securities described herein and any representation to the contrary is an offense.

Canadian dollar exchange rate

The currency used in this Prospectus is the Euro (EUR). The official daily noon rate of exchange between the Euro and the Canadian dollar as reported by the Bank of Canada on 24 March 2005, the latest practical date, was approximately EUR 1 = CAD 1.5745.

The following table sets forth, for the periods indicated, certain information concerning the official rate of exchange between the Euro against the Canadian dollar as reported by the Bank of Canada. Such exchange rates were not used in the financial information included in this Prospectus and this table should not be construed as a representation that the Euro, at present, could be converted at the rate indicated.

Canadian dollar exchange rates history

	2000	*2001*	*2002*	*2003*	*2004*
Closing rate[1]	1.4092	1.4185	1.6564	1.6280	1.6292
Average rate[2]	1.3704	1.3868	1.4832	1.5826	1.6169

1 Represents the noon rate as reported by the Bank of Canada on the last trading day of the year.

2 Represents the yearly average of noon rates as reported by the Bank of Canada.

FRANCE

In France, neither this Prospectus nor any other material in relation to the Demerger or the Cumerio Shares or VVPR strips has been submitted to the clearance procedures of the *Autorité des Marchés Financiers*. In France, this Prospectus and any other material in relation to the Demerger or the Cumerio Shares or VVPR strips are only directed in the context of the Demerger to existing shareholders of Umicore.

NEED TO CONSULT A PROFESSIONAL ADVISOR

The public, including possible investors, if any, must rely on their own examination of Umicore, Cumerio, and of the admission to listing of the Cumerio Shares and VVPR strips on the Regulated Market of Euronext Brussels, including the merits and risks involved. Any summary or description set forth in this Prospectus of legal provisions, corporate structures or contractual relationships is for information purposes only and should not be construed as legal or tax advice as to the interpretation or enforceability of such provisions or relationships.

In case of any doubt about the contents or the meaning of the information contained in this document, one should consult an authorized or professional person who specializes in advising on the acquisition of financial instruments.

The Cumerio Shares and VVPR strips have not been recommended by any federal or state securities commission or regulatory authority in Belgium or elsewhere.

FORWARD LOOKING STATEMENTS

This Prospectus contains forward looking statements, including without limitation, statements containing the words “believes”, “plans”, “anticipates”, “expects” and similar expressions. These statements are based on Umicore’s current plans, estimates and projections, and especially its expectations of external economic factors and events. Forward looking statements involve inherent, known and unknown risks, uncertainties and other factors which may cause the actual results, financial condition, performance or achievements of Cumerio and Umicore, or industry results, to be materially or significantly different from any future results, performance or achievements expressed or implied by such forward looking statements. These statements speak only as of the date they are made.

Factors that could cause or contribute to such differences are discussed in the section “Risk Factors” beginning on page 14 of this Prospectus and elsewhere in this Prospectus. As a result, except for the historical information set forth elsewhere in this Prospectus, various sections of this Prospectus, including but not limited to the section relating to the determination of the indicative initial reference price range of the Cumerio Shares and the sections relating to the business and financial information of Cumerio and Umicore, contain such forward looking statements.

Given these uncertainties, the reader is cautioned not to place any undue reliance on such forward looking statements. Without prejudice to applicable laws requiring supplements to this Prospectus under certain circumstances, Umicore undertakes no duty to and disclaims any obligation to update any such forward looking statements in this Prospectus in light of new information or to reflect future events or developments.

Furthermore, all information regarding the size and growth of the different markets, the market shares of Cumerio and Umicore, respectively, and of their competitors has been estimated by the management of Umicore on the basis of available studies, information from trade associations and interviews performed in the market. In addition, it should be noted that independent market studies referred to in this Prospectus rely on a number of estimates and assumptions that, while to some extent expressed with numerical specificity and considered reasonable by Umicore, are inherently subject to significant business, financial, economic and other uncertainties and contingencies. Furthermore, references to market studies cannot be regarded as a representation by Umicore that these studies and the figures reflected therein are correct or accurate. Readers of this document are therefore cautioned not to place undue reliance on this information.

OVERVIEW OF KEY EVENTS

Calendar	*Actions*	*Consequence for the shareholders*
21 February 2005	Decision of the Board of Directors of Umicore to propose to its shareholders the Demerger and approval of the Demerger proposal and report	
25 February 2005	Demerger proposal signed by 2 directors of Umicore on the basis of a delegation given by the Board of Directors of Umicore on 21 February 2005	Demerger proposal filed with the clerk's office of the Commercial Court of Brussels on 1 March 2005 and available to shareholders as of 11 March 2005
9 March 2005	Demerger report signed by 2 directors of Umicore on the basis of a delegation given by the Board of Directors of Umicore on 21 February 2005	Report available to shareholders as of 11 March 2005
9 March 2005	Report of the statutory auditor of Umicore on the Demerger proposal and report of the external auditor appointed by Cumerio's founder on the contribution in kind at the incorporation of Cumerio	Reports available to shareholders as of 11 March 2005
13 or 28 April 2005	Extraordinary Shareholders Meeting which will decide on the Demerger	Participation by the Umicore shareholders at the Extraordinary Shareholders Meeting
29 April 2005	Publication of the initial reference price of the Cumerio Shares in the Belgian financial press	
	Securities administration as a consequence of the Demerger	Cumerio share register will be drawn up
		Umicore Shares held in a securities account will be automatically adjusted to reflect the Demerger
		Physical Cumerio Shares will be available within 3 months following the Closing of the Demerger
	Listing of the Cumerio Shares and VVPR strips on the Regulated Market of Euronext Brussels	Start of trading of the Cumerio Shares and VVPR strips
June 2005	Special Shareholders Meeting of Cumerio to declare a dividend, subject to the recommendation thereof by the Board of Directors of Cumerio	If approved, EUR 0.30 dividend per Cumerio Share

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CHAPTER V: INFORMATION ABOUT UMICORE (AFTER THE DEMERGER)

SUMMARY

This summary is qualified in its entirety, and should be read together with the detailed information and financial statements which appear elsewhere in this Prospectus.

UMICORE BEFORE THE DEMERGER

Umicore is a leading specialty materials company, listed on the Regulated Market of Euronext Brussels under the symbol UMI. Umicore's shares are included in the Bel 20 Share Index and the MSCI Share Index.

Umicore has a long tradition as a metals and materials company and can trace its roots back to the early 20th century. For a number of years, however, Umicore has been shifting its focus away from mining and commodity production towards specialty metals and a more downstream, application-oriented strategy. This process has been gathering pace since 1995 and in 2001 Umicore changed its name to reflect more accurately its business approach and the type of products and services it provides.

Umicore's activities are centered on five business areas: Precious Metals Services, Precious Metals Products and Catalysts, Advanced Materials, Zinc and Copper. Each business area is divided into market-focused business units.

THE DEMERGER

On 21 February 2005, the Board of Directors of Umicore decided to recommend to Umicore's shareholders the Demerger of Umicore by spinning off its copper branch of activity into a new Belgian listed public limited liability company, Cumerio. The Demerger proposal will be first presented to the Extraordinary Shareholders Meeting of Umicore to be held on 13 April 2005. The Demerger of Umicore will be realized (the "Closing of the Demerger") upon the approval of the Demerger proposal and the incorporation of Cumerio by the shareholders of Umicore representing at least 75% of the votes validly cast at the above-mentioned shareholders meeting. It is expected that another shareholders meeting will be needed to reach the required quorum and hence is planned for 28 April 2005. The Demerger will for tax and accounting purposes have retroactive effect as of 1 January 2005.

The shareholders of Umicore will receive one share in Cumerio per Umicore Share, with coupons numbers 1 up to 30 attached. The total number of Cumerio Shares will be equal to the number of Umicore Shares outstanding as at 29 March 2005, (*i.e.* 25,633,000), increased by the number of Umicore Shares issued between 29 March 2005 and the date of the Extraordinary Shareholders Meeting as a result of the exercise of subscription rights granted under the existing Umicore stock option plans. By the same token, each holder of a Umicore VVPR strip will receive one Cumerio VVPR strip per Umicore VVPR strip.

CUMERIO

As an independent company, Cumerio is a major European copper smelter and refiner, and a leading producer of copper semis in Europe with a total production of copper cathode of approximately 400,000 tonnes in 2004. Cumerio further transforms copper cathodes into a variety of different formats of copper products such as wire rod, billets, cakes and specialty rod. Cumerio is Europe's largest non-integrated producer of wire rod and has significant market shares in other semi-finished copper products (billets, cakes and specialty rod).

Cumerio operates from three sites: Olen in Belgium (anodes casting, electrolytic refinery and copper products), Avellino in Italy (copper products) and Pirdop in Bulgaria (smelter and electrolytic refinery).

Cumerio's state-of-the-art smelting facility at Pirdop has recently increased anodes production capacity to 227,000 tonnes per year with the possibility to further increase to 255,000 tonnes at limited cost and to 315,000 tonnes with modest capital expenditures required. This production provides a proportion of the feedstock for the Olen refinery in the form of copper anodes. The balance of the feed for the Olen refinery comes from copper raw materials suppliers from around the world and suppliers of copper scrap.

The plants at Olen and Avellino have a combined production capacity of semi-finished copper products of more than 600,000 tonnes per year.

Umicore's copper division generated a turnover of EUR 1,454.5 million in 2004 and has a workforce of 1,554 people as of 31 December 2004 (494 in Belgium, 938 in Bulgaria, 120 in Italy and 2 in Turkey).

Cumerio	Cumerio NV/SA, with registered office at Broekstraat 31, rue du Marais, B-1000 Brussels, to be incorporated at the Extraordinary Shareholders Meeting.
Cumerio Shares	The shares to be issued by Cumerio at the Closing of the Demerger and to be allocated to the shareholders of Umicore in the proportion of one Cumerio Share per Umicore Share. The Cumerio Shares will have coupons numbers 1 up to 30 attached. The number of Cumerio Shares will be equal to the number of Umicore Shares outstanding on 29 March 2005 (*i.e.* 25,633,000), increased by the number of Umicore Shares issued between 29 March 2005 and the date of the Extraordinary Shareholders Meeting as a result of the exercise of subscription rights granted under the existing Umicore stock option plans.
Cumerio VVPR strips	The VVPR strips to be issued by Cumerio at the Closing of the Demerger and to be allocated to the holders of Umicore VVPR strips in the proportion of one Cumerio VVPR strip per Umicore VVPR strip. The number of Cumerio VVPR strips will be equal to the number of Umicore VVPR strips outstanding on 29 March 2005 (*i.e.* 5,159,488), increased by the number of Umicore VVPR strips issued between 29 March 2005 and the date of the Extraordinary Shareholders Meeting as a result of the exercise of subscription rights granted under the existing Umicore stock option plans.
Listing and trading of the Cumerio Shares and VVPR strips	Application has been made with Euronext Brussels for the admission to listing on the Regulated Market of Euronext Brussels of all Cumerio Shares and VVPR strips issued upon Closing of the Demerger. Subject to approval by the Market Authority of Euronext Brussels, it is expected that the Listing Date will be at or around 29 April 2005.
Listing Date	Listing Date is expected to be at or around 29 April 2005.
Indicative initial reference price range of the Cumerio Shares	After having reviewed the valuation results of the methods used by UBS Investment Bank in its valuation report, referred to in Chapter III, section 1.3, and taking into account factors which could affect the trading/pricing of the Cumerio Shares (such as technical market factors), the range for the indicative initial reference price of the Cumerio Shares has been determined by the Board of Directors of Umicore as EUR 9.00 up to EUR 12.50. On the date of the Closing of the Demerger, the Board of Directors will fix and propose to Euronext Brussels the initial reference price of the Cumerio Shares. Absent substantial changes in market conditions between the date of the UBS Investment Bank valuation report and the Closing of the Demerger, the initial reference price of the Cumerio Shares is expected to be within the above-mentioned range. The initial reference price of the Cumerio Shares will be published in the Belgian financial press prior to the Listing Date.
Paying agents	KBC Bank, CBC Banque, Bank Degroof, Dexia Bank, Fortis Bank, ING Belgium and Petercam will act as paying agents in Belgium for the Cumerio Shares. The cost for this financial service will be borne by Cumerio. Should Cumerio review this policy, it will announce this via the Belgian press.

Dividends and dividend policy	Although it is the responsibility of the Board of Directors of Cumerio and ultimately the shareholders of Cumerio to determine the amount of dividend paid each year, Cumerio's management will aim at an attractive dividend. As a first indication of this policy, a recommendation will be made to the Board of Directors of Cumerio to propose to the shareholders of Cumerio in June 2005 a EUR 0.30 dividend per share. For information, this suggested dividend represents a dividend yield of 2.8% based on the mid point of the indicative initial reference price range. Although Cumerio currently intends to pay annual dividends on the shares, Cumerio cannot provide any assurances that dividends will be paid or as to the amount of any dividends. Future dividends will depend on a number of factors prevailing at the time the Board of Directors considers any dividend payment.
Lock up	Umicore has undertaken not to offer for sale, market, sell, agree to sell, to pledge or otherwise dispose of, directly or indirectly, all the Cumerio Shares owned by Umicore on the Closing of the Demerger, during a period of 12 months from the Listing Date, provided that such obligation may be waived by explicit agreement of Cumerio's Board of Directors. Parfimmo has undertaken not to offer for sale, market, sell, agree to sell, to pledge or otherwise dispose of, directly or indirectly, 2.36% of the Cumerio Shares (based on the Umicore Shareholder structure as at 29 March 2005) during a period of 12 months from the Listing Date. (cf. Chapter IV, section 6 "Shareholder structure")

SELECTED SUMMARY PRO FORMA FINANCIAL INFORMATION OF CUMERIO[3]

Key figures of the pro forma consolidated opening balance sheet as of 1 January 2005

	'000 €
Assets	
Non-current assets	250,280
Current assets	427,331
Total assets	**677,611**
Group shareholders' equity	293,948
Minority interests	231
Non-current liabilities	18,070
Current liabilities	365,362
Total equity & liabilities	**677,611**

Pro forma consolidated key financial information 2002, 2003 and 2004

Adjusted copper segment information

	2004	*2003*	*2002*
		'000 €	
Turnover	1,524,797	998,868	945,548
Operating result (EBIT)	19,306	(1,301)	7,329
Recurring	19,306	854	8,694
Non-recurring		(2,155)	(1,365)
Consolidated total assets	568,900	512,678	512,878
Consolidated total liabilities	155,877	113,241	97,774
Capital expenditure	18,912	34,372	43,308
Depreciation and amortization	28,262	26,433	33,705
Non cash expenses other than depreciation	1,205	2,929	(1,543)

Additional key financial information

	2004	*2003*	*2002*
		'000 €	
Capital employed end of period	413,023	391,452	385,414
of which currency translation adjustment		(7,986)	(29,690)
Average capital employed	442,889	419,697	401,569
EBITDA	48,773	28,061	39,491
Revenue (excluding metal)	208,590	193,657	196,778
Recurring ROCE (%)	4.4%	0.2%	2.2%
Work force (#)	1,554	1,622	1,701

3 For more extensive financial information reference is made to Chapter IV, section 8.

RISK FACTORS

After the admission to listing of the Cumerio Shares and VVPR strips on the Regulated Market of Euronext Brussels, a number of risks and uncertainty factors will be associated with trading and/or investing in Cumerio. Prior to making any investment decision, if any, prospective purchasers of Cumerio Shares or VVPR strips should consider carefully all of the information set forth in this Prospectus and, in particular, the risks referred to below. Umicore believes that these risks are the main ones to which its copper business is exposed today. Umicore has taken and Umicore and Cumerio will continue to take measures with a view to managing those risks as effectively as possible. There can be no assurance, however, that those measures will be fully effective in any given instance and therefore one cannot exclude that some of those risks may materialize, thereby possibly affecting Cumerio's operations, business, financial condition and results. Additional risks which are currently unknown to Umicore or which are currently considered not to be material could prove detrimental to Umicore and/or Cumerio or to the value of the Umicore Shares and/or Cumerio Shares.

The Umicore Shares and VVPR strips which will continue to be further traded on Euronext Brussels after the Demerger may also be subject to certain risk factors, as mentioned below.

RISK RELATED TO CUMERIO AND THE COPPER INDUSTRY (OPERATIONAL AND FINANCIAL RISKS)

Treatment and refining charges (TC/RCs), producer premiums and transformation premiums

The results of Cumerio's operations are sensitive to the cyclical nature and fluctuations of (a) treatment and refining charges for smelting copper concentrates and refining copper blister and anodes and scrap into copper cathodes ("TC/RCs"), (b) producer premiums on cathodes and (c) transformation premiums for processing cathodes into semi-finished copper products such as wire rod, specialty rod and shapes. TC/RCs, producer premiums and transformation premiums could be affected by numerous factors beyond Cumerio's control, including levels of supply and demand for a broad range of products a.o. copper concentrates, copper cathodes and industrial products; the relative strength of the Euro, the US dollar and of certain other currencies; interest rates; global or regional political or economic crises.

TC/RCs in particular are sensitive to the supply of and demand for copper concentrates and the availability of smelting and refining capacity, which will be beyond Cumerio's control. A shortage in smelting and refining capacity normally has a positive impact on the TC/RCs realized, whereas a shortage in the supply of copper concentrates typically has a negative impact on TC/RCs. The short-term sensitivity for Cumerio to changes in TC/RCs will be approximately USD 4.5 million per year at EBIT level for every shift of 1 USc/lb or 22 USD/tonne of copper contained in concentrates.

Changes in the producer premium for cathodes reflect the supply and demand balance for copper cathodes and the cost of shipping those cathodes to end-user markets; a USD 10 per tonne variation in the producer premium would in the short term lead to a USD 4 million change per year at EBIT level for Cumerio.

An oversupply of finished copper products usually has a negative impact on the transformation premiums realized by Cumerio, a EUR 10 per tonne change in all the transformation premiums relevant to Cumerio would in the short term have an impact at EBIT level of approximately EUR 5 million per annum.

Copper price cycle and fluctuations

Copper is traded internationally on the London Metal Exchange (LME), the New York Commodity Exchange (COMEX) and the Shanghai Futures Exchange (SHFE). The prices on these exchanges generally reflect the worldwide copper demand and supply balance and various US and international macroeconomic and political conditions. Copper prices are also sometimes influenced significantly by numerous other factors, including speculative actions and currency exchange fluctuations. Cumerio's profitability will not be affected by fluctuations in the market price for copper to the same extent as for mine operators. Cumerio purchases (as concentrates, blister, anodes or scrap) and sells copper (in the form of refined copper or semi-finished products) using the same pricing basis, namely the relevant LME quotations, thereby allowing the use of certain hedging instruments. The objective of the hedging policy is to reduce as much as possible the transactional risks (*i.e.* the risk of fluctuations between the time when the price is fixed with a supplier or customer and the time the transaction is settled). Notwithstanding this, copper price fluctuations have a short term impact on Cumerio's operations and results, due to the existence of price participation clauses in certain concentrate supply arrangements. Additionally, refining charges for scrap are sensitive to changes in the copper price. In this context, a USD 100 per tonne change in the copper price would, in the short term, result at current prices in a change at EBIT level in the order of EUR 1 million per year for Cumerio. In the medium to long term, large fluctuations and periods of sustained low or high copper prices affect the availability of and the terms for raw materials for Cumerio (concentrates and scrap).

Additionally, Cumerio will hold a certain amount of copper inventories, which it will account for at the lower of cost price and market value. If, as of the date of any given balance sheet, the market price of copper is lower than the cost of copper inventory determined under the IFRS principles (for consolidated accounts), Cumerio would need to write down such inventory to current market value. There can be no assurance that such a non-cash write down would not be required in the future.

Currency exchange rates

Cumerio's operating results and cash flows will be affected by fluctuations in the Euro exchange rate relative to foreign currencies, principally the US dollar as a significant portion of its revenues will be denominated in US dollars and the majority of its costs will be denominated in Euro or Bulgarian Lev.

In this context, Umicore has hedged and Cumerio may continue to hedge its US dollar exposure, with a view to protecting its future profitability and cash flows. Cumerio in 2005 will benefit from such hedges covering approximately 25% of its structural US dollar exposure at an average USD/EUR rate of approximately 1.11.

In the absence of any hedging of the US dollar – Euro exchange rate, a 1 US dollarcent variation will give rise to a variation in Cumerio's EBIT of approximately EUR 1 million on an annual basis (based on the current exchange rates).

Cumerio will not hedge its exposure to the Bulgarian Lev, whose fluctuations correlate to those of the Euro. If any such correlation were to disappear (which appears unlikely in the context of the preparation of Bulgaria for acceding to the European Union by 2007), this might have an adverse impact on the results of Cumerio.

Cumerio will also be subject to transactional risks in respect of currencies, *i.e.* the risk of the currency exchange rates fluctuating between the time the price is fixed with a customer or supplier and the time the transaction is settled. As for the copper price, the goal of the hedging policy is to hedge the transactional risk, to the maximum extent possible.

Raw material procurement and by-product risks

Most of the anodes, blister and concentrates supply is secured under long-term contracts. For the coming years this relates to in excess of 90% of the concentrates for the Pirdop smelter and 80% of the anodes and blister supply for Olen. Long-term contracts are considered important insofar as they enhance stability and provide a solid base for Cumerio's growth strategy. Earnings are also less exposed to volatility than with a larger share of spot buying. However, the risk of a delivery disruption cannot be excluded, amongst others due to a major accident or incident in the supplier's mine or processing plant, due to a problem in the transport or any other fact that can give origin to a force majeure situation. TC/RCs in respect of these long-term supply contracts are typically negotiated on a yearly basis.

Today, 44% of Pirdop's concentrates feedstock comes from Bulgarian copper mines in the immediate surroundings of the smelter (15 – 45 km from Pirdop's plant), which is a major strategic advantage for this plant. The information available to Cumerio suggests that the remaining mine life is sufficient to support Cumerio's proposed strategic development. Additionally, another 19% of Pirdop's feed comes from regional mines outside Bulgaria.

For the smelting operations, Cumerio relies on the delivery of oxygen by Air Liquide, an internationally renowned company that operates Cumerio's oxygen plant on the Pirdop site. A long-term contract has been in existence between Cumerio and Air Liquide and will remain in force for a duration of 11 years. New discussions are ongoing in order to settle the increased oxygen requirements related to the planned production increases in Pirdop. There is no certainty that those discussions will be successful.

Additionally, Cumerio operates two sulphuric acid plants in Pirdop for sulphur recovery from the exhaust gases. Cumerio Med is the largest producer of sulphuric acid in Bulgaria with approximately 2,500 tonnes/day. Cumerio needs a stable customer base for selling this by-product of copper smelting, and relies partly on long-term contracts. A disruption in the shipping of or demand for sulphuric acid might adversely affect the operations.

Impairment of assets

Umicore has regularly undertaken and Cumerio will continue to undertake impairment tests in respect of the economic value of its copper or financial assets in order to evaluate the need to adjust their carrying value. No impairment adjustment has been required for the opening balance sheet of Cumerio as at 1 January 2005. However, it can not be excluded that non-cash impairment charges may be necessary in the future, depending on the long-term forecasts of certain external factors such as treatment charges, producer premiums and currencies.

NFI subordinated loan

As referred to in Chapter IV, section 3.1.4 "Financial investments", Umicore granted a non-secured subordinated loan facility to Non-Ferrous International (NFI) in 1996. Reimbursement of the principal and payment of interests are subject to certain ratios based on the balance sheet and profitability of NFI. The current book value of this loan amounts to EUR 13.7 million. Over the past 2 years, NFI has implemented a restructuring process with a view to restoring profitability. Despite the fact that this restructuring process is currently delivering improved results, it is not possible, given the terms of the loan, to foresee the reimbursement schedule.

Major disruptions of production

Although Cumerio will take every measure to ensure the continuous operation of its processes, a major disruption of production can never be excluded and could have a significant impact on Cumerio's results. Cumerio's insurance policy will foresee that damage to installations will be covered by insurance. Production loss due to such an event will not be covered. Cumerio's smelter facility in Pirdop in particular is subject to a major maintenance shutdown every eight to nine years, affecting anode output and related revenues. The next major smelter maintenance shutdown is currently foreseen for 2006.

Operations in Bulgaria

The operations in Bulgaria are subject to certain political and economic risks that could result for Cumerio in higher operational costs or a reduced competitive position, including but not limited to:

– changes in laws and regulations, including those relating to the environment, labor and tax, especially as a result of Bulgaria preparing to enter the European Union in 2007;

– the port of Varna is currently the object of a privatization project. Cumerio, together with other companies, is in advanced discussions with the authorities for obtaining the concessions. However, there is no assurance that these discussions will be successful. Should this not be the case, significant cost increases cannot be excluded;

– changes in the conditions under which the Bulgarian State Railways (BDZ) is operated and financed. Cumerio Med, Cumerio's operational plant in Bulgaria, currently transports some 1.5 million tonnes of materials on this under-financed network and Cumerio may need to continue to pre-finance these transports on an annual basis. Although Umicore has not encountered any significant problem in the past, there can be no assurance that this will not be the case in the future for Cumerio.

Hedging

Umicore has in the past and Cumerio may in the future implement currency and commodity hedges intended to reduce its exposure to changes in foreign currency exchange rates and fluctuation of commodity price (see Risk Factors – "Currency exchange rates" and "Copper price cycle and fluctuations"). However, Cumerio's hedging strategies may not be successful, and any of Cumerio's unhedged foreign exchange or commodity payment requirements will continue to be subject to market fluctuations. In addition, there are risks associated with hedging policies including, among other things, default by counterparties to commodity hedging activities or interruptions of production, any or all of which could have a material adverse effect on Cumerio's results.

Dependence on major customers

In billets and cakes and in the relatively new niche business of specialty rod, Cumerio's business will, for the foreseeable future, be dependent on a small number of existing customers. For sulphuric acid, 40% of the sales is concentrated to the main Bulgarian fertilizer plant.

The reduction, delay or cancellation of orders, or a delay in shipment of Cumerio's products to those customers, or the inability of Cumerio to develop additional customers, could and likely would have a material adverse effect on Cumerio's business, financial condition and results of operations.

Environment

As described further on, all Cumerio's Belgian and Italian operations are in compliance with the current local environmental legislation. However, any eventual change in environmental norms will most likely have an impact on Cumerio's capital expenditures and operating results.

In Bulgaria, an action plan for Integrated Pollution Prevention and Control (IPPC) has been developed and is in final discussion with the Bulgarian authorities. This plan was elaborated for compliance with the very strict emission norms negotiated between the Bulgarian government and the European Union, in the framework of Bulgaria's accession to the EU in 2007. All related capital expenditures have been defined and foreseen in Cumerio's business plan. If, however, these emission regulations change, Cumerio will have to adjust its plan with a likely impact on both the required capital expenditures and the operating results.

Substitution of copper

Even if a growth of worldwide copper consumption is generally anticipated, it cannot be excluded that a change in technology resulting in the substitution by another material of copper in all or part of its current applications would have a material adverse affect on Cumerio's business, financial condition and results of operations. To the best of Cumerio's or Umicore's knowledge, there currently exists no such technology which would result in a substitution that would materially affect the business.

Financing

Servicing Cumerio's debt will require a significant amount of cash, and Cumerio's ability to generate sufficient cash will depend on many factors, some of which will be beyond Cumerio's control. Cumerio's financing requirements will also be affected by its business seasonality across the year, particularly in relation to the seasonality of end product demand. Furthermore, logistical matters such as the timing of large concentrates deliveries by ship can also result in significant fluctuations in Cumerio's financing needs.

Cumerio's ability to pay debt when due and to meet its financing needs, to a large extent, will be subject to TC/RCs, currency exchange rates and commodity prices and general economic, financial, regulatory, political and other factors that will be beyond Cumerio's control. This might result in Cumerio being unable to comply with financing covenants generally imposed by lending banks. In such an event, Cumerio may need to refinance all or a portion of its debt on or before maturity. Any inability to generate sufficient cash flow or refinance debt on favorable terms could materially and adversely affect the financial condition of Cumerio.

Cumerio's opening balance sheet takes into account the effect of the current Umicore securitization program, that covers receivables relating to the copper business. Although there is no reason to believe that Cumerio will be unable to enter into a new securitization program, such an event cannot be excluded and would force Cumerio to seek alternative sources of trade receivables financing, the cost of which could be higher than under the current securitization program. For more information on the securitization program and financing policy please refer to Chapter IV, section 3.2.4.

Credit risks

The credit risks associated with the accounts receivable portfolio, if they are not secured by letters of credit or similar instruments, are presently covered through a Umicore Group factoring scheme supported by a close internal monitoring of the credit risks. Upon Demerger, the various entities composing Cumerio will need to resort to an external credit insurance company. Albeit, following the Demerger, the quality of Cumerio's customer portfolio is not expected to change significantly, there can be no assurance that Cumerio will succeed in securing for itself an adequately structured credit insurance scheme.

Dependence on key personnel

The success of Cumerio will continue to depend in part on the continued services of the management team and its technical, research, development and other personnel. Although Cumerio believes that it will be able to attract and retain skilled and experienced personnel, there can be no assurance that it will be effectively able to do so.

RISKS ASSOCIATED WITH THE DEMERGER

Creditor protection

In accordance with Article 684 of the Companies Code, creditors of Umicore who have claims against it which are not yet due, but which date from before the publication of the Demerger in the Annexes to the Belgian

State Gazette, have the right to claim securities from Cumerio and Umicore within two months of said publication in order to safeguard their original claims or rights.

The new debtor (Cumerio) and Umicore may reject this claim for securities provided they can satisfy the original value, less the discount. If no agreement is reached about the claim for securities, or the payment of the value of the original claim less the discount, the creditor and, as the case may be, Umicore or the new debtor Cumerio may bring their dispute before the President of the Commercial Court of Brussels, Belgium, in accordance with the procedural rules for summary proceedings. The President of the Commercial Court may impose securities or dismiss the claim for securities, in light of the original guarantees and privileges available to the creditor, or the new debtor's creditworthiness. If the security imposed by the President is not provided within the time period stipulated by the Court, the original debt will immediately fall due. In this case, Cumerio and Umicore will be jointly and severally liable to settle the original debt.

Notwithstanding the fact that the Demerger proposal specifically states that all liabilities not expressly allocated to Cumerio in the Demerger proposal will remain with Umicore, it cannot be excluded that a creditor invokes Article 744 §2 of the Companies Code. Pursuant to this provision, if a liability is not specifically allocated pursuant to the Demerger proposal and the interpretation of the Demerger proposal does not make a decision on its allocation possible, Umicore and Cumerio will be jointly and severally liable. Consequently, creditors of unallocated liabilities can choose to sue either Umicore or Cumerio, it being understood that such liability is not limited to the amount of the net assets respectively retained or received.

RISKS ASSOCIATED WITH THE LISTING OF CUMERIO

No prior market for the Cumerio Shares and VVPR strips

Although the Umicore Shares and VVPR strips are currently listed on the Regulated Market of Euronext Brussels, there will be no public market for the Cumerio Shares and VVPR strips prior to their listing on the Regulated Market of Euronext Brussels. No guarantee can be provided that any market will develop or be maintained for the Cumerio Shares or VVPR strips.

The trading prices of the Cumerio Shares and the Umicore Shares may fluctuate significantly after the Demerger and the first listing of the Cumerio Shares. The initial reference price of the Cumerio Shares, and the initial reference price of the Umicore Shares derived therefrom, were determined solely to allow trading of the Cumerio Shares to commence on Euronext Brussels immediately after the Demerger, and should not be construed as indicative of the future prices of the Cumerio Shares and the Umicore Shares.

After the listing, Cumerio's share price may fluctuate significantly as a result of the sale or purchase of an important quantity of Cumerio Shares on the public market, or because the impression would exist that a large number of Cumerio Shares is being or will be offered for sale or subject to purchase.

Accordingly, investors trading in the Cumerio Shares or Umicore Shares in the secondary market during the first days of trading of the Cumerio or Umicore Shares after the Demerger should carefully consider the risks associated with placing orders "au cours", and may wish to set their own price limits. Investors who are in doubt about the trading strategy best suited to their circumstances should consult with their financial adviser.

Evolution of the share price

The share price of Cumerio might not reflect the value of Cumerio and may be influenced by many factors, including the liquidity of the market of the Cumerio Shares, Cumerio's results or those of other industry players, investor perception of Cumerio, its business and the general economic and market conditions.

RISKS ASSOCIATED WITH UMICORE IN RELATION TO THE DEMERGER

Risk related to the Demerger and the continued listing of the Umicore Shares

These risks are comparable to those facing Cumerio, and may be summarized as follows:

- After the Closing of the Demerger, Umicore's creditors may claim securities from Umicore in order to safeguard their rights;
- After the Closing of the Demerger, creditors of unallocated liabilities could choose to sue either Umicore or Cumerio;
- After the Closing of the Demerger, the price of the Umicore Shares may fluctuate significantly due to sales or purchases – or the appearance of sales or purchases – of larger numbers of such shares;

- The trading price of the Umicore Shares may be subject to changes in volatility after the Demerger.

For a description of these risks factors, reference is made to the risks described for Cumerio.

In addition, in accordance with Article 686 of the Companies Code, Umicore will be jointly and severally liable with Cumerio for the debts which are certain and due and payable existing on the date of publication in the Annexes to the Belgian State Gazette and which are transferred to Cumerio. However, this liability of Umicore will be limited to the amount of the net assets retained by Umicore.

Fluctuation of the share price of Umicore after the Closing of the Demerger

After the Closing of the Demerger, Umicore's share price may fluctuate significantly as a result of the sale or purchase of an important quantity of Umicore Shares on the public market, or because the impression would exist that a large number of Umicore Shares is being or will be offered for sale or purchase. Investors trading in Umicore Shares in the secondary market, during the first day of separate trading of the Cumerio and Umicore Shares, should carefully consider the risks associated with placing orders "au cours" and may wish to set their own price limits.

CHAPTER I: INFORMATION ABOUT THE RESPONSIBILITIES FOR THE PROSPECTUS AND THE REVIEW OF THE ACCOUNTS

1 RESPONSIBILITY FOR THE PROSPECTUS

This Prospectus has been prepared by Umicore and the statements and representations contained herein have been made by Umicore, it being understood that subject to the approval of the Demerger and the incorporation of Cumerio by the Extraordinary Shareholders Meeting, any liability resulting from this Prospectus and the statements and representations contained herein will be borne by Umicore and Cumerio in accordance with Article 17 of the Public Offer of Securities Act.

Thomas Leysen Managing Director	Karel Vinck Chairman of the Board

2 REVIEW OF THE ACCOUNTS

2.1 CUMERIO

The financial information included in Chapter IV of this Prospectus, e.g. the pro forma consolidated opening balance sheet as of 1 January 2005 and the pro forma consolidated key financial information based on segment information for 2002, 2003 and 2004 of Cumerio, has been drawn up by applying the same accounting policies and valuation methods as applied by Umicore for its consolidated financial statements for the years 2002, 2003 and 2004 (cf. 2.3 hereafter) and has been audited by PricewaterhouseCoopers *Bedrijfsrevisoren/Reviseurs d'Entreprises*, Woluwedal 18, 1932 Sint-Stevens-Woluwe, represented by Robert Peirce.

2.2 UMICORE AFTER THE DEMERGER

The financial information included in Chapter V of this Prospectus, e.g. the pro forma consolidated balance sheet as of 1 January 2005 and the pro forma consolidated key financial information based on segment information for 2002, 2003 and 2004 of Umicore after the Demerger, has been drawn up by applying the same accounting policies and valuation methods as applied by Umicore for its consolidated financial statements for the years 2002, 2003 and 2004 (cf. 2.3 hereafter) and has been audited by PricewaterhouseCoopers *Bedrijfsrevisoren/Reviseurs d'Entreprises*, Woluwedal 18, 1932 Sint-Stevens-Woluwe, represented by Robert Peirce.

2.3 UMICORE BEFORE THE DEMERGER

The financial information included in Chapter VI of this Prospectus, e.g. the consolidated balance sheet and the consolidated profit and loss accounts as of 31 December 2003 and 2004, has been drawn up in accordance with all of the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board which, at the date of the balance sheet, had been endorsed by the European Commission based upon the regulation No. 1725/2003 and has been certified by PricewaterhouseCoopers *Bedrijfsrevisoren/Reviseurs d'Entreprises*, Woluwedal 18, 1932 Sint-Stevens-Woluwe, represented by Robert Peirce and Luc Discry.

3 APPROVAL OF THE PROSPECTUS BY THE BANKING, FINANCE AND INSURANCE COMMISSION

This Prospectus has been approved by the Banking, Finance and Insurance Commission on 29 March 2005, pursuant to Article 14 of the Public Offer of Securities Act. This approval does not imply any judgment on the part of the BFIC regarding the appropriateness and quality of the admission to listing of the Cumerio Shares and VVPR strips, the Demerger or the position of those carrying it out. The notice referred to in Article 13 of the Public Offer of Securities Act has been published in the Belgian press.

4 LEGAL ADVISER

With regard to the legal aspects under Belgian law in connection with the Demerger of Umicore and the application for the admission to listing of the Cumerio Shares and VVPR strips on the Regulated Market of Euronext Brussels, Umicore has been advised by Linklaters De Bandt, Brussels.

CHAPTER II: GENERAL INFORMATION ABOUT THE DEMERGER

1 RATIONALE AND OBJECTIVES OF THE DEMERGER

1.1 GENERAL

The decision to establish Cumerio as a separate listed company is in line with Umicore's stated strategy to focus on specialty materials. The PMG acquisition in 2003 was an important step in this shift in strategic focus.

Over the years, Umicore has successfully turned around its copper business during the low cycle in the copper market and has created one of the leading and most efficient European copper producers. As a separate company, Cumerio will be well placed to benefit from improving market fundamentals, given the recent upturn in the copper market. Cumerio will also have direct access to the capital markets and will be better positioned to pursue its own strategic objectives and to fully participate in the future growth of the sector.

The transaction structure is believed to provide a value-enhancing proposition to the shareholders of Umicore and the separate listing should allow Cumerio to attract the most appropriate investor base.

1.2 GREATER FREEDOM FOR CUMERIO TO PURSUE ITS OWN STRATEGIC AGENDA

Cumerio's business dynamics diverge in many ways from those of Umicore's other operations. The copper market is a business that follows a cycle that is generally determined by external drivers such as concentrates balance, refining capacities and demand for end products. The duration of this cycle requires a long term approach in terms of operational and strategic planning. The competitive environment for copper is mainly determined by cost-related factors (economies of scale, cost efficiency, capacity utilization, etc.), contrary to Umicore's other more innovation & technology-oriented businesses.

By operating as a stand-alone entity, Cumerio will be able to develop its own strategy without having to consider constraints on capital allocation other than its own. Combined with the advantage of a more focused and dedicated management team, this should enhance Cumerio's future growth prospects. Cumerio's renewed strategic flexibility will in particular allow it to pursue growth in the South East European region, through both organic and external growth initiatives, while evaluating potential consolidation opportunities in selective downstream market segments.

Cumerio's capital structure, as reflected in its pro forma opening balance sheet, and anticipated strong free cash flow generation, are expected to provide Cumerio with the necessary financing flexibility to implement its strategy. As a stand-alone entity, Cumerio's available financial resources will be exclusively dedicated to the expansion of the business and to the provision of attractive shareholder remuneration.

1.3 FAVORABLE OUTLOOK FOR TC/RCs

The current market upturn in copper fundamentals is expected to create a strong business momentum for copper smelters & refiners.

Given Cumerio's sensitivity to changes in market conditions – TC/RCs and producer premium in particular – the copper market upturn seen for the past few months should result in a substantial improvement of Cumerio's earnings starting from 2005, more than offsetting the effect of the weaker USD/EUR exchange rate. Most sector specialists expect that the anticipated higher availability of copper concentrates should continue to translate into high TC/RCs.

1.4 STATE-OF-THE-ART ASSETS WITH A UNIQUE GEOGRAPHIC POSITIONING

Cumerio is a leading producer of copper products in Europe with strong market shares in several products such as copper wire rod. Thanks to its longstanding expertise, Cumerio's copper products and services are widely accepted as a market reference for quality.

Following the strategic acquisition of the Pirdop smelter in Bulgaria in 1997, Cumerio's management has successfully implemented a comprehensive turnaround at Pirdop, with investments in excess of USD 150 million, resulting in a radically improved site productivity. Today, the Pirdop smelter is considered as one of Europe's most efficient copper smelters operating in a low cost environment. The Pirdop smelter is also the only state-of-the-art smelter in South East Europe and this makes Pirdop the natural hub for the copper industry in the region.

Cumerio also operates a modern, highly efficient refinery at its Olen site in Belgium. Following a number of productivity improvement initiatives over the years, the Olen electrolytic installation is viewed as one of the most productive copper refineries in Europe.

1.5 INCREASING VALUE TRANSPARENCY AND ATTRACTING A DEDICATED INVESTOR BASE

Umicore's Board of Directors is confident that the Demerger process will increase the value transparency for both Umicore and Cumerio, resulting in a market valuation more in line with the peers relevant to each business.

The separate listing of Cumerio as a pure copper player will allow investors to invest in a specialized company with an exposure to the copper smelting and refining industry. Cumerio is expected to attract existing and new investors, seeking a direct exposure to the sector.

2 TERMS AND CONDITIONS FOR THE DEMERGER[1]

2.1 LEGAL BASIS

The spinning off of the copper branch of activity of Umicore is to be achieved by a partial demerger in accordance with Article 677 of the Companies Code, with the assets and liabilities of Umicore's copper branch of activity being transferred to a new company to be incorporated.

There are no specific rules regarding partial demergers in the Companies Code. The rules regarding full demergers apply *mutatis mutandis* (Companies Code, Article 671 and following).

2.2 ALLOCATION OF ASSETS AND LIABILITIES

The assets and liabilities relating to Umicore's copper branch of activity that will be transferred to Cumerio, as a result of the Demerger, are the following:

- financial assets:
  - Umicore's participating interest (consisting of all the issued shares, including the shares issued as a result of the capital increase effected on 1 March 2005 by Umicore in Umicore Copper NV/SA by contributing the cash converted from a certificate of deposit payable by Umicore Financial Services NV/SA to Umicore) in Umicore Copper NV/SA, a company incorporated under the laws of Belgium, having its registered office at Broekstraat 31, Rue du Marais, 1000 Brussels. The certificate of deposit, negotiable, redeemable before maturity, endorsable and payable by Umicore Financial Services NV/SA, on 29 April 2005, bearing interest as from 30 December 2004 mentioned in the 25 February 2005 Demerger proposal was converted into cash, which cash was contributed by Umicore to the capital of Umicore Copper NV/SA on 1 March 2005;
  - Umicore's participating interest (consisting of all the issued shares) in P.A.S.R. Elfte Beteiligungs, a company incorporated under the laws of Austria, having its registered office at 17, Tuchlauben, 1014 Wien, Austria;
  - Umicore's participating interest (consisting of 3,383 of the 38,627 issued shares) in Non-Ferrous International NV, a company incorporated under the laws of Belgium, having its registered office at Vlamingstraat 4B, 8560 Wevelgem;
  - the subordinated loan granted by Umicore to Non-Ferrous International NV.
- provisions for liabilities and charges:
  - long term obligations relating to the employees to be transferred from Umicore to Cumerio, namely 5 Umicore executives and 3 Umicore employees, for post-employment benefits (pension) and other long term benefits (jubilee premiums and other benefits);
  - short term employee benefit liabilities relating to the employees to be transferred from Umicore to Cumerio, namely 5 Umicore executives and 3 Umicore employees, for accrued bonus and holiday pay.

  All rights and obligations with respect to the employment contracts of these employees will be transferred to Cumerio.
- other agreements, commitments, liabilities and allocation thereof between Umicore and Cumerio:

1 For more information about the relations between Umicore after the Demerger and Cumerio reference is made to Chapter IV, sections 3.2.4, 3.8 and 8.5.4.

Except as otherwise indicated in this section 2.2. "Allocation of assets and liabilities", all liabilities, including off balance sheet liabilities, relating to the assets transferred to Cumerio will be assumed by Cumerio. Moreover, if Umicore would be requested to post a security relating to the above-mentioned items in accordance with Article 684 of the Companies Code, Cumerio will indemnify and hold Umicore harmless for the damage suffered. In addition, Cumerio will indemnify and hold Umicore harmless for the damage suffered for a payment relating to the above-mentioned items made by Umicore in accordance with Article 686 of the Companies Code.

All agreements, guarantees and similar arrangements made or granted by Umicore in relation to the assets and liabilities to be transferred to Cumerio in accordance with the Demerger proposal (including for the avoidance of doubt, in relation to the assets, liabilities and activities of the companies the shares of which will be directly or indirectly transferred to Cumerio in accordance with the Demerger proposal) will be assigned to Cumerio subject, where applicable, to the consent of the beneficiaries. In the case where these agreements, guarantees and other arrangements cannot be formally assigned, Cumerio will be deemed, vis-à-vis Umicore, as the beneficial owner of all related rights and will assume all obligations and liabilities thereof, as if those agreements, guarantees and similar arrangements had been formally assigned; Cumerio will indemnify and hold Umicore harmless for any damage suffered in this respect.

In the Environment, Health and Safety areas, all liabilities related to the assets to be transferred will be assumed by Cumerio or by its affiliates, as the case may be, with the exception of any liabilities related to historical pollution as defined in the clean-up project to be agreed with the Flemish authorities (the "Historical Pollution") for the site located in Olen, which will be assumed by Umicore. Umicore will also assume all liabilities for Historical Pollution, if any, outside of the area owned by Umicore Copper NV/SA in Olen but which would have originated from that area.

A pro rata share of the existing tax assets of Umicore (investment deduction) will be transferred to Cumerio.

Umicore believes that the assets and liabilities are being allocated in such a manner as to enable Cumerio to pursue its activities independently.

The allocation of Umicore's assets and liabilities between Umicore and Cumerio is summarized in the balance sheet reflected in Chapter IV, section 8 "Financial information", for information purposes only. This balance sheet is a summary of Umicore's statutory balance sheet (before the Demerger) as of 31 December 2004 and of the statutory balance sheet of Cumerio as of 1 January 2005, as prepared by the Board of Directors of Umicore. Umicore's statutory balance sheet (before the Demerger) as of 31 December 2004 and the statutory balance sheet of Cumerio as of 1 January 2005 have been audited. In addition, PricewaterhouseCoopers *Bedrijfsrevisoren/Reviseurs d'Entreprises* has issued several reports in connection with the Demerger, including a report on the Demerger, as required by the Companies Code.

The above-mentioned balance sheets have been prepared so that the assets and liabilities of Umicore (before the Demerger) are equal to the sum of the assets and liabilities which will be allocated to Cumerio and Umicore (after the Demerger) respectively.

2.3 ALLOCATION OF THE CUMERIO SHARES AND CUMERIO VVPR STRIPS

The shares to be issued by Cumerio as consideration for the contribution of the assets and liabilities of Umicore's copper branch of activity to Cumerio will be distributed to the shareholders of Umicore in proportion to their shareholding in Umicore.

On the date of the Demerger Umicore's share capital will be represented by a number of shares equal to the number of shares outstanding on 29 March 2005 (*i.e.* 25,633,000), increased by the number of Umicore Shares issued between 29 March 2005 and the date of the Extraordinary Shareholders Meeting as a result of the exercise of subscription rights granted under the existing Umicore stock option plans. One share in Cumerio per share in Umicore will be distributed to Umicore's shareholders. Holders of 1/10ths of Umicore Shares coming from the former Acec shares first have to exchange these shares in groups of ten for one Umicore Share in order to be able to receive one Cumerio Share. On the date of the Demerger, Umicore will have issued a number of VVPR strips equal to the number of VVPR strips as at 29 March 2005 (*i.e.* 5,159,488), increased by the number of VVPR strips issued between 29 March 2005 and the date of the Extraordinary Shareholders Meeting as a result of the exercise of subscription rights granted under the existing Umicore stock option plans. Umicore believes that there are reasonable arguments to defend that each VVPR strip relating to Umicore Shares will entitle the holder thereof to one VVPR strip relating to Cumerio Shares. One Cumerio VVPR strip per Umicore VVPR strip will thus be distributed to holders of Umicore VVPR strips.

The total number of Cumerio Shares that will be distributed will thus be equal to the number of Umicore Shares as at 29 March 2005 (*i.e.* 25,633,000) increased by the number of Umicore Shares issued between 29 March 2005 and the date of the Extraordinary Shareholders Meeting as a result of the exercise of subscription rights granted under the existing Umicore stock option plans.

The total number of Cumerio VVPR strips that will be distributed will thus be equal to the number of Umicore VVPR strips as at 29 March 2005 (*i.e.* 5,159,488), increased by the number of Umicore VVPR strips issued between 29 March 2005 and the date of the Extraordinary Shareholders Meeting as a result of the exercise of subscription rights granted under the existing Umicore stock option plans.

The shares to be issued by Cumerio will have the same characteristics as the Umicore Shares.

There will be no cash surplus paid to the shareholders of Umicore.

2.4 OPTIONS AND SUBSCRIPTION RIGHTS FOLLOWING THE DEMERGER

In order to safeguard the interests of the holders of options and subscription rights described in Chapter V, section 4.1 and to protect them against any adverse effect of the Demerger on the value of their stock options, the exercise price of the options and of the subscription rights will be adjusted downwards in accordance with the formula set forth below.

The exercise price of the stock options and subscription rights mentioned in each stock option plan will be reduced by an amount in Euro equal to the initial reference price of the Cumerio Shares determined by the Board of Directors of Umicore and proposed to Euronext Brussels in view of the first listing of the Cumerio Shares on the Regulated Market of Euronext Brussels.

2.5 CLOSING OF THE DEMERGER

The Demerger proposal will be submitted to the Extraordinary Shareholders Meeting to be held on 13 April 2005 at 4 p.m. or on 28 April 2005 at 9 a.m. if the required quorum is not reached at the first meeting.

In order for the deliberations of the Extraordinary Shareholders Meeting to be valid, the Umicore Shares present or represented should represent at least half of the capital of Umicore. The Demerger of Umicore will be effective upon approval of the Demerger proposal and the incorporation of Cumerio by the Extraordinary Shareholders Meeting by at least 75% of the votes validly cast at the aforementioned Extraordinary Shareholders Meeting.

However, the Demerger will, for tax and accounting purposes, have retroactive effect as of 1 January 2005.

3 COSTS OF THE DEMERGER

The costs of the Demerger are estimated at EUR 5.0 million and include the fees payable to the BFIC of EUR 16,500 and to Euronext Brussels estimated at EUR 130,000. The remainder includes the remunerations paid to the auditor, to the financial intermediaries and to advisers as well as the cost of legal publications and printing materials.

These costs will be borne by Cumerio and Umicore in a proportion of 15% for Cumerio and 85% for Umicore.

The costs of the distribution of the Cumerio Shares and VVPR strips will be borne by Cumerio. For further information on the possible costs that may be charged by other financial intermediaries for the distribution of the Cumerio Shares and VVPR strips, shareholders are invited to consult their financial intermediary.

CHAPTER III: INFORMATION CONCERNING THE SHARES OF CUMERIO AND THE CUMERIO VVPR STRIPS AND THEIR ADMISSION TO LISTING ON THE REGULATED MARKET OF EURONEXT BRUSSELS

1 LISTING OF THE CUMERIO SHARES AND CUMERIO VVPR STRIPS ON THE REGULATED MARKET OF EURONEXT BRUSSELS

1.1 NUMBER OF CUMERIO SHARES AND CUMERIO VVPR STRIPS[1]

One Cumerio Share will be issued against one Umicore Share and one Cumerio VVPR strip will be issued against one Umicore VVPR strip.

The shares and VVPR strips to be issued by Cumerio as consideration for the contribution of the assets and liabilities of Umicore's copper branch of activity to Cumerio will be distributed to the shareholders of Umicore in proportion to their shareholding in Umicore.

The total number of Cumerio Shares that will be distributed will be equal to the number of Umicore Shares as at 29 March 2005 (*i.e* 25,633,000), increased by the number of Umicore Shares issued between 29 March 2005 and the Extraordinary Shareholders Meeting as a result of the exercise of subscription rights granted under the existing Umicore stock option plans. Holders of 1/10ths of Umicore Shares coming from the former Acec shares first have to exchange these shares in groups of ten for one Umicore Share in order to be able to receive one Cumerio Share. The total number of Cumerio VVPR strips that will be distributed will be equal to the number of Umicore VVPR strips as at 29 March 2005 (*i.e.* 5,159,488), increased by the number of Umicore VVPR strips issued between 29 March 2005 and the Extraordinary Shareholders Meeting as a result of the exercise of subscription rights granted under the existing Umicore stock option plans.

There will be no cash surplus paid to the shareholders of Umicore.

1.2 FORM AND DELIVERY OF THE CUMERIO SECURITIES

1.2.1 Form

The Cumerio Shares and Cumerio VVPR strips will have the same characteristics as the Umicore securities.

The Cumerio Shares will be either registered or bearer shares, depending on the form of the Umicore securities held by the shareholders at the Closing of the Demerger. The Cumerio bearer Shares will have coupon numbers 1 up to 30 attached. Until their physical delivery the Cumerio Shares will be represented by a global bearer certificate, and temporarily only book-entry delivery and settlement will be possible (cf. 1.2.2 below). The Cumerio VVPR strips will only be available in book-entry form.

Subject to the legal provisions regarding the transferability of securities, the Cumerio Shares will be freely transferable.

1.2.2 Delivery

The procedure for the distribution of Cumerio Shares and Cumerio VVPR strips can be summarized as follows:

Registered Umicore Shares

Holders of registered Umicore Shares will automatically be registered as holders of registered Cumerio Shares in the share register of Cumerio at the latest on the first Banking Day after the Extraordinary Shareholders Meeting.

Within a period of one month of the date of this Extraordinary Shareholders Meeting, a certificate of registration will, upon request, be sent to each shareholder registered in the share register, mentioning the number of registered Cumerio Shares.

The basis used here will be the shareholders' structure of Umicore (before the Demerger) as apparent from Umicore's share register on the date of the Demerger.

Bearer Umicore Shares in a securities account

For shareholders holding their Umicore securities in a securities account at a financial institution, the

1 Cf. Chapter II, section 2.3 "Allocation of the Cumerio Shares and Cumerio VVPR strips".

Demerger will automatically be effected on the account on the first Banking Day after the Extraordinary Shareholders Meeting.

The corresponding number of Cumerio Shares will automatically be recorded in the securities accounts of the Umicore shareholders in accordance with the above-mentioned ratio.

Physical bearer Umicore Shares

Holders of physical Umicore Shares are invited to go to the counters of KBC Bank and CBC Banque with coupon number 14 of their Umicore Shares in order to receive their Cumerio Shares. This may be done from the first Banking Day after the Extraordinary Shareholders Meeting.

Upon presentation of one or more such coupons the holders of physical Umicore Shares will receive a corresponding number of bearer Cumerio Shares, in the following form:

- in their securities account which they hold at their financial institution;
- if they expressly request so, in printed form with coupons numbers 1 up to 30 attached. The physical certificates will in principle be available no later than three months after the date of the Extraordinary Shareholders Meeting. In anticipation of their physical delivery, the Cumerio Shares will be represented by one or more global certificates and will only be available in book-entry form at the financial institution of the shareholder's choice.

VVPR strips

The Cumerio VVPR strips will be represented by one global certificate and will be available in book-entry form.

1.3 INDICATIVE INITIAL REFERENCE PRICE RANGE

Umicore has, as part of its determination of the indicative initial reference price range of the Cumerio Shares, considered a valuation report from UBS Investment Bank.

The valuation report prepared by UBS Investment Bank considered two methods commonly used by financial analysts to assess the value of a company, namely:

- the discounted cash flows or "DCF" method, which is based on the discounting of the operating free cash flows that a company is expected to generate. This method is frequently used by equity analysts for valuing companies in the smelting sector and can be constructed such that it takes into account the cyclical nature of the copper smelting industry, and
- the peer benchmarking method, which is based on market valuation ratios of a selected group of comparable listed companies, which is the other method frequently used by equity analysts to value companies in the smelting sector, such as Cumerio.

UBS Investment Bank did not use the following other methodologies as they were regarded as not appropriate in coming up with a valuation, without change of control premium, of a cyclical business, operating on a going concern basis:

- the net asset value;
- multiples of precedent transactions; and
- the liquidation value.

As a basis for its valuation report, UBS Investment Bank relied amongst others on Cumerio's business plan. UBS Investment Bank reviewed Cumerio's key business drivers as provided by Cumerio's management and used market forecasts for macro-economic, commodity price and TC/RCs assumptions. A sensitivity analysis was carried out to measure the effect of changes in operating and economic forecasts on Cumerio's valuation.

The above estimates and assumptions are inherently subject to significant business, financial, economic and other uncertainties and contingencies, and cannot be regarded as a representation by Umicore, Cumerio and UBS Investment Bank that these estimates and assumptions are correct or accurate.

After having reviewed the valuation results of both methods used by UBS Investment Bank in its valuation report and taking into account factors which could affect the trading/pricing of the Cumerio Shares (such as technical market factors), the Board of Directors of Umicore has determined an indicative initial reference price range of the Cumerio Shares of EUR 9.00 to EUR 12.50. On the date of the Closing of the Demerger, the Board of Directors will fix and propose to Euronext Brussels the initial reference price of the Cumerio Shares. Absent substantial changes in market conditions between the date of the UBS Investment Bank valuation report and the Closing of the Demerger, the initial reference price of the Cumerio Shares is expected to be comprised within the above-mentioned range.

The initial reference price of the Umicore Shares will be determined as the difference between (i) the closing price of the Umicore Shares on the last trading day preceding the separate listing of the Cumerio Shares and Umicore Shares and (ii) the initial reference price of the Cumerio Shares.

The initial reference prices of the Cumerio Shares and the Umicore Shares as calculated above will be determined solely to allow trading of the shares to commence on Euronext Brussels after the Demerger, and should not be construed as indicative of the future prices of the Cumerio Shares and the Umicore Shares.

The initial reference prices of the Cumerio Shares and the Umicore Shares will be published in the Belgian financial press prior to the Listing Date.

1.4 LISTING DATE

Application has been made with the Market Authority of Euronext Brussels for the admission to listing on the Regulated Market of Euronext Brussels of all Cumerio Shares and Cumerio VVPR strips. Subject to approval of Euronext Brussels it is expected that the Listing Date will be at or around 29 April 2005 and that the Cumerio Shares will be listed under the symbol "CMR" and the Cumerio VVPR strips under the symbol "CMRS".

1.5 PAYING AGENTS

KBC Bank, CBC Banque, Bank Degroof, Dexia Bank, Fortis Bank, ING Belgium and Petercam will act as paying agents in Belgium for the Cumerio Shares. The cost for this financial service will be borne by Cumerio. Should Cumerio review this policy, it will announce this via the Belgian press.

2 LOCK UP

Umicore has undertaken not to offer for sale, market, sell, agree to sell, to pledge or otherwise dispose of, directly or indirectly, all the Cumerio Shares owned by Umicore on the Closing of the Demerger, during a period of 12 months from the Listing Date, provided that such obligation may be waived by explicit agreement of Cumerio's Board of Directors.

Parfimmo has undertaken not to offer for sale, market, sell, agree to sell, to pledge or otherwise dispose of, directly or indirectly, 2.36% of the Cumerio Shares (based on the Umicore shareholder structure as at 29 March 2005) during a period of 12 months from the Listing Date (cf. Chapter IV, section 6 "Shareholder structure").

3 INFORMATION CONCERNING THE SHARES AND VVPR STRIPS OF CUMERIO

3.1 RIGHTS ATTACHED TO THE SHARES OF CUMERIO

Set forth below is a summary of the rights attached to the shares of Cumerio, based on the articles of association of Cumerio which will be submitted to the Extraordinary Shareholders Meeting for approval, the provisions of the Companies Code, and certain other Belgian laws applicable to the formation, organization and operation of limited liability companies. The following description is a summary for information purposes only and does not purport to be complete, and should not be construed as legal advice as to the interpretation or enforceability of the relevant provisions of the articles of association of Cumerio.

3.1.1 Voting rights

In votes at shareholders meetings, each share of Cumerio entitles its holder to one vote, subject to the application of the provisions of Companies Code and without prejudice to the stipulations of Cumerio's articles of association. Voting rights may be suspended with respect to the shares of Cumerio:

- which are owned by more than one person, except if a sole representative has been appointed and notified to Cumerio with respect to the exercise of voting rights;

- which entitle their holder to voting rights in excess of any threshold of 3%, 5%, and subsequently of any multiple of 5% of the total voting rights existing at the date of the shareholders meeting concerned, except if the holder of such shares of Cumerio has notified Cumerio and the BFIC, at least 20 days before the date of the shareholders meeting at which the votes are cast;

- for which voting rights have been suspended by a decision of a competent court.

Except in the cases specified below, resolutions must be passed by a majority of the votes cast regardless of the number of shares of Cumerio represented at the meeting.

Subject to the compulsory provisions of the Companies Code, when the shareholders meeting decides on: 1º amendments of the articles of association; 2º capital increases or decreases; 3º the merger or demerger of Cumerio or the disposal of its entire assets; 4º the dissolution of Cumerio; 5º the transformation of Cumerio into a company of a different form; 6º the issue of convertible bonds or bonds with subscription rights, it may only deliberate and decide under the following conditions:

- those participating in or represented at the meeting must represent at least half of the capital;

- if this condition is not met, a second meeting must be called, the deliberations and decisions of which will be valid regardless of what portion of the capital is present or represented;

- in either case, the decision will only be valid if it is passed by three-quarters of the votes cast.

Any change of Cumerio's corporate purpose requires the approval of at least 80% of validly cast votes at the shareholders meeting, which can in principle only validly decide if a quorum of at least 50% of the capital and at least 50% of the profit sharing certificates, if any, is present or represented. If these quorum requirements are not met during the first shareholders meeting, a subsequent meeting must be called, in which case this second shareholders meeting may deliberate and validly decide regardless of the quorum present.

The meeting will deliberate on all proposals submitted to it by the Board of Directors or the statutory auditor, provided such proposals have been mentioned on the agenda and included in the convening notice.

Proposals originating from the owners of shares of Cumerio will not be included on the agenda unless they are signed by the owners of shares of Cumerio representing at least 20% of the shares of Cumerio, and unless Cumerio has been informed in time for them to be placed on the agenda.

3.1.2 Dividend entitlement

According to the Companies Code, the shareholders decide on the distribution of profits at the annual shareholders meeting based on the latest annual accounts established in accordance with Belgian generally accepted accounting principles and on the basis of a (non-binding) proposal of the Board of Directors.

Dividends can only be distributed provided, and to the extent that, following the declaration and payment of the dividend, the amount of Cumerio's net assets (including profits carried forward), reduced by the non-amortized portion of its incorporation cost and the non-amortized portion of its research and development costs, will not fall below the amount of Cumerio's paid up capital or, if higher, of Cumerio's called up capital, increased by the amount of its non-distributable reserves. Dividends are payable at the dates and places fixed by the Board of Directors. Before declaring and paying a dividend for any given year, however, Cumerio must first allocate at least 5% of its (distributable) net profits for the financial year concerned to a reserve account ("reserve fund"). The obligation to make such an annual allocation to the reserve fund prior to declaring any dividend no longer applies once such reserve has reached an amount equal to 10% of Cumerio's share capital.

The articles of association of Cumerio will authorize the Board of Directors to pay interim dividends at the dates fixed by the Board of Directors, subject to the provisions of the Companies Code. According to these provisions, such interim dividends may only be distributed provided that:

- the interim dividends only relate to the profits of the then current financial year, to be decreased or increased with the losses, respectively the profits carried forward, but without decreasing the legal reserves or reserves required by the articles of association that need to be formed by Cumerio;

- the Board of Directors has determined the amount of the profits of the then current financial year on the basis of a statement of assets and liabilities of Cumerio, which has been established not earlier than two months prior to the decision of the Board of Directors to distribute interim dividends, and which has been reviewed by Cumerio's statutory auditor;

- the Board of Directors may only decide to distribute interim dividends at the earliest six months following the end of the preceding financial year, and upon condition that the annual accounts for that year have been approved; and

- new interim dividends may only be distributed at the earliest three months following a previous distribution of interim dividends.

If the aggregate amount of interim dividends distributed for a given financial year exceeds the amount of the annual dividends for the financial year concerned, which will be established by the annual shareholders meeting, the excess of the interim dividends distributed will be considered as an advance on dividends for subsequent financial years.

The shares of Cumerio will be entitled to dividends, if any, payable with respect to the first financial year of Cumerio starting on 1 January 2005 and ending on 31 December 2005, and any subsequent financial year, which shall start on 1 January and end on 31 December of each calendar year.

With respect to bearer shares of Cumerio, the Act of 24 July 1921, provides that, if the payment of dividends on bearer shares of Cumerio is not requested by the legitimate holder thereof, Cumerio may deposit these dividends with the *Deposito- en Consignatiekas/Caisse de Dépôts et Consignation*. The right to claim the payment of dividends so deposited expires after thirty years, at which time the dividends become the property of the Belgian State. With respect to registered shares of Cumerio, the right to payment of any dividend expires five years after the Board of Directors declared such dividend payable.

3.1.3 Liquidation rights

Cumerio will be incorporated for an indefinite period of time. Cumerio may be dissolved by a resolution approved by 75% of the votes validly cast at an extraordinary shareholders meeting of Cumerio where at least 50% of the share capital is present or represented.

If the ratio of Cumerio's net assets to share capital (under Belgian legal and accounting rules) falls below 50%, the Board of Directors must, within two months following the date it discovered or should have discovered this under-capitalization, convene a shareholders meeting at which the Board of Directors must propose either the dissolution of Cumerio or a plan for the continued operation of Cumerio. Shareholders representing at least 75% of the votes validly cast at this meeting, where at least 50% of Cumerio's share capital is present or represented, may then instruct the Board of Directors to continue or dissolve Cumerio.

If the ratio of net assets to share capital falls below 25%, the same procedure must be followed, provided that shareholders representing only 25% of the votes present or represented at the meeting may then instruct the Board of Directors to dissolve Cumerio. In addition, if Cumerio's net assets fall below EUR 61,500 (*i.e.* the minimum share capital), any interested party, such as creditors of Cumerio, may petition the competent Belgian court to dissolve Cumerio. In case such a proceeding is initiated, Cumerio may present a plan for its continued operation. It is in the court's discretion to order that Cumerio be dissolved or to grant Cumerio a grace period to take remedial action.

In the event that Cumerio is dissolved, the assets or the proceeds from the sale of assets remaining after payment of all debts, liquidation expenses and taxes, must be distributed on a pro rata basis to the shareholders, subject to, if any, preferential liquidation rights attached to the shares of Cumerio. Upon Closing of the Demerger, Cumerio will not have issued any shares having such preferential liquidation rights.

3.1.4 Capital increases and preferential subscription rights

The shareholders meeting can decide at any time to increase or decrease Cumerio's capital or to issue subscription rights or convertible bonds, provided that 50% of Cumerio's capital is present or represented at the meeting and the decision is approved by at least 75% of the votes validly cast.

According to Article 7 of Cumerio's articles of association, the Board of Directors will be authorized to increase Cumerio's capital without further shareholder approval, within certain limits. This is the so-called "authorized capital" (*toegestaan kapitaal/capital autorisé*). This authorization is limited in time (a maximum term of 5 years, renewable) and in amount.

At the occasion of any capital increase in cash, or any issue of convertible bonds or subscription rights, the shareholders have a preferential subscription right to be subscribed in cash, with respect to the newly issued shares of Cumerio, convertible bonds or subscription rights. Such preferential subscription right is proportioned to the capital represented by the shares of Cumerio held by the shareholder at the time of the capital increase or issue of convertible bonds or subscription rights.

In case of a capital increase decided by the shareholders meeting, the preferential subscription right can be restricted or cancelled by a resolution approved by 75% of the votes validly cast at a shareholders meeting where at least 50% of Cumerio's share capital is present or represented. In case of a capital increase decided by the Board of Directors in the framework of the authorized capital, the preferential subscription right may be restricted or canceled by a resolution of the Board of Directors. For a more detailed description of the authorized capital of Cumerio, reference is made to Chapter IV, section 5.2 "Authorized capital".

3.1.5 Right to attend and vote at shareholders meetings

The annual shareholders meeting of Cumerio will be held on the last Thursday of April of each year at 3 p.m. at the place indicated in the notices convening the meeting. Should this day be a legal holiday (even if for only one of the cultural communities of Belgium), the meeting will be held on the next working day.

Prior to the annual shareholders meeting, shareholders are entitled to receive a copy of the audited accounts and of the annual report of the Board of Directors and the report of the statutory auditor as provided by the Companies Code. In the annual report, the Board of Directors provides a.o. a description of the activities of Cumerio over the past financial year, any capital increase or issue of convertible bonds and subscription rights within the framework of the authorized capital, any material event that has occurred since the close of the financial year, any developments that are likely to have a significant impact on Cumerio's business, and the work that was performed regarding research and development. Subsequently, the statutory auditor must submit a report regarding the annual accounts and the annual report prepared by the Board of Directors. At the annual shareholders meeting, the Board of Directors submits the audited accounts of Cumerio for approval, together with the proposed allocation of profits or losses, a proposal for the release of the directors' and the statutory auditor's liability, and, if necessary, the election or dismissal of the directors and the statutory auditor.

No quorum is required under the Companies Code for the annual shareholders meeting. The validly convened shareholders meeting represents all shareholders including those who did not agree with the decisions taken by the meeting, or those who did not participate in the meeting. Decisions taken by the meeting are binding for all shareholders, including those who were absent or voted against any proposal.

The Board of Directors or the statutory auditor may call an extraordinary or special shareholders meeting whenever the interests of Cumerio so require. They must call such a meeting at the request of shareholders representing at least 20% of the capital, subject to the indication of the reasons for calling the extraordinary or special shareholders meeting.

To be admitted to the shareholders meeting, shareholders owning bearer shares of Cumerio must have deposited their shares of Cumerio, or the certificate of deposit of these shares, at the place mentioned in the convening notices, in return for which a receipt will be issued to them which will serve as an admission card to the meeting. This must be done at the latest on the sixth working day before the date fixed for the shareholders meeting, the day of the meeting not included.

Shareholders owning registered shares of Cumerio may only be admitted to the shareholders meeting if their shares of Cumerio are entered in the share register at the latest on the sixth working day before the date fixed for the shareholders meeting, the day of the meeting not included. Moreover, the body convening the meeting may indicate in the convening notice that, at least six working days before the meeting, the day of the meeting not included, the holders of registered shares of Cumerio or their representatives must notify Cumerio of their intention to attend the meeting by simple letter to be addressed to the registered office of Cumerio.

The holders of dematerialized shares of Cumerio must deposit a certificate establishing the unavailability of these shares of Cumerio until the shareholders meeting at the place as mentioned in the convening notices, at least six working days before the meeting, the day of the meeting not included.

By way of derogation of the provisions specified here above, the Board of Directors of Cumerio may determine that shareholders shall be admitted to the shareholders meeting and may exercise their voting rights if they can demonstrate that they were in fact shareholders at midnight on the fifth working day prior to the shareholders meeting (the "registration date"), irrespective of the number of shares of Cumerio that they hold on the day of the shareholders meeting. The number of shares of Cumerio held by each registered shareholder at midnight on the registration date shall be recorded in a register designated for this purpose by the Board of Directors.

The notice to the shareholders meeting shall include a note of the registration date and the procedure by which shareholders can register.

Every shareholder of Cumerio can appoint a special proxy to the shareholders meeting, provided the latter himself is a shareholder or a director of Cumerio. The Board of Directors is entitled to decide on the form of the proxies and to stipulate that the same be deposited at the place it indicates and within the period it fixes.

According to the Companies Code, the convening notice must be published, at least 24 days prior to the meeting, once in the Belgian State Gazette and once in a nationally spread newspaper (the latter applies only in case of an extraordinary or special shareholders meeting or an annual shareholders meeting with an agenda beyond what is set out in Article 533 of the Companies Code). In addition, the directors and the statutory auditor, and the holders of registered shares of Cumerio are notified by letter 15 days prior the meeting.

Before entering the shareholders meeting, the shareholders or their representatives must sign the attendance sheet showing the identity of the shareholders, and, if applicable, the identity of the proxy holder and the number of shares of Cumerio they represent.

3.1.6 Right to participate in the election of the members of the Board of Directors

As a general rule, the directors are elected by the majority of the votes cast at a validly convened shareholders meeting, for a (renewable) term of maximum six years. However, the articles of association of Cumerio will stipulate that directors are elected for a term of four years. Directors can at all times be dismissed by the majority of the votes cast at a validly convened shareholders meeting.

At least three of the directors should meet the criteria of independent directors as set out in Article 524 of the Companies Code.

3.1.7 Appointment of the statutory auditor

According to the Companies Code, companies that fulfill certain requirements as to their size must appoint one or more statutory auditors. A statutory auditor appointed in accordance with the Companies Code audits the annual accounts of a company to ensure that they accurately and fairly represent the financial condition of the company in accordance with Belgian accounting laws. Statutory auditors serve for terms of three years, must be elected by the shareholders meeting and may only be removed by the shareholders meeting during said term for legal cause at a meeting where this item is specifically mentioned on the agenda.

3.1.8 Filing of the annual accounts

There is a statutory obligation for companies to file their annual accounts with the National Bank of Belgium within 30 days after their approval by the shareholders at the annual shareholders meeting. The National Bank of Belgium and the clerks of the Commercial Courts will provide at anyone's request a copy, in the form required by royal decree, of the annual accounts and other documents filed together with the annual accounts for any specified years.

3.1.9 Transparency rules

According to the applicable laws and the articles of association of Cumerio, each legal or natural person who directly or indirectly acquires or disposes of voting securities of Cumerio, whether or not representing the capital, is obliged to notify Cumerio and the BFIC within two working days from the date of such acquisition or disposal, of the total number of voting securities held by such person following such acquisition or disposal, in cases where the proportion of voting rights linked to the securities held directly or indirectly by such person following the transaction exceeds or falls below the threshold of 3%, 5% or any multiple of 5% of the total voting rights at the time of transaction. Within the same deadline, the documents concerning the transaction giving rise to the notification must be passed on to the BFIC. Cumerio shall, at the latest the first working day following receipt of the aforementioned declaration, disclose the declaration to the public, except in case of a special exemption granted by the BFIC if such publicity would be seriously detrimental to Cumerio.

A person or legal entity who fails to fulfill the disclosure requirements described above at least twenty days prior to a shareholders meeting is not entitled to vote with the shares that were subject to a disclosure obligation.

The declarations mentioned above are governed by the terms of Cumerio's articles of association, by the provisions of Chapter I of the Transparency Act and of its relevant implementing royal decree and by the relevant provisions of the Companies Code.

3.1.10 Anti-take-over effect of provisions of the Companies Code and other acts

There are several provisions contained in the Companies Code and certain other provisions of Belgian law which may apply to Cumerio and which may make a hostile tender offer, merger or other change in control of Cumerio more difficult. Except for what is set out below, there will be no additional provisions in the articles of association of Cumerio to make a take-over bid more difficult.

Pursuant to the applicable regulations and articles of association of Cumerio, each legal or natural person who directly or indirectly acquires or disposes of voting securities of Cumerio, whether or not representing the capital, could be required to inform Cumerio of such acquisition or disposal, depending on whether certain thresholds are met. Further reference in this respect is made to the "Transparency Rules" above.

Public take-over bids are subject to the supervision of the BFIC. If the BFIC determines that the take-over bid constitutes an infringement of the provisions of Article 15, or the provisions taken on the basis of Article 15 of the Transparency Act, it may (i) request compliance, (ii) prohibit the exercise of the benefits or the rights resulting from the irregularity, (iii) impose non-compliance damages and (iv) impose administrative fines.

Public take-over bids must relate to all the outstanding voting securities issued by Cumerio, as well as to all other securities issued by Cumerio which entitle the holders thereof to the subscription to, the acquisition of or the conversion in such voting securities. Prior to launching a bid, a bidder must issue and distribute a prospectus, which must be approved by the BFIC. The Competition Act requires the prior approval by the Belgian Competition Council of a public take-over bid if the aggregate turnover in Belgium of the undertakings concerned exceeds EUR 40,000,000 and if each of at least two of the undertakings concerned generate a turnover in Belgium of at least EUR 15,000,000.

In the event that an individual or a company intends to acquire the joint or exclusive control of Cumerio as a listed company through one or several transactions relating to the shares of Cumerio, the acquirer must notify the BFIC of the contemplated transaction at least five days before the completion of the transaction. If the price of the contemplated transfer constitutes a price above market price, the acquirer must offer to all other shareholders the opportunity to sell their shares at the same price (if the control is acquired through a single acquisition of securities) or at the highest price offered by the acquirer for the shares of Cumerio during the twelve months preceding the acquisition of control of Cumerio (if the control is acquired through several acquisitions of securities). The acquirer must give the other shareholders this opportunity within thirty days after its acquisition of control either in the form of a public take-over bid, or, under certain conditions, pursuant to an undertaking to support the stock price on the relevant stock exchange.

All provisions are designed to reduce the vulnerability of Cumerio to a hostile take-over bid, and may therefore have the effect of substantially discouraging a take-over bid by a third party.

3.2 RIGHTS ATTACHED TO THE VVPR STRIPS OF CUMERIO

VVPR strips will entitle the holder thereof to a reduced withholding tax rate on dividends on shares of Cumerio of 15% instead of 25%. The right to benefit from such reduced rate will be incorporated in VVPR strips that will be listed separately on the Regulated Market of Euronext Brussels.

3.3 REGULATIONS APPLICABLE IN BELGIUM IN CASE OF THEFT OR LOSS OF SECURITIES

The theft or loss of securities is regulated by the Act of 24 July 1921 on the involuntary dispossession of bearer securities.

In summary, the rules are as follows:

- a protest has to be lodged at the National Department of Securities (*Nationaal Kantoor voor Roerende Waarden/Office National des Valeurs Mobilières*);
- payments are suspended and any transfer of the protested securities becomes null and void;
- the securities are given back to the owner as soon as they are found;

- the securities mentioned in the bulletin of oppositions (*Bulletin der met verzet aangetekende waarden/Bulletin des Oppositions*) for an uninterrupted period of 4 years become null and void. The person who entered the protest then is entitled to:
  - the right to receive the payment of the dividends, interest and, if any, the principal due or any capital distribution and any liquidation balance;
  - the right to receive at his request and at his cost a new security with the same number as the original security.

The objection to the protest is proven by any deed or action brought to the notice of the issuing institution and that shows a third party is considered to be entitled to the existence, in his favor, of a right to the protested security.

4 TAX CONSIDERATIONS

4.1 TAX CONSEQUENCES OF THE DEMERGER

Umicore

The Demerger will be a tax neutral event taking into account that the requirements provided for in Article 211 of the Income Tax Code should be met. In particular, Umicore believes that the operation is justified by legitimate financial or economic needs as referred to in Article 211 §1, section 2, 3º of the Income Tax Code.

Umicore's shareholders

The Demerger and the distribution of the Cumerio Shares to Umicore's shareholders is exempt from Belgian withholding tax.

If the Umicore Shares are held as private assets by individuals residing in Belgium, any gain realized in the framework of the Demerger operation will normally be tax exempt on the basis of Article 90, 1º of the Income Tax Code.

For Belgian resident companies and individuals who hold shares in connection with their professional activity, the exemption is subject to certain bookings on the liabilities side of the balance sheet, if the capital gains are determined and expressed.

Foreign shareholders should consult their advisers to inform themselves of the fiscal treatment of their investment.

Registration tax

In accordance with Article 117 §2 of the Registration Duties Code, the contribution of the assets and liabilities relating to Umicore's copper branch of activity to Cumerio will be exempt from proportional registration duties and will only be subject to a fixed registration duty of EUR 25.00.

VAT

Upon the Demerger, Umicore will transfer to Cumerio shares held in Umicore Copper NV/SA, P.A.S.R. Elfte Beteiligungs and Non-Ferrous International NV. None of these transfers is subject to VAT.

Tax on stock exchange transactions and tax on the physical delivery of bearer shares

Umicore believes that the physical delivery of the Cumerio Shares, if a holder of Umicore Shares requests it in the framework of the Demerger, cannot be regarded as an acquisition for consideration for the purpose of the tax on the physical delivery of bearer shares. This view has been confirmed by the Belgian Minister of Finance with regard to mergers, as reflected in the parliamentary preparations of the Royal Decree of 18 November 1996. It follows that the tax on the physical delivery of securities of 0.6% does not apply to the delivery of Cumerio Shares to Umicore's shareholders.

By analogy and for the same reasons, the tax on stock exchange transactions likewise does not apply to the distribution of Cumerio Shares to Umicore's shareholders.

Furthermore, pursuant to the amendments to Belgian tax law resulting from the 27 December 2004 Program Act, no tax on the physical delivery of securities and no tax on stock exchange transactions will be due upon issuance of the Cumerio Shares.

4.2 DIVIDEND DISTRIBUTIONS BY CUMERIO

4.2.1 Withholding tax on dividends distributed by Cumerio

General

According to Belgian tax law, the gross amount of distributions made by Cumerio to its shareholders (other than the reimbursement of paid-up capital carried out in accordance with the Companies Code) is generally considered a dividend.

The gross amount paid by the company to repurchase shares owned by the shareholders and the distributions made by the company to its shareholders as a result of the company's complete or partial liquidation are also considered as dividends to the extent the distributions made exceed the paid-up capital of the company that those shares represent.

Withholding tax rate

The standard withholding tax rate on dividends currently is 25% that can be reduced to 15% under the VVPR regime (cf. "Withholding tax rate: VVPR strips").

In case of a complete or partial liquidation of Cumerio, a 10% withholding tax rate will apply on the amount considered as a dividend upon such operation.

In case of an acquisition of own shares by Cumerio, no withholding tax will normally be due on the amount considered as a dividend upon such operation on the basis of Article 264 paragraph 1, 2°*bis* of the Income Tax Code (in connection with the buy-back of listed shares).

Withholding tax rate: VVPR strips

Umicore has issued in the past some VVPR strips that result in a reduced 15% withholding tax upon the joint presentation of the relevant dividend coupon and the relevant strip by shareholders.

As a result of the Demerger, Cumerio will issue a corresponding number of VVPR strips, the coupons of which upon joint presentation with the relevant dividend coupon of the shares of Cumerio should normally entitle the relevant shareholder of Cumerio to the reduced 15% withholding tax rate.

Article 269 of the Income Tax Code foresees in this respect in case of mergers and demerger operations some form of continuity regime as far as shares eligible for the reduced withholding tax rate are concerned. Said article however does not cover as such partial demerger operations. Umicore believes there are arguments to take the position that this article could nevertheless be extended to partial demerger operations and is seeking to obtain a formal confirmation of this position from the Belgian Central Tax Authorities.

Non-resident shareholders

A non-resident shareholder that does not hold shares of Cumerio through a permanent establishment or fixed place of business in Belgium is only subject to the Belgian dividend withholding tax that constitutes the final (Belgian) income tax.

Belgian tax law provides for certain exemptions from withholding tax on Belgian source dividends distributed to non-resident savers. Subject to some formal conditions, no Belgian withholding tax is due on dividends distributed to a non-resident investor which qualifies as a "non-resident saver" that does not carry out a business exploitation or lucrative activity and is exempt from income tax in its country of residence.

The Belgian withholding tax may also be reduced on the basis of the relevant provisions of the double taxation treaties concluded between Belgium and the state of residence of the foreign shareholder.

4.2.2 Taxation of the dividend at the level of the shareholder

Belgian resident individuals

For individuals residing in Belgium who are subject to individual income tax and acting on their own behalf, to the extent that the holding of shares is not in connection with their professional activities, the withholding tax is the final tax. Thus, the dividend received need not be declared. However, if the taxable income of the taxpayer, without movable income, falls below the taxable minimum, the declaration of the dividends may be advantageous.

Belgian resident companies

Belgian companies subject to corporate income tax are in principle taxed on dividends received at the applicable rate for corporate income tax (in principle 33.99%).

In the current state of Belgian tax law, dividends received by Belgian companies are deductible as dividend received deduction from their taxable profit up to 95% of the gross amount of the dividends. For the dividends to be deductible, the participation must represent at least 10% or have a purchase value of EUR 1,200,000, except for financial institutions, insurance companies, stock market companies and investment companies. Moreover, the shares, except for dividend income obtained by investment companies, should qualify as financial fixed assets and be or have been held in full ownership for an uninterrupted period of at least one year. For the computation of the 12 month period in the particular case of a tax neutral partial demerger operation, Article 202 §2, section 3 of the Income Tax Code provides that the period may be determined as if the partial demerger had not taken place.

The withholding tax retained at source can be offset against the corporate tax payable and the portion which cannot be offset can be reclaimed provided the company which is the shareholder was the full owner of the shares at the time the dividend was paid or attributed, and provided the dividend distribution does not result in a reduction in value or a capital loss on the shares of Cumerio. If the dividends arise on shares of which the Belgian company can demonstrate that it has been in full possession for an uninterrupted period of twelve months before the attribution of the dividends or that, during the period in question, the fully owned shares in question did not at any time belong to a taxpayer who is not a company subject to corporate income tax or to a foreign company which has invested these shares for an uninterrupted period in a Belgian establishment, the withholding tax may in any case be offset and reclaimed. As far as the 12 month period is concerned, the Income Tax Code does not explicitly foresee, unlike for the dividend received deduction, that the partial demerger is a non-event for the computation thereof.

Belgian entities subject to the tax on legal entities

For taxpayers subject to legal entity income tax, the levied withholding tax is the final tax.

Non-resident shareholders

Non-resident shareholder companies holding shares of Cumerio via a permanent establishment in Belgium are subject to the same regime as for resident companies.

A non-resident shareholder that does not hold shares of Cumerio through a permanent establishment or fixed residence in Belgium, is not subject to any Belgian income tax other than the dividend withholding tax.

4.3 CAPITAL GAINS ON THE SHARES OF CUMERIO

Belgian resident individuals

In the current state of Belgian tax law, the gains realized on the sale, exchange, redemption or other transfer of shares of Cumerio in Belgium by an individual residing in Belgium in the scope of the normal management of his private estate are not subject to tax unless the Belgian tax administration can demonstrate that the capital gain is the result of speculation, or if the gain is realized outside the scope of the normal management of the private estate. Losses are not deductible.

Gains on securities constituting part of a substantial participation (more than 25% of rights in the company at any time during the last 5 years held directly or indirectly by the transferor or a member of his family) realized via a disposal for valuable consideration to a foreign entity are under certain conditions, however, subject to a 16.5% tax (not including supplementary taxes). The rules in connection with the sale of a substantial participation have been found incompatible with the freedom of establishment and the freedom of movement of capital by the European Court of Justice in its ruling of 8 June 2004.

Belgian resident companies

In the current state of Belgian tax law, gains on shares of Cumerio will be exempt from corporate income tax, without the Belgian company being required to hold a participation of at least 10% or with a purchase value of EUR 1,200,000 in Cumerio. Moreover, the shares should not qualify as financial fixed assets and should not be or have been held in full ownership for an uninterrupted period of at least one year.

Losses made on the sale, exchange, redemption or other transaction of shares are in general not deductible under Belgian tax law.

Belgian entities subject to the tax on legal entities

In the current state of Belgian tax law, gains realized by a tax payer subject to legal entity income tax on the sale, exchange, redemption or other transfer of shares are not taxable in Belgium. However, this exemption does not apply to "substantial participations". Losses are not deductible.

Non-resident shareholders

In the current state of Belgian tax law the gains realized by non-resident individuals (in connection with the normal management of his private estate) are not taxable in Belgium. Losses are not deductible.

Gains on securities constituting part of a substantial participation (more than 25% of rights in the company at any time during the last 5 years held directly or indirectly by the transferor or a member of this family) realized via a disposal for valuable consideration to a foreign entity are under certain conditions, however, subject to a 16.5% tax (not including supplementary taxes). The rules in connection with the sale of a substantial participation have been found incompatible with the freedom of establishment and the freedom of movement of capital by the European Court of Justice in its ruling of 8 June 2004.

In the current state of Belgian tax law the gains realized by a non-resident company on the sale of shares held via a permanent establishment in Belgium are not taxable in Belgium under the same conditions as for Belgian resident companies. Losses are not deductible.

4.4 TAX ON STOCK EXCHANGE TRANSACTIONS

The purchase, sale or acquisition for consideration in Belgium through a "professional intermediary" of shares of Cumerio is subject to the tax on stock exchange transactions in the amount of 0.17% (without any ceiling under current legislation). It should be noted however that a draft bill was submitted to the Belgian Parliament according to which, when enacted, the tax would be limited to EUR 500 per transaction and per party with retroactive effect to 31 December 2004.

The tax on stock exchange transactions is not due by "professional intermediaries" as referred to in Article 2, 9º and 10º of the Act of 2 August 2002 acting for their own account, by insurance companies as referred to in Article 2, §1 of the Act of 9 July 1975 acting for their own account, by pension funds referred to in Article 2, §3, 6º of the Act of 9 July 1975 acting for their own account, by collective investment institutions as referred to in the Act of 4 December 1990 acting for their own account and by non-residents upon delivery of a certificate of non-residence.

4.5 TAX ON THE PHYSICAL DELIVERY OF BEARER SHARES

Generally, the physical delivery in Belgium through a "professional intermediary" of shares is subject to a tax on the physical delivery of securities in the amount of 0.6% of the value of the relevant securities.

CHAPTER IV: INFORMATION ABOUT CUMERIO

1 INTRODUCTION TO CUMERIO'S BUSINESS

Corporate purpose

Cumerio's core business is the smelting, refining, transforming, recycling and marketing of copper, copper alloys and products derived from copper.

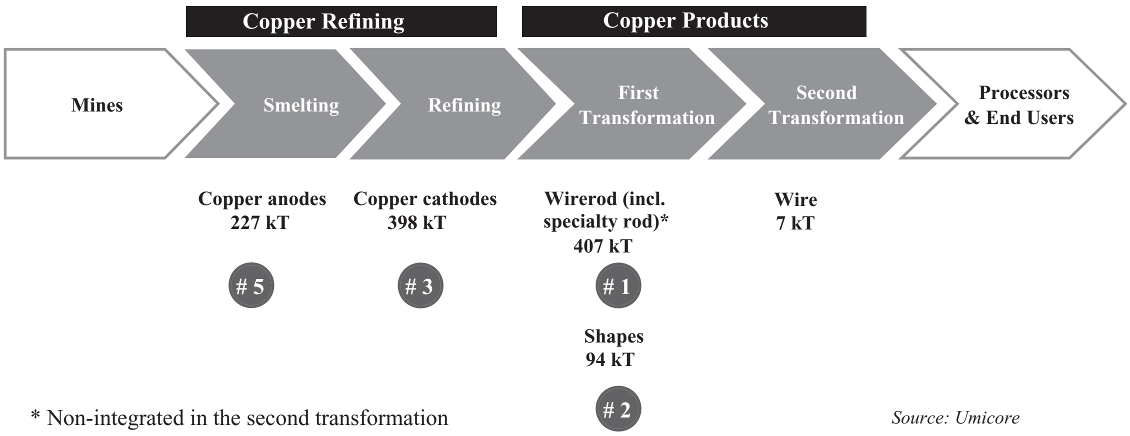
For a detailed description according to the articles of association, reference is made to this chapter under section 4 "Corporate purpose".

Activities

Cumerio is a major European copper smelter and refiner, and a leading producer of copper semis in Europe with total sales of more than 500,000 tonnes in 2004.

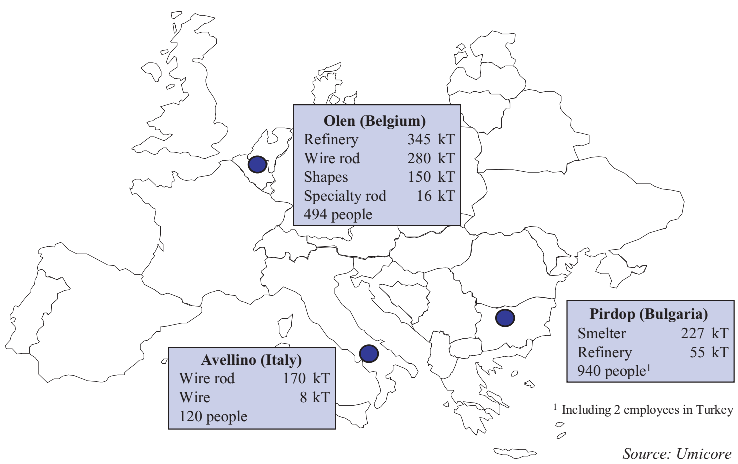
Cumerio is active in different stages of the copper value chain from smelting through second transformation; however, it is not involved in mining.

Graph 1: Cumerio's presence in the copper value chain, Cumerio's 2004 production output/deliveries (in thousands of tonnes) and Cumerio's ranking in the European copper market



Cumerio operates at three sites located in Olen (Belgium), Pirdop (Bulgaria) and Avellino (Italy) and employs in total 1,554 people as of 31 December 2004. The headquarters are located in Brussels, Belgium.

Graph 2: 2004 production capacity (in thousands of tonnes) per product and per site



Cumerio is organized in two business units: Copper Refining and Copper Products. Cumerio has a unique pan-European reach with a presence in:

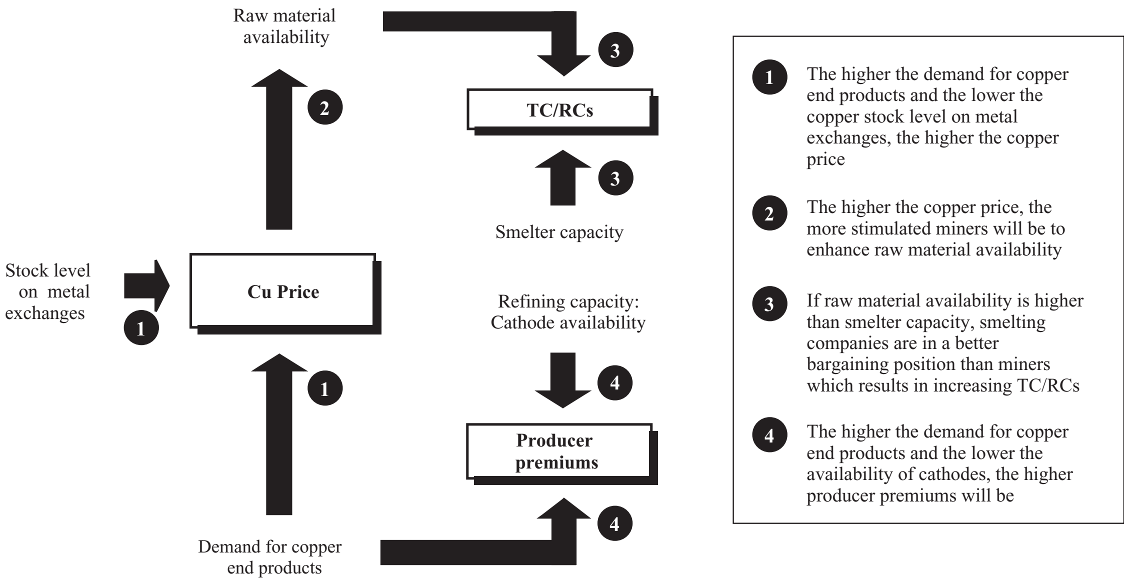
- Western Europe, where Cumerio has built a leadership position in semi-finished copper products and will reinforce its presence through operational and technological excellence, quality leadership and new developments in cooperation with selected customers.
- South East Europe, which is expected to be the main growth area for Cumerio in the coming years. Opportunities exist to expand the Pirdop smelter by up to 40% at modest capital expenditures, therefore further improving its cost position. As the only state-of-the-art copper supplier in the Black Sea region, Pirdop also is the ideal bridgehead for further downstream development into copper products in the region.

2 BUSINESS DRIVERS OF THE COPPER INDUSTRY

2.1 COMMERCIAL TERMS

One of the main profit drivers of the copper industry is the commercial terms. These can be broken down into different parameters as shown in the following scheme:

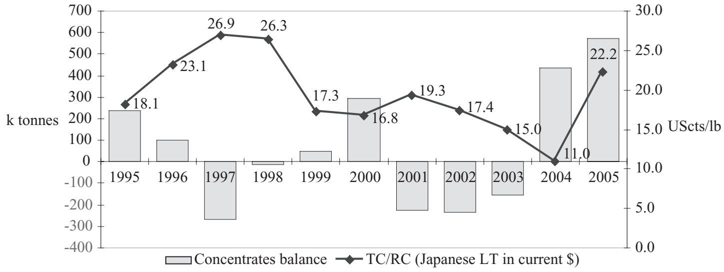
Graph 3: Overview of the main business drivers of the copper industry



- *Treatment and refining charges (TC/RCs):* the terms obtained from miners for smelting and refining the concentrates.

  TC/RCs are one of the key industry drivers. When concentrates availability is higher than smelting capacity, smelters are in a better bargaining position than miners, which typically results in increasing TC/RCs. In the period 2001 to 2004, long-term TC/RCs decreased to reach historically low levels (approximately 11 US cents/lb payable copper) during 2004 while spot TC/RCs even dipped to zero in the first half of the year. Since then, a steady increase in TC/RCs has been observed as smelting capacity is now far below concentrates availability on the market. TC/RCs on long-term contracts are negotiated on a yearly basis and for 2005, TC/RCs were concluded at substantially higher levels (approximately 22 US cents/lb payable copper).

Graph 4: Concentrates balance & TC/RC



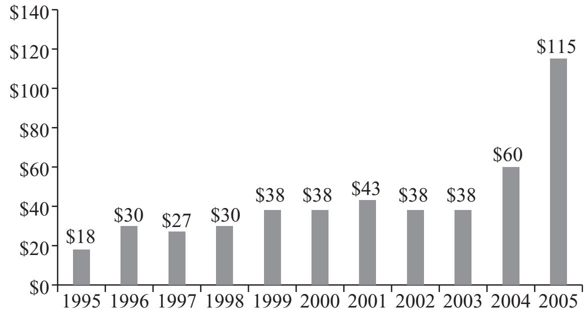
Source: Brook Hunt Q4-2004

The short-term sensitivity of Cumerio to TC/RCs is approximately USD 4.5 million at EBIT level for every shift of 1 US cent/lb or 22 USD/tonne of payable copper contained in concentrates. For 2004 Cumerio's real TC/RCs were slightly better than the benchmark in 2004 (12 US cents/lb).

- *Producer premium for cathodes:* a premium set annually by the world's largest producer and commonly applied by the refining industry.

  The producer premium is affected by the balance between supply and demand for copper cathodes. It also makes up for the transport costs between producers and consumers. The very tight supply situation in 2004 and 2005 has lead to an increase in the producer premium for 2005 to a historically high level of 115 USD/tonne, up from 60 USD/tonne for 2004. A 10 USD change in the producer premium results in a USD 4 million change in Cumerio's EBIT at current volumes.

Graph 5: Producer premium (average pricing) in $/T



Source: Umicore

- *Premiums for copper products:* these premiums represent the added values generated by the transformation of cathodes into wire rod, billets, cakes and specialty rods.

  These premiums fluctuate according to the specificity and complexity of the products (diameter, size, pure or alloyed copper, oxygen content,...) but also integrate other parameters such as volumes and payment terms. Additionally, these premiums need to be competitive with those of Cumerio's main competitors for similar products (with similar services). A EUR 10 per tonne change in all the transformation premiums relevant to Cumerio would have an impact at EBIT level of approximately EUR 5 million per annum.

2.2 USD/EUR CURRENCY RATE

Most revenues from the smelting and refining business are USD denominated, while Cumerio's operational costs are mainly in Euro and Bulgarian Lev (currently at a fixed exchange rate to the Euro). Western European premiums for copper products are denominated in Euro. The short-term sensitivity for Cumerio to the evolution of the USD/EUR exchange rate is estimated at approximately EUR 1 million at EBIT level for every move of 1 US dollarcent per Euro.

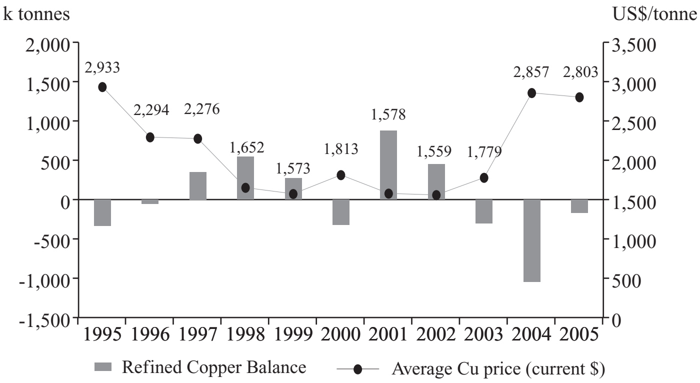
2.3 COPPER PRICE

The copper price is affected by the supply-demand balance for copper. When demand exceeds supply, the copper price will go up. Such a situation, aggravated by very low inventories in LME and COMEX warehouses, caused the copper price to exceed 3,000 USD/tonne at the end of 2004.

Copper price fluctuations have a short term impact on Cumerio's operations and results, due to the existence of price participation clauses in certain concentrate supply arrangements and due to the sensitivity of refining charges for copper scrap to changes in the copper price. In this context, a USD 100 per tonne change in the copper price would, at current prices, result in a change at EBIT level in the order of EUR 1 million per year for Cumerio.

In the medium to long term, large fluctuations and periods of sustained low or high copper prices affect the availability of and the terms for raw materials for Cumerio (concentrates and scrap). This explains the cyclicality of the copper industry.

Graph 6: Surplus/deficit on global copper market and average copper price



Source: Brook Hunt Q4-2004

2.4 COPPER DEMAND

Copper demand closely follows the global GDP growth. Currently, the worldwide demand is growing at around 3% per annum, driven mainly by the Asian market. Copper consumption in Olen's home market composed of the Benelux, Germany, France and Austria is expected to develop at a compounded annual growth rate of about 1.1% over the 2004-2011 period. For Italy, this growth is estimated at 1.8% per annum over the same period. In the Black Sea region, Cumerio's development pole, compounded consumption growth is estimated at 2.8% per annum also over the same period.

2.5 SULPHURIC ACID

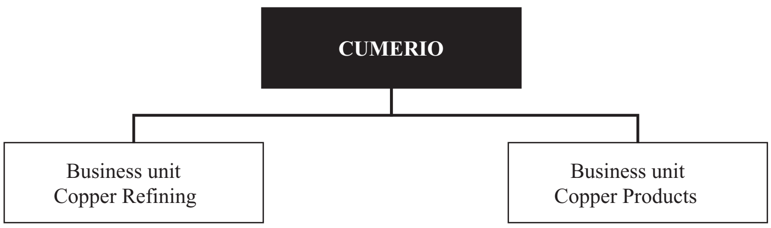
Sulphuric acid is a by-prodruct from copper smelting. The revenue on the sales of sulphuric acid is an important driver for Cumerio's profitability, specifically due to the high volumes generated. As a rule of thumb one can say that for each tonne of copper concentrates processed, Pirdop produces a tonne of sulphuric acid. In 2004, the total production amounted to 827,000 tonnes.

3 CUMERIO'S BUSINESS AND STRATEGY

3.1 BUSINESS DESCRIPTION

Cumerio is organized in two business units: Copper Refining and Copper Products. Additionally, Cumerio has a participation of 8.8% in Non-Ferrous International NV (NFI), the second largest European recycler of copper scrap.

Graph 7: Cumerio's business units



Olen (Belgium)
- Anode casting
- Refinery

Pirdop (Bulgaria)
- Smelter
- Refinery

Olen
- Wire rod
- Shapes (billets & cakes)
- Specialty rod

Avellino (Italy)
- Wire rod
- Wire

3.1.1 Copper Refining

COPPER REFINING – product overview

PRODUCT	*APPLICATION*	*END-USER*
Anodes	99% pure copper anodes for the production of cathodes through electrorefining	Refiners
Cathodes	Primarily for internal use to transform into copper products	See products section below

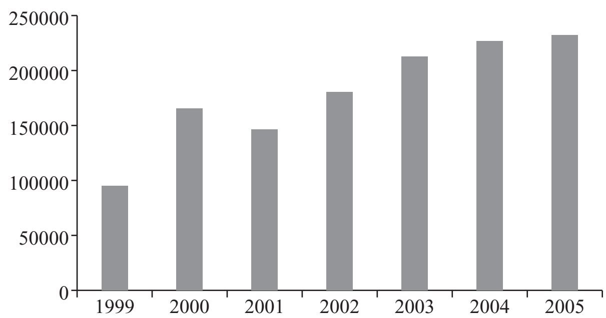
a) Cumerio Med – Pirdop, Bulgaria

Cumerio Med is a copper plant, situated in Pirdop (Bulgaria), 80 km east of Sofia and some 400 km from the Black Sea port of Varna, used for the import of copper concentrates and the export of sulphuric acid. The plant consists of several processing units – a smelter, an electrolytic refinery, a sulphuric acid plant and a slag flotation plant. In the 1980s the plant was modernized and by 1987 a new Outokumpu-technology flash smelter was built, one of the largest of its kind worldwide.

In September 1997, Umicore and the Bulgarian Privatization Agency signed a share purchase agreement for the acquisition of 56% of the MDK Copper Smelting and Refining Complex. The main purpose of this acquisition was to secure additional feed sources for Umicore's growing refining and transformation activities in Belgium whose competitiveness needed to be secured. Today Cumerio holds 99.78% of the company, currently named Cumerio Med.

After a USD 150 million investment program in new technology, plant expansion and environmental improvements, Cumerio Med has now become a modern and state-of-the-art operation. This program has resulted not only in an increase in produced copper anodes from 90,000 tonnes in 1997 to 227,000 tonnes in 2004 (with a corresponding reduction in cash operating costs) but also in dramatic improvements in the plant's environmental performance and in working conditions. Cumerio Med is now placed within the first quartile of the cost curve of copper smelters in the world.

Graph 8: Anodes production Pirdop – tonnes



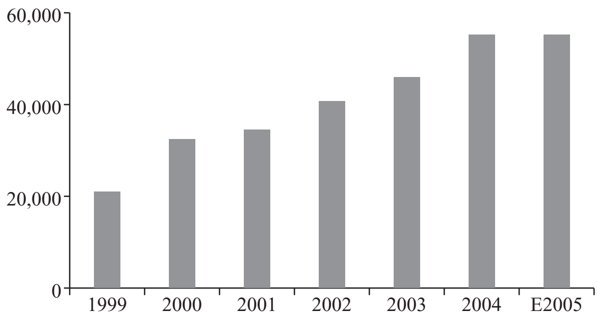
Source: Umicore data and estimates

The large size of Cumerio Med's Outokumpu flash smelter makes it possible to expand its capacity by up to 40% at modest capital expenditures, therefore further improving its cost position.

In partnership with the Bulgarian Ministries and the World Bank, Cumerio has also successfully completed the remediation program for the historical pollution at Pirdop. Another important achievement is the ISO 9001 version 2000 certification which was obtained by the end of 2004.

In addition to the copper smelter, Cumerio Med also operates a traditional "starter sheet" type refinery, that produced 55,000 tonnes of cathodes for the regional Black Sea market in 2004.

Graph 9: Cathodes production Pirdop – tonnes



Source: Umicore data and estimates

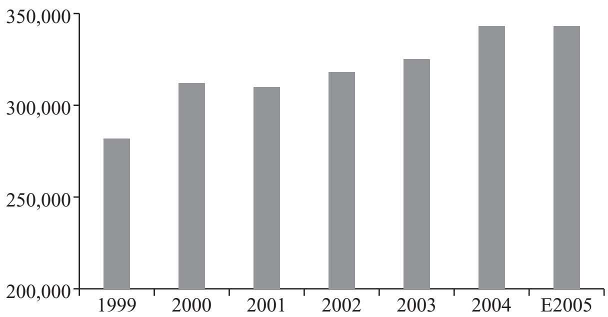
Additionally, Cumerio operates two sulphuric acid plants in Pirdop for sulphur recovery from the exhaust gases. Cumerio Med is the largest producer of sulphuric acid in Bulgaria with approximately 2,500 tonnes/day. In 2004, some 40% of the sulphuric acid was sold to the main fertilizer plant in Bulgaria, 40% in Turkey and the balance mainly to other customers in the region. The production of sulphuric acid in 2004 amounted to 827,000 tonnes.

b) Cumerio Belgium NV/SA - Olen, Belgium

The operations in Olen include a state-of-the-art Full Size Deposit (FSD) refinery with an annual cathodes capacity of 340,000 tonnes, delivering copper cathodes in the heart of the 4 million tonnes per annum European copper market. It is the second largest single refinery in Europe and may be considered today as a world-class benchmark in terms of productivity and efficiency. Olen represents a real asset as a secure supply source for Cumerio's Copper Products activities in Western Europe. The progress realized in products sales during 2004 was partly due to a secured availability of cathodes.

Furthermore, Cumerio operates in Olen a melting and casting anode furnace, processing copper blister and scraps into anodes using the continuous Contimelt® process developed jointly by Cumerio and Norddeutsche Affinerie.

Graph 10: Cathodes production Olen – tonnes



Source: Umicore data and estimates

3.1.2 Copper Products

(a) Wire rod

WIRE ROD - product overview

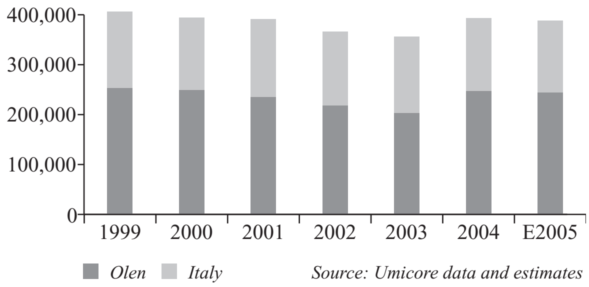
PRODUCT	*APPLICATION*	*END-USER*
Contirod (wire rod)	Cables, wire, conductors	Telecommunications, railway power cables, electricity industry, automobile industry, building wire
Nuggets	Alloys, electroplating, galvanizing, powders	Plating and printing industries
Wire	Cables and wires	See Contirod above

At the Olen site, Cumerio runs its proprietary continuous casting process for wire rod (branded as Contirod®), which has an annual capacity of 280,000 tonnes. The plant in Avellino, Italy adds another 170,000 tonnes of wire rod capacity per year. Taking specialty rod into consideration, Cumerio is the largest non-integrated wire rod producer in Europe, with more than 400,000 tonnes delivered in 2004.

The Cumerio product is a benchmark in the market in terms of quality. Cumerio also offers various services to its customers such as hedging and technical assistance. Cumerio enjoys a very broad customer base in Europe and the plant in Italy assures a presence in Europe's single largest wire rod market. Cumerio is also present in non-European countries with about 30,000 tonnes in exports on average over the last years.

A small part of the wire rod production is sold as copper nuggets. Nuggets are among others used as anode material in electroplating. Climeta, formerly part of Umicore's copper business unit, is focused on that specific market and will remain within Umicore as part of a larger electroplating business line within Umicore Advanced Materials.

Graph 11: Deliveries Wire Rod – tonnes



In Avellino, Cumerio operates a wire drawing department, producing up to 8,000 tonnes per annum of various types of bare wires among others trolley wire (overhead conductor for trains) and soudronic wire.

The cathodes for the Olen wire rod plant are sourced mainly from the Olen refinery on the same location, while the plant in Avellino (Italy) sources most of its cathode feedstock from long-term contracts with worldwide suppliers. The balance comes directly from customers under tolling agreements.

(b) Shapes

SHAPES - product overview

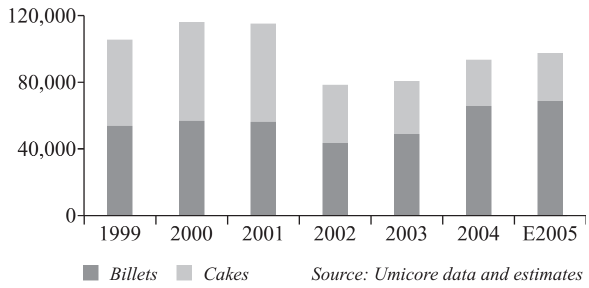
PRODUCT	*APPLICATION*	*END-USER*
Billets	Tubing, piping, shaped bars, bearings	Industrial equipment manufacturers, construction, HVAC
Cakes	Sheets, strips, foils, electric components, tanks, transformers, coins	Construction, electric / electronics, mint

Besides wire rod and wire, Cumerio's Olen plant also produces cast shapes such as billets and cakes. It has an annual capacity of some 150,000 tonnes making Cumerio the second largest non-integrated supplier on the European market.

Billets are used in the fabrication of tubes, bars and sections while cakes are sold to rolling mills for the production of flat products such as sheets, foils and strips.

In 2002 Cumerio's deliveries suffered from the take-over of one of its major customers by a direct competitor. After re-establishing a sound customer base in 2003, the billet caster was adapted for a substantial productivity increase, triggering improved competitiveness and increased sales.

Graph 12: Deliveries Shapes – tonnes



(c) Specialty rod

SPECIALTY PRODUCTS - product overview

PRODUCT	*APPLICATION*	*END-USER*
Foxrod® (oxygen free wire rod)	High-performance wire	Robotics industry, electronics
Specialty Rod	Shaped bars and rods	Industrial equipment manufacturers, transformers, conductors

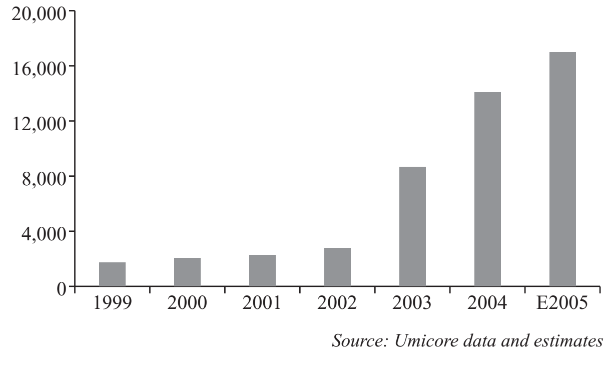
In Olen, Cumerio also operates two upward casting production lines for specialty rod, with a total capacity of 16,000 tonnes per year. Part of the production is marketed under the brand name Foxrod®, an oxygen free copper wire rod which can be drawn down to ultra-fine wire for very specific applications. In this market segment Cumerio is regarded as the uncontested quality leader in Europe.

Other specialty rod is consumed as feedstock for rotary extrusion processes. This new and state-of-the-art process technology for the production of copper bars, rods and profiles competes with the classical billet extrusion.

Cumerio has explored the upward casting technology since 1997 - and became a reference in the market - while safeguarding its future as supplier to the profiles manufacturers whatever the technology used.

The sale of specialty rod products has seen an exponential growth over the last years. Today Cumerio is the second largest independent supplier of these products on the European market and has a market share of approximately 18%. At the end of last year, Cumerio decided to further expand the production capacity for Foxrod® and specialty rod in Olen to 30,000 tonnes per annum. The installations will be operational in the last quarter of 2005 and this will lift Cumerio to the number 1 position in this segment in Europe.

Graph 13: Deliveries Specialty Rod – tonnes

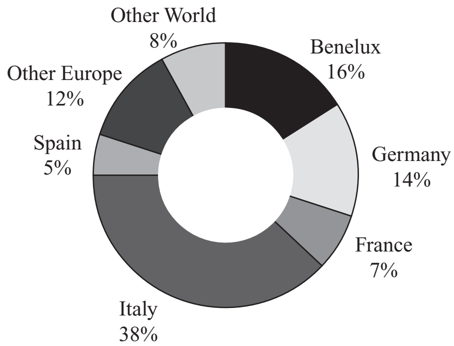


3.1.3 Geographical breakdown of deliveries

Cumerio has a widely spread customer base in Western Europe, thanks to the central location of its production facilities in Belgium. All main European copper markets are covered, specifically the larger copper consumer markets Germany and Italy. The share of Italy is significant, with 37% in 2004, and this is due to Cumerio's Italian wire rod plant in Avellino, 60 km east of Naples.

In 2004 exports to countries outside Europe represented about 8% of the Copper Products sales. The location of the Olen plant at about 45 km from the large port of Antwerp gives Cumerio access to interesting freight options for its exports.

Graph 14: Geographical breakdown of 2004 deliveries



Source: Umicore

Total deliveries in 2004 exceeded 500,000 tonnes, of which 78% was sold as wire rod, 13% as billets, 6% as cakes and 3% as specialty rod.

3.1.4 Financial investments

Cumerio holds a participation of 8.8%[1] in Non-Ferrous International NV (NFI). Cumerio has also provided a subordinated loan facility to NFI for an amount of EUR 13.7 million.

NFI, through its operating subsidiaries Metallo-Chimique NV and Botrade, is a leading European recycler of non-ferrous metals and other materials and has operations in Beerse (Belgium – at a distance of about 20 km from Cumerio's Olen plant) and Bilbao (Spain). Cumerio sources about 20% of its raw materials feed for its Olen copper refinery from Metallo Chimique (approximately 70% of their copper output).

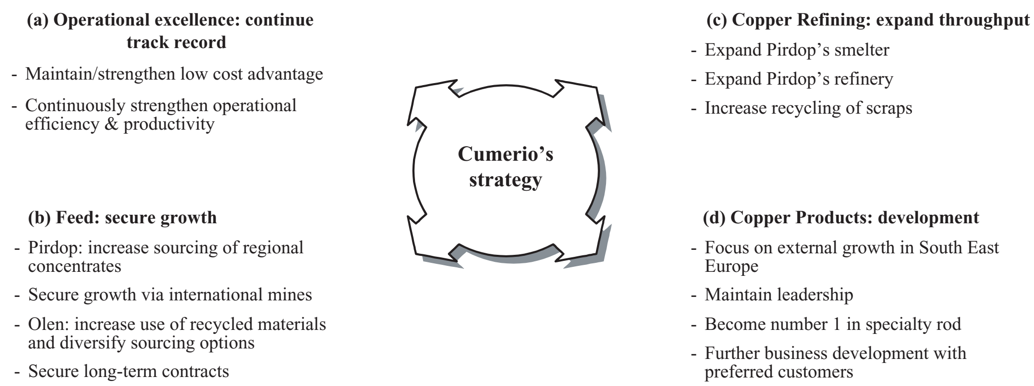
3.2 STRATEGY

3.2.1 Business strategy

Cumerio's strategy is focused on: a) continuously strengthening its operational excellence position, (b) securing and optimizing the sourcing of raw materials for its plants, and by developing growth options for each of the business units, (c) Copper Refining and (d) Copper Products.

Based on the state-of-the-art assets and the successfully realized turnaround, Cumerio's future growth strategy will be both organic and external through acquisitions or partnerships. Combining its technological and market knowledge in Western Europe with a unique position in the Black Sea region, Cumerio is well placed for downstream development in the South East European markets. Its experience in specialty products opens up further developments in specific niche markets.

Graph 15: Cumerio's business strategy



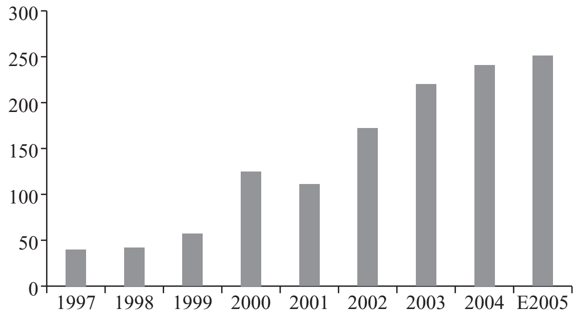
1 The balance of the shares is privately owned

(a) Operational excellence: continue the positive track record

The focus on low cost has been the central theme over the last years and will remain so in the future. Umicore has invested in a breakthrough technology, illustrated among others by the state-of-the-art FSD electrolytic refinery in Olen, commissioned in two phases completed in 1996 and 1998 respectively. This installation is now considered to be a reference and benchmark in terms of efficiency and productivity. Around the same time, a first line for oxygen free wire rod was commissioned, giving Umicore the opportunity to evaluate this innovative technology for producing wire rod, and build knowledge and expertise in oxygen free casting and low alloyed copper.

In Pirdop, a complete turnaround was realized leading to productivity and yield increases through an extensive investment and modernization program. Since 1997, the plant has more than doubled its capacity while the workforce has been reduced by two thirds.

Graph 16: Pirdop's productivity – Anodes production per person – tonnes



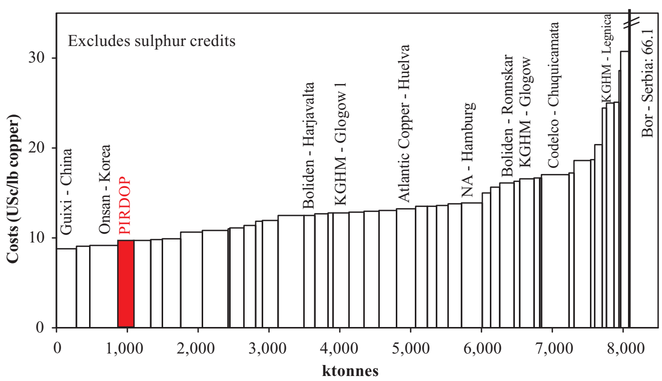
Source: Umicore data and estimates

As evidence of the turnaround, Cumerio Med was able to generate a positive operational result after hedges in 2004, a year when TC/RCs were at historically low levels. Productivity, cost excellence and substantial improvements in metal and sulphur recovery all contributed to this achievement.

Cumerio Med benefits from significantly lower labor and energy costs compared to its European peers. Operating in Bulgaria also gives an additional benefit as the corporate tax rate is only 15%.

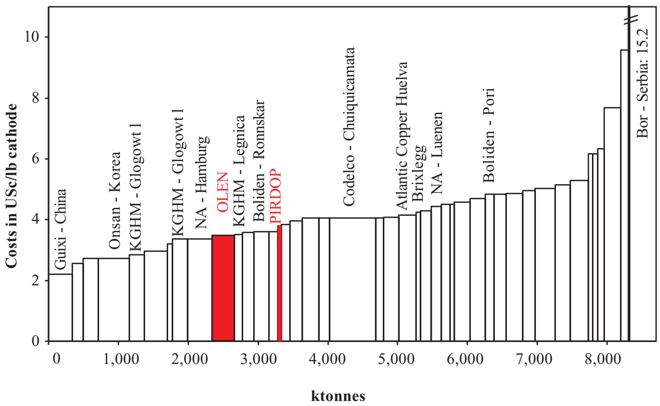
Global sector comparisons provided by Brook Hunt for the year 2003, as illustrated below, suggest that the Pirdop smelter ranks among the top four smelters worldwide in terms of direct cash cost performance. Cumerio's refineries in Olen and in Pirdop are positioned within the second quartile of the copper refineries cost curve. Efforts continue to be made with a view to maintaining or further improving the cost position of Cumerio's operational assets within the industry.

Graph 17: Copper smelter direct cash costs in 2003



Source: Brook Hunt 2004 – Umicore

Graph 18: Copper refinery direct cash costs in 2003



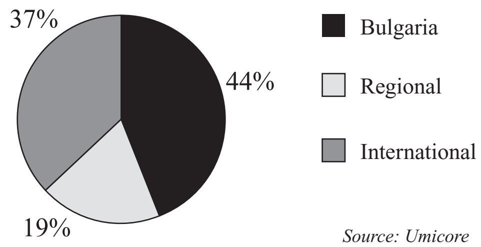
Source: Brook Hunt 2004 – Umicore

(b) Feed: secure growth

Pirdop smelter

Today, 44% of Pirdop's concentrates feedstock comes from Bulgarian copper mines in the immediate surroundings of the smelter (15 - 45 km from Pirdop's plant). Another 19% of the concentrates feed originates from other countries in the Black Sea region, while, for the balance, Pirdop sources worldwide but mainly from Latin America.

Graph 19: Geographical breakdown of concentrates supplies 2004 – 63% from Black Sea region



Source: Umicore

The proximity of local and regional mines is a major strategic advantage. Pirdop is uniquely positioned to take advantage of ongoing mining developments in South East Europe and Western Asia. As the only state-of-the-art smelter from an operational, environmental and size point of view in the region, Pirdop is the natural hub for those concentrates, even more so because Pirdop has developed over the years an expertise in treating low grade copper concentrates. Efforts are being made with a view to further developing regional sources of concentrates and it is anticipated that the feed volume from regional sources will increase significantly over time. Additional international sources will continue to be developed in anticipation of the further expansion of Pirdop.

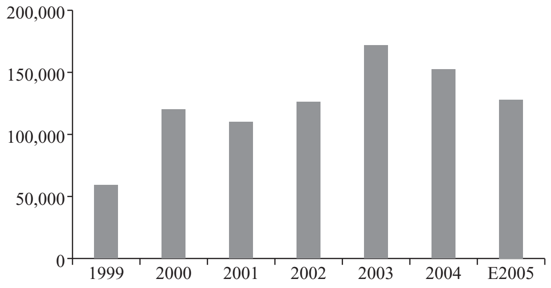
Most of the concentrates feed is secured under long-term supply contracts. This is considered important insofar as it enhances stability and provides a solid base for Cumerio's growth strategy. Earnings are also less exposed to volatility than with a larger share of spot buying. TC/RCs in respect of these long-term supply contracts are typically negotiated on a yearly basis.

Olen refinery

About one third of the feedstock for the Olen plant is sourced from Cumerio's smelter in Pirdop. Another 21% is sourced from NFI, a secondary smelter (*i.e.* recycling copper from scrap) nearby Olen in which Cumerio holds an 8.8% stake. The balance is sourced through long-term blister and anode contracts and purchased copper scraps.

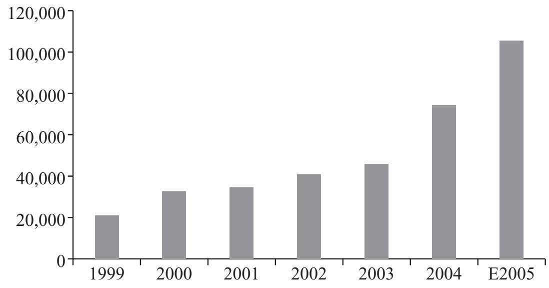
The acquisition of the Pirdop plant was initially made with a view to securing the feedstock for the copper refinery in Olen. Today, however, there are opportunities for increased sales in the Black Sea region and Pirdop has been able to take advantage of this trend thanks to the increased copper scraps intake in Olen. The reduced need for Pirdop anodes in Olen has also led to significant savings from a logistics point of view.

Graph 20: Pirdop feed to Olen – tonnes



Source: Umicore data and estimates

Graph 21: Copper sales in the Black Sea region – tonnes



Source: Umicore data and estimates

Specific mention has to be made of the importance of recycling for Cumerio's operations: it is a vital service to many of its customers, a key requirement for sustainable development of the copper business and an opportunity to recover metals at competitive prices. In Olen, Cumerio managed to boost the intake of scraps from an average of 15,000 to 20,000 tonnes per year to more than 60,000 tonnes in 2004. Added to NFI anodes volumes, Olen's intake from recycled copper amounts to around 39% of its total feedstock.

Olen will continue to diversify its sourcing options, other than Pirdop anodes. Specifically Cumerio will focus on the processing of significant quantities of recycled materials.

(c) Copper Refining: expanded throughput

The business unit Copper Refining is expected to be a key cash generator in the coming years, especially so with the current upturn in the copper market.

Cumerio's key strategy is to expand Pirdop's operations in order to meet the expected copper demand growth in the South East European region.

a. Smelting

Pirdop is the only state-of-the-art smelter in the South East European region, from an operational, environmental and size point of view. The economic revival and upcoming privatizations in the countries around the Black Sea, like Romania, Macedonia, Serbia, Armenia, Georgia, and the high copper price are triggering the development of mines in the region for which Pirdop is by far the most suitable outlet for their copper concentrates. As concentrates in the region are of rather low quality, Pirdop has developed over the years an expertise in processing lower grade material, making it a natural choice as processor for the output of these regional mines.

The Pirdop smelter, which currently has an annual capacity of 227,000 tonnes of copper anodes, does not foresee any supply problems to reach the announced 255,000 tonnes target per annum in 2007. In fact, almost 92% of the concentrates needed for the next two years has already been contracted, at terms subject to annual negotiations.

Once the necessary concentrates can be secured, Pirdop's capacity can be further expanded to 315,000 tonnes per annum, at modest capital expenditures and in one or more stages. This would further improve the performance of the plant in terms of productivity and costs.

b. Refining

Pirdop currently has an annual capacity of 55,000 tonnes of copper cathodes. This capacity can also be extended at attractive terms but in function of the future needs of the markets in the region. Today, Pirdop ships its excess anodes production to clients in the region for further refining.

(d) Copper Products: develop geographically and in niche areas

Cumerio's semi-finished copper products occupy a strong position in the Western European markets, Cumerio being the first non-integrated wire rod producer, the second non-integrated producer of shapes, and the leader in the production of specialty rod. Cumerio's strategy is to focus on maintaining and even strengthening this position through quality leadership and operational excellence and an intense collaboration with preferred customers.

Cumerio's Copper Products division anticipates opportunities for organic and external growth in the South East European region, based on the availability of copper from its bridgehead in Bulgaria.

a. Wire rod

Cumerio's current wire rod strategy in a slow but steady growing market has to deal to a certain extent with a production overcapacity.

The headlines of Cumerio's strategy will be to maximize returns from its existing operations through a continuous and rigorous working capital management and a further optimization of revenues and costs. Furthermore, Cumerio will screen possible consolidation opportunities in Europe and pursue those actively to the extent that they are value enhancing.

Opportunities for external growth in wire rod may exist in the Black Sea region. A downstream strategy would benefit from secured copper supply from Pirdop and the technological expertise gained in Western Europe. Markets like Turkey and Greece are developing fast and may offer interesting opportunities for Cumerio.

b. Shapes

For billets and cakes in Western Europe, the main goal will be to further improve Cumerio's competitive position. Recent investments in the billets caster have already increased productivity to 1.64 tonne per man hour from a historical average of 1.40. A combination of improved competitiveness and intense collaboration with certain customers had a positive effect on deliveries, resulting in a 17% increase year-on-year from 2003 to 2004.

Regarding the Black Sea region, the same strategic approach as for wire rod may be pursued, and new activities can be developed based on the bridgehead in Pirdop.

c. Specialty rod

Today, Cumerio is the second largest supplier of these products on the European market and has a market share of approximately 18%. Cumerio's short term strategy is to double its output from 16,000 tonnes in 2004 to 30,000 tonnes in the last quarter of 2005, through new investments which will lift Cumerio to the number 1 position in this market segment in Europe.

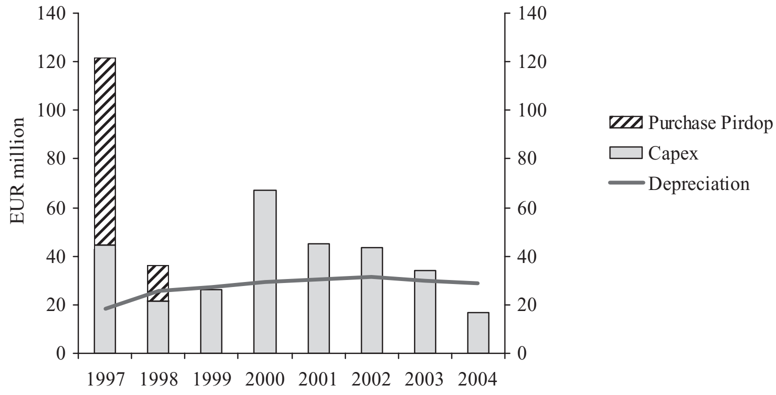
The outlook for further business development with preferred customers is positive as Cumerio is recognized for the quality of its products and its technical expertise.

SUMMARY OF CUMERIO'S KEY STRATEGIC OBJECTIVES:

- Maintain and strengthen Cumerio's low cost profile and strong position in operational efficiency and productivity;
- Secure feedstock by long-term contracts, thereby reducing somewhat the cyclicality and earnings volatility as compared to spot contracts;
- Increase sourcing of regional concentrates for Pirdop;
- Expand copper smelting and refining capacities for increased copper availability in the South East European market;
- Increase recycling volumes as a supply opportunity in Western Europe;
- Pursue opportunities for downstream activities and increased copper products sales in the South East European markets, based on copper supply from the Bulgarian platform;
- Consolidate Cumerio's Western European leading position in Copper Products;
- Increasing the added value of its products through developments in niche segments, a.o. specialty (oxygen free) rod;
- Remain attentive to other consolidation and growth opportunities in Europe and Asia.

3.2.2 Investment strategy

Graph 22: Historical investments and depreciation



Source: Umicore

Over the last decade, significant amounts have been invested, mainly in two important waves:

From 1994 to 1998, Cumerio replaced its old electrolytic copper refinery by a new state-of-the-art installation based on the FSD (Full Size Deposit) technology with stainless steel blanks. Through investment, Cumerio has increased productivity by a factor of almost five and ensured low cost operations.

A second wave occurred in the period 1997 – 2004 and related to the acquisition of the Pirdop smelter and its subsequent revamping and modernization. This was again a milestone for Cumerio to achieve a secured feed source at very competitive cost prices.

The main future investment requirements will be in Pirdop and will be driven by capacity expansion and new environmental norms set forward by the Bulgarian government as part of the EU accession planning, the so called IPPC (Integrated Pollution Prevention and Control) program. Future investments on the sites in Olen and Avellino are mainly related to product capacity expansions. Barring any major expansion or acquisition project, capital expenditures over the next three years are on average expected to be well below the level of depreciation.

The investments will be financed by the cash flows generated by Cumerio.

3.2.3 Hedging policy

Cumerio's management intends to propose to Cumerio's Board of Directors a duplication of Umicore's current hedging policy.

Umicore has a policy to systematically hedge against transactional risks – i.e. the risk of currency exchange rates and metal prices fluctuating between the time the price is fixed with a customer or supplier and the time the transaction is settled – to the maximum extent possible. Umicore mainly uses forward contracts.

Umicore is also exposed to structural currencies and metals- related price risks. Structural risks on metals derive mainly from the impact that metal prices have on treatment and/or refining charges for concentrates and other raw materials and on surplus metals recovered from materials supplied for treatment. Structural risks for currencies result from the fact that Umicore has a significant portion of its revenues in US dollars while a large part of its costs is denominated in Euros or other currencies. Umicore has set up various hedging arrangements for the years 2000 through 2005. As a result of those arrangements, Cumerio will have covered approximately 25% of its structural US dollar exposure for 2005 at an average USD/EUR rate of approximately 1.11.

The primary aim of Umicore's hedging policy has been to reduce business risks and protect its future results and cash flows by fixing what it deems to be attractive metal prices, exchange rates or a combination of both. Future hedging policy decisions by Cumerio will be subject to the approval of Cumerio's Board of Directors, upon recommendation by the Executive Committee, and would be communicated to the financial markets as appropriate.

3.2.4 Financing policy

Cumerio's consolidated financial debt as at 1 January 2005 totals EUR 215 million of which EUR 45 million is provided by banks, in Bulgaria and Italy, and the remaining by the Umicore Group. Cumerio's net debt as at 1 January 2005 is EUR 119.7 million.

Of the amount financed externally, USD 15 million is provided by the European Investment Bank (EIB) to Cumerio Med in Bulgaria, for reimbursement in equal semi-annual payments from March 2005 through September 2007 inclusive. All the other external facilities are short term in nature.

Additionally, Cumerio Belgium has also been selling certain trade receivables under a medium term securitization program entered into by Umicore with a first class international bank. Cumerio intends to enter into a new securitization program broadly similar to the scheme currently in place within Umicore.

It is intended that all the funding provided by Umicore be refinanced with banks as soon as possible. The same may also apply to all or part of the existing external debt should this facilitate the refinancing of Cumerio.

Discussions have started with a number of banks with a view to raising the necessary financing lines. Although those discussions are at a preliminary stage, it is anticipated that Cumerio will be able to raise this financing on attractive terms. In the event that the required financing is not in place at the time when the Demerger is approved, Umicore has undertaken to continue to finance Cumerio for a period of up to six months, on the same terms as those at which Cumerio is currently being financed by Umicore.

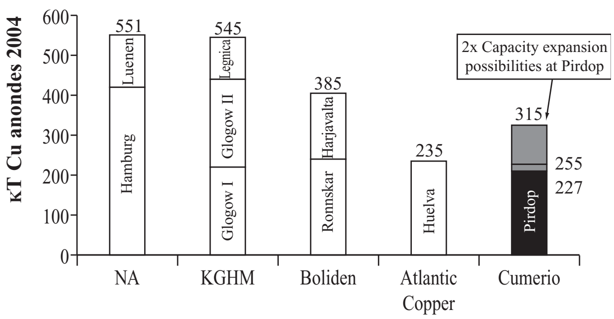
3.3 SECTOR INFORMATION AND COMPETITION

3.3.1 Copper refining

Cumerio's main European competitors in this segment are Norddeutsche Affinerie (NA) (Germany), KGHM (Poland), Boliden (Finland and Sweden) and Atlantic Copper (Spain, subsidiary of Freeport-McMoRan Copper & Gold).

In smelting, Cumerio was ranked fifth according to the volume of anodes produced in 2004, with a production of 227,000 tonnes. The total European smelting production in 2004 is estimated at around 2.4 million tonnes.

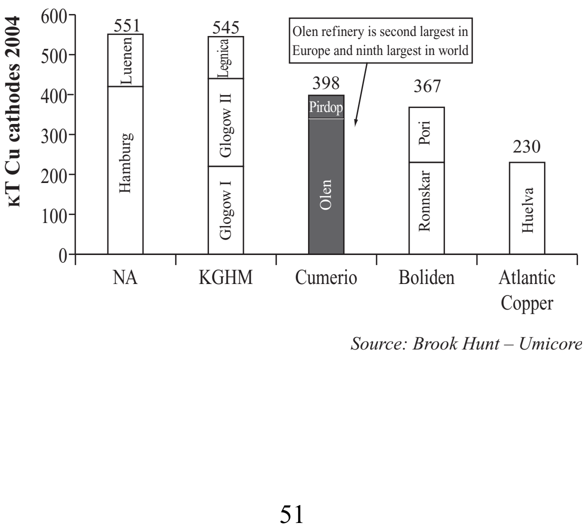
Graph 23: Smelting production 2004 (ktonnes)



Source: Brook Hunt – Umicore

In refining, Cumerio operates the second largest single refinery and is the 3rd largest cathode producer in Europe. The total European cathodes production in 2004 is estimated at around 2.7 million tonnes.

Graph 24: Refining production 2004 (ktonnes)



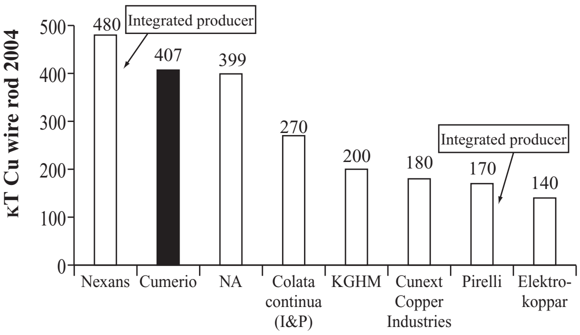
Source: Brook Hunt – Umicore

3.3.2 Wire rod

The competition in copper wire rod comes essentially from Nexans (France-integrated), Norddeutsche Affinerie (Germany), Colata Continua Italiana and Colata Continua Pisane (Italy), KGHM (Poland), Cunext Copper Industries (Spain), Pirelli (Italy-integrated), Elektrokoppar (Sweden) and MKM (Germany).

Cumerio is the largest non-integrated wire rod producer in Europe. The total wire rod market (including specialties) for 2004 is estimated at approximately 2.3 million tonnes.

Graph 25: Wire rod market (including specialty rod) 2004 (ktonnes)



Source: CRU, IWCC, Umicore

3.3.3 Shapes

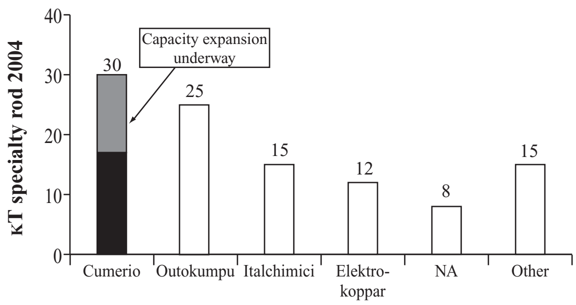
The main competition in shapes comes from European companies such as Norddeutsche Affinerie (Germany), Brixlegg (Austria) and integrated producers such as KME (Germany) and Wieland (Germany).

3.3.4 Specialty rod

Competition in specialty rod comes from Outokumpu (Finland), Italchimici (Italy), Elektrokoppar (Sweden) and Norddeutsche Affinerie (Germany). Both Outokumpu and Elektrokoppar are integrated producers.

With the capacity expansion that will be commissioned in the last quarter of 2005, Cumerio will become the leader on the European market for specialty rods.

Graph 26: Specialty rod market 2004 (ktonnes)

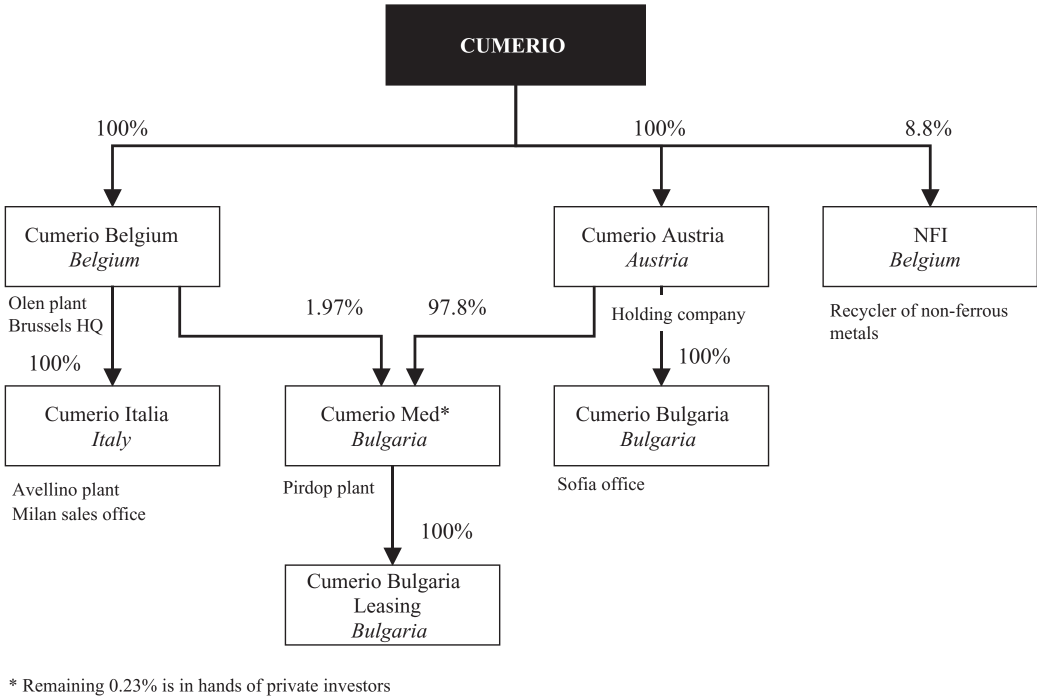


Source: Umicore estimates

3.4 *GROUP STRUCTURE*

Cumerio's legal group structure will be as follows:

Graph 27: Cumerio's legal group structure



Some directors of the subsidiaries of Cumerio are employees of Umicore. These directors will resign as soon as practical after the Closing of the Demerger and will be replaced by directors independent from Umicore.

3.5 *HUMAN RESOURCES*

Cumerio employed as of 31 December 2004 a total of 1,554 employees (938 in Bulgaria, 494 in Belgium, 120 in Italy and 2 in Turkey). An evolution of the workforce is given in Chapter IV, section 8.3.

Cumerio will continue to offer compensation and benefits packages to its employees in line with current Umicore practices.

Cumerio will continue to offer short and long term incentive plans. This will help to attract and retain key personnel enhancing Cumerio's growth.

The short term incentive plan, or bonus, will align individual performance with Cumerio's business results. The plan will be linked with personal performance and based on Cumerio's value creation as measured by EVA (Economic Value Added).

3.6 *ENVIRONMENT, HEALTH AND SAFETY*

Cumerio is dedicated to achieving excellence in terms of environment, health and safety, and is committed to the principles of sustainable development. This means that there can be no compromise on occupational health and safety. Cumerio strives to minimize its environmental impact and the use of natural resources, such as water and energy. Continuous efforts are made towards reducing the impact of its products, services and historical legacy on the environment.

Cumerio actively participates in the management and remediation of risks that are the result of its historical operations. Cumerio facilitates and encourages responsible design, use, re-use, recycling and disposal of its products, and it engages with its stakeholders to ensure an effective and transparent communication.

All risk management strategies will be based on valid data and sound science, which Cumerio acquires through its membership of ICA (International Copper Association) and ECI (European Copper Institute).

3.6.1 Environment

As a business unit of Umicore, Cumerio was already organized with an environmental management system according to the ISO 14001 principles. Cumerio's senior management will provide the general guidelines, the environmental policy and objectives. The Environmental Performance Indicators (EPIs) will be defined based on the ongoing experience in order to assess all relevant environmental costs.

The environmental management system will be set up and reviewed in detail for each site. Therefore each site will be accountable for its environmental performance. By 2006, it is the objective that all sites be certified according to ISO 14001.

a. Belgium

All installations in Olen operate in compliance with the current environmental legislation. The dispute on dioxin emission norms has been settled and emissions are in compliance with the limits set forward in the new operating permit.

The historic soil and groundwater pollution issues are quite limited and the related clean-up project will soon be finalized with the authorities.

Following the agreement reached with OVAM (the Flemish Authority for Waste Treatment) last year, Umicore will assume all costs and liabilities, if any, related to historical soil and groundwater pollution in relation to Cumerio Belgium NV/SA, as defined in the above-mentioned clean-up program. Umicore will also assume all liabilities for historical pollution, if any, outside of the area owned by Cumerio Belgium NV/SA in Olen but which would have originated from that area.

The wire rod plant in Olen was Cumerio's pilot plant for ISO 14001 certification. The whole plant is managed according to the ISO standards with periodical management reviews.

b. Italy

All installations operate in compliance with the current environmental legislation. The plant is also preparing its ISO 14001 certification.

c. Bulgaria

In Bulgaria, following the privatization agreement between Umicore and the Bulgarian government, a major investment program was initiated to address both the historical pollution and the compliance requirements since Bulgaria is striving for Western European standards. In particular, a USD 25 million environmental remediation program was successfully managed on behalf of the Bulgarian government and financed by the World Bank. The clean-up program was finalized in 2003. Pursuant to the Privatization Agreement, the Bulgarian government remains fully responsible for historical pollution liabilities.

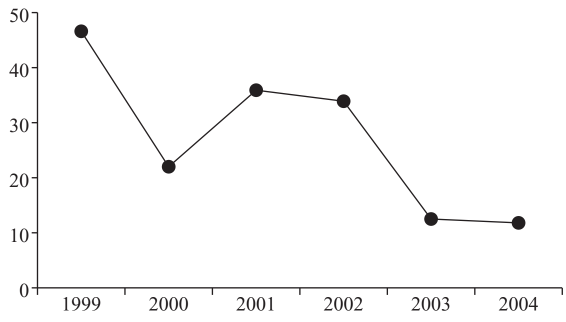
As one of the largest companies in Bulgaria, Cumerio Med submitted its IPPC file (Integrated Pollution Prevention and Control) in order to comply by 2007 with the new and very strict environmental norms negotiated between Bulgaria and the EU, with the purpose of accession to the European Union in 2007. The file has already passed the public hearing phase. For IPPC, Cumerio will be committed to a significant investment program of approximately EUR 30 million over the period 2005-2007. In the meantime emission norms for the transitional period will be defined with the Bulgarian authorities.

3.6.2 Health and Safety

The responsibility for Health and Safety remains with the site management where joint Health and Safety committees contribute to identifying proposals for improvement in this area.

The track record of Cumerio from a safety point of view is very good. Cumerio establishes annual safety performance objectives that should position Cumerio among the top performers in its sector. In 2004, the frequency rate was 13, down from nearly 50 in 1999.

Graph 28: Evolution of the frequency rate



Source: Umicore

Footnote: frequency = number of accidents (with at least one lost working day) per one million working hours

3.7 LITIGATION

There are no major litigation cases pending and Cumerio does not anticipate any future litigation cases which can have a significant impact on the financial position of Cumerio.

3.8 RELATIONS WITH UMICORE

Cumerio has entered into certain commercial contracts with Umicore on market terms, among others:

- Sale of anode slimes originating from Pirdop and Olen;
- Treatment of by-products and residues;
- Purchase of cathodes from Umicore's plant in Hoboken, Belgium.

Additionally, some service level agreements will remain in place in line with market practice as Cumerio and Umicore will share some services on the Olen site:

- Sharing of services like security, fire brigade, restaurant, medical services, laundry, etc.;
- Utilities supply: electricity, gas, steam, etc.

For Cumerio some service level agreements will be entered into for IT and office rent (Brussels, Milano).

4 CORPORATE PURPOSE

According to the proposed articles of association, the corporate of Cumerio purpose will be:

"The purpose for which the Company is incorporated is the carrying out of the following activities, in Belgium or abroad, directly or indirectly, for its own account or for the account of third parties, alone or in association with third parties:

- *the acquisition, ownership, management and transfer, by means of purchase, contribution, sale, exchange, assignment, merger, split, subscription, financial intervention, exercise of rights or otherwise, of any participating interest in any business or branch of activity, and in any company, partnership, enterprise, establishment, association or foundation which does or may in the future exist;*
- *the purchase, subscription, exchange, assignment, sale and transfer of, and all other similar operations relating to, every kind of transferable security, share, bond, subscription right, option and government stock;*
- *the smelting, refining, transforming, recycling and marketing of copper, copper alloys and products derived from copper and the carrying out of all financial, manufacturing, commercial and civil operations relating to copper activities.*

The Company may take out, make use of, purchase, acquire or transfer all forms of intellectual property rights relating directly or indirectly to its activities and may undertake research activities.

The Company may acquire, rent, lease, fabricate, manage, transfer or exchange any personal or real property, with or without substance. It may carry out all real estate activities in any legal form, including the purchase, sale, leasing and renting of real estate, the issuing of real estate income certificates or land certificates and the management of real estate properties.

The Company may grant loans of any kind, duration or amount. It may secure its own obligations or obligations of third parties, notably by providing guarantees and by mortgaging or pledging its assets, including its own commercial undertaking (handelszaak / fonds de commerce).

The Company may exercise the functions of director, manager or liquidator in companies or associations. It may supervise and control such companies or associations.

In general, the Company may undertake all commercial, industrial and financial operations directly or indirectly related to its purpose and all action which could facilitate the realization of its purpose."

5 CAPITAL

5.1 CAPITAL STRUCTURE AFTER THE DEMERGER

It will be proposed to the Extraordinary Shareholders Meeting of Umicore which will decide on the Demerger and the incorporation of Cumerio to set the share capital of Cumerio after the Demerger at EUR 181,134,461.25, it being understood that this amount, like the other components of Cumerio's equity, will be slightly adapted based on the final dividend approved for the 2004 financial year by the 13 April 2005 annual shareholders meeting of Umicore, the amount of which depends on the number of treasury shares held by Umicore on such date. The capital will be fully paid up and will be represented by a number of shares equal to the number of Umicore Shares outstanding on the date of the Closing of the Demerger and will be published in the Belgian financial press.

All Cumerio Shares will be without par value and will each represent an equal part of Cumerio's capital.

At the incorporation of Cumerio, there will be no securities not representing the capital of Cumerio.

5.2 AUTHORIZED CAPITAL

It will be proposed to the Extraordinary Shareholders Meeting of Umicore which will decide on the Demerger and the incorporation of Cumerio to authorize the Board of Directors of Cumerio to increase the capital in one or several times, in a manner and on terms determined by the Board, by a maximum amount of EUR 18,000,000.00. It will be proposed to grant this authority for a period of five years, starting from the date of publication of the deed of incorporation of Cumerio in the Annexes to the Belgian State Gazette. This authority may be renewed in accordance with the Companies Code. It will be proposed that the authorized capital will only be used to create shares or subscription rights to be delivered for stock option plans that Cumerio may put in place.

It will be proposed that the Board of Directors, when using the authorized capital, may restrict or abolish the preferential subscription right of the Cumerio shareholders, regardless of whether or not this would be in favor of one or more specific persons other than employees of Cumerio or of its subsidiaries.

5.3 ACQUISITION OF OWN SHARES

It will be proposed to the Extraordinary Shareholders Meeting of Umicore which will decide on the Demerger and the incorporation of Cumerio to authorize the Board of Directors of Cumerio, in accordance with Article 620 and following of the Companies Code and within the limits set out below, to acquire, on or outside the stock exchange, a number of Cumerio's own shares representing a maximum of 10% of the subscribed capital, at a price comprised between a minimum price equal to 20% below the lowest closing price in the last twenty days preceding the transaction and a maximum price equal to 20% above the highest closing price in the last twenty days preceding the transaction. This power will cover the acquisition on or outside the stock exchange by a direct subsidiary within the meaning and the limits set out by Article 627, first paragraph of the Companies Code. If the acquisition is made by Cumerio outside the stock exchange, even from a subsidiary, it shall be provided that Cumerio shall, as the case may be, make an offer on the same terms and conditions to all the shareholders, in accordance with Article 620, §1, 5º of the Companies Code.

It will be proposed that the above authorization will only be valid for an 18-month period beginning on the date of the publication of the deed of incorporation of Cumerio in the Annexes to the Belgian State Gazette and that it shall be used solely in order to deliver shares in the framework of stock option plans in favor of all or part of Cumerio's employees, management and its consultants and/or all or part of the employees, management and the consultants of its subsidiaries.

6 SHAREHOLDER STRUCTURE

As of 29 March 2005, Umicore holds 701,532 of its own shares, representing 2.74% of its outstanding shares. As a result of the Demerger, Umicore will receive a number of Cumerio Shares equal to the number of Umicore Shares that it holds on such date. This number of shares could be reduced from such date to the date of the Closing of the Demerger if options are exercised under the existing Umicore stock option plans during this period and Umicore decides to deliver its own shares. For additional information on the lock up of the Cumerio Shares that Umicore will undertake, please refer to Chapter III, section 2.

On the date of the Closing of the Demerger, the shareholder structure of Cumerio and of Umicore will be identical. For Umicore's shareholder structure on 29 March 2005, please refer to Chapter V, section 4.

7 MANAGEMENT OF THE GROUP

7.1 CORPORATE GOVERNANCE

Cumerio will observe and apply the principles set out by the Corporate Governance Code.

Subject to the approval of the articles of association of Cumerio by the Extraordinary Shareholders Meeting of Umicore, the key principles of corporate governance that will be applied by Cumerio may be summarized as follows:

Board of Directors

Cumerio will be managed by a Board of Directors of at least six directors who may or may not be shareholders, who will be appointed for a maximum of four years by the shareholders meeting and who may be dismissed by it at any time. They will be eligible for re-election. Outgoing directors' mandates will expire immediately after the shareholders meeting which decides on any election.

At least half of the Board of Directors should comprise non-executive directors and at least three of the directors appointed should qualify as independent directors in accordance with the Companies Code and the Corporate Governance Code.

A minimum of four Board meetings a year will be held.

The Board of Directors will have the authority to conduct all transactions which are likely to foster the achievement of Cumerio's purpose, apart from those reserved by law for the shareholders meeting.

Decisions of the Board of Directors will be taken in accordance with Article 16 of the articles of association, which among other points will stipulate that, in the event of a tied vote, the chairman of the meeting will hold the casting vote. Each member of the Board of Directors should arrange his or her personal and business affairs so as to avoid direct and indirect conflicts of interest with Cumerio. All directors should inform the Board of Directors of conflicts of interest as they arise and abstain from voting on the matter involved in accordance with the relevant provisions of the Companies Code. Any abstention from voting, motivated by a conflict of interest, should be disclosed in accordance with the relevant provisions of the Companies Code.

Day-to-day management

It will be proposed that the Board of Directors shall delegate the day-to-day management of Cumerio to a chief executive officer (the CEO) (*gedelegeerd bestuurder/administrateur délégué*), Mr. Luc Delagaye, who shall report to the Board of Directors. The CEO shall be authorized to subdelegate some of his authority to some executives of Cumerio.

Executive Committee

In accordance with Cumerio's articles of association, and subject to the approval thereof by the Board of Directors, an Executive Committee will be set up to which certain tasks and powers will be delegated.

The Executive Committee's main mission will be to provide assistance to the CEO in the daily management of Cumerio. In addition, the Executive Committee, under the chairmanship of the CEO, shall be entitled, by delegation of the Board of Directors, to decide on the following matters:

- on any matters relating to the implementation of resolutions approved by the Board of Directors;
- on any matters related to the operational management and organization of the Cumerio Group and to its structure;
- on any matters related to the financing of the normal operations of the Cumerio Group, such as, without limitation, bank loans, guarantees granted in favor of Cumerio's wholly owned subsidiaries, hedging programs and swap agreements (ISDA), regardless of the amount concerned;
- on any M&A transactions within the line of business of Cumerio for an amount less than EUR 5 million;
- on internal investments such as the acquisition of equipment, technologies, services and any other similar investments for an amount less than EUR 7.5 million. However, for renewal or modernization investments, the limit shall be EUR 15 million.

For the avoidance of doubt, such an Executive Committee will not qualify as a *directiecomité/comité de direction* within the meaning of Article 524*bis* of the Companies Code.

Committees within the Board of Directors

Subject to the approval thereof by the Board of Directors, the following committees will be formed to which specific tasks will be delegated. The most important of these are as follows:

The Audit Committee

The Audit Committee will be responsible for overseeing the financial reporting and the compliance with administrative procedures. The committee's members will consist exclusively of non-executive directors. At least a majority of its members should be independent non-executive directors. The Audit Committee will consist of a minimum of three members and will have the following activities:

- to thoroughly examine the semi-annual and annual financial reports of Cumerio, before the Board of Directors meeting;
- to make recommendations to the Board of Directors on the appointment and dismissal of the statutory auditors and the level of the audit fee;
- to watch over the independence of the statutory auditors;
- to review the audit scope and approach to their assignment as proposed by the statutory auditors;
- to discuss and evaluate the conclusions of the interim and year-end external audit reviews;
- to evaluate the major findings emanating from every internal review, including the local management's responses to these;
- to assess the adequacy of the internal control system;
- to review the accounting policy as well as litigation;
- to evaluate any other matters at the request of the Board of Directors;
- to report on the activities of the committee to the Board of Directors.

The Nomination and Remuneration Committee

The Nomination and Remuneration Committee will have a minimum of three members composed of a majority of independent non-executive directors. It will have the following tasks:

- to make recommendations to the Board of Directors with respect to the remuneration of the members of the Executive Committee;

- to ensure that the principles of corporate governance are abided by;
- to regularly assess the performance of the Executive Committee;
- to make recommendations to the Board of Directors with respect to the appointment of directors.

7.2 COMPOSITION OF THE BOARD OF DIRECTORS AND THE EXECUTIVE COMMITTEE

It will be proposed to the Extraordinary Shareholders Meeting of Umicore that Cumerio's Board of Directors will initially consist of seven directors.

Name	Function
Karel Vinck	Chairman, until the 2008 annual shareholders meeting
Luc Delagaye	Director / Chief Executive Officer, until the 2008 annual shareholders meeting
Michel Moser	Director / Chief Financial Officer, until the 2008 annual shareholders meeting
Etienne Davignon	Director, until the 2007 annual shareholders meeting
Remi Vermeiren	Director, until the 2008 annual shareholders meeting
Etienne Denis	Director, until the 2007 annual shareholders meeting
Philippe Delaunois	Director, until the 2007 annual shareholders meeting

Messrs. Karel Vinck, Etienne Davignon, Remi Vermeiren, Etienne Denis and Philippe Delaunois will be nominated as independent directors in the meaning of Article 524 of the Companies Code.

Subject to approval by the Board of Directors of Cumerio, the Executive Committee will consist of:

Name	Function
Luc Delagaye	Chief Executive Officer
Michel Moser	Chief Financial Officer
Thierry Centner	Vice-President Copper Products
Stefan Boel	Vice-President Copper Refining
Leo Depestele	Vice-President Human Resources
Philippe Gothier	Vice-President Legal

Karel Vinck, Chairman

Karel Vinck was chief executive officer of Eternit and Bekaert. Until February 2005 he has been chairman of the Executive Committee of S.N.C.B./N.M.B.S. – the Belgian railway company. He is also a member of the Board of Suez-Tractebel, Barco, the Catholic University of Leuven and Théâtre Royal de la Monnaie. He is honorary chairman of VEV, the Flemish employers association, and chairman of the Flemish Science Policy Council.

Positions held at Umicore

He was managing director and president of the Executive Committee from October 1994 till May 2000. From then onwards he has been chairman of the board of directors. He chairs the Nomination and Remuneration Committee from 2003. His present period of office at Umicore expires at the 2006 annual shareholders meeting.

Luc Delagaye, Director / Chief Executive Officer

Luc Delagaye holds a MSc degree in mechanical-electrotechnical engineering from the University of Ghent. In 1984 he joined Bekaert, a leading Belgian steel wire company, and held several positions until he joined Umicore Copper at the end of 1996. From 1985 he was expatriated to Chile for more than 7 years as Manager Operations of Bekaert's joint venture.

Positions held at Umicore

Always in Umicore Copper, early 1997 he moved from Department Manager Finished Products to Plant Manager of Umicore Copper's Olen plant. From this position he also overlooked the Italian operations. From

January 2004 he was in charge of the business unit Umicore Copper and became the managing director of the legal entity Umicore Copper NV/SA.

Michel Moser, Director / Chief Financial Officer

Michel Moser holds a Commercial Engineering degree from the University of Brussels (Ecole de Commerce Solvay) and a post-graduate degree in International Commerce.

Positions held at Umicore

He joined Société Générale des Minerais (Sogem) in 1983 and held positions in Brussels, New York and Hong Kong. He managed the brokerage Sogemin Metals in London between 1995 and 2000. He joined the Umicore Executive Committee in May 2003.

Etienne Davignon, Director

From 1962 to 1977, Etienne Davignon was Head of the Cabinet of the Belgian Ministry of Foreign Affairs and, from 1969 to 1977, he was responsible for the Political Department of the said Ministry. In 1977, he was appointed Vice-President of the European Commission, in charge of industry, research and energy until the end of 1984. In 1985, he joined Société Générale de Belgique and was the company's executive chairman until 2001. He is currently vice-chairman of the company, now called Suez-Tractebel.

Etienne Davignon is a member of the Board of Suez, BASF, Pechiney, Sofina, Solvay and is vice-chairman of Fortis.

Positions held at Umicore

He has been vice-chairman since May 2000 and a director since December 1989; he is also chairman of the Strategy Committee and is a member of the Nomination and Remuneration Committee (he chaired this committee until the end of 2002). His present period of office expires at the 2005 annual shareholders meeting.

Remi Vermeiren, Director

Mr. Vermeiren studied at the College of Management and Commercial Sciences (Hoger Instituut voor Bestuurs- en Handelswetenschappen) in Brussels between 1960 and 1965, and obtained a degree in Commercial and Financial Sciences.

He spent his entire career in Kredietbank (KB) and in KBC Bank and Insurance Holding (KBC) after the merger of KB with Cera Bank and ABB Insurance. He led *i.a.* the penetration of KBC into Central Europe and retired from KBC as CEO in 2003. He is member of the Supervisory Board of Euronext and Crédit Commercial de France (HSBC) as well as a member of the Board of Directors of a number of private Belgian companies and non-profit organizations.

Etienne Denis, Director

Etienne Denis holds a PhD in Science from the University of Louvain (UCL). After working at the University and with Gécamines in Congo he joined Umicore in 1974 where he held numerous positions over the years. He is a member of the Board of Sibeka.

Positions held at Umicore

He was a member of the Executive Committee from 1991 to the end of April 2003 and has been a director at Umicore since May 2003.

Philippe Delaunois, Director

Philippe Delaunois worked in the Belgian steel industry for most of his career, and until 1999 he was managing director of the Cockerill-Sambre group. He is currently chairman of the Board of Mediabel and CFE and is chief executive officer of the Belgian lime group Carmeuse. He is a member of the Board of BBL ING group, VUM Media and DEME.

Positions held at Umicore

He has been a director since May 1999; he has been a member of the Strategy Committee since December 1999 and of the Nomination and Remuneration Committee since May 2000. His present period of office at Umicore expires at the 2005 annual shareholders meeting.

Philippe Gothier, Vice-President Legal

Philippe Gothier holds a law degree from the University of Liege. He started his career in the legal and tax department of Société des Mines et Fonderies de Zinc de la Vieille Montagne. After various management positions in this company and in its subsidiaries, he joined the legal department of Umicore in 1992 in the capacity of Deputy General Counsel.

Leo Depestele, Vice-President Human Resources

He joined the non-ferrous company Metallurgie Hoboken Overpelt in 1982. Based in Hoboken he worked for the Human Resources Department as Project and Payroll Manager. Following the merger between Metallurgie Hoboken Overpelt, Vieille Montagne and Union Minière he occupied several HR functions, including Compensation & Benefits Manager for Belgium and later on for the Umicore Group. In 2004 he became HR Director responsible for the Belgian sites and for Northern Europe.

Stefan Boel, Vice-President Copper Refining

Stefan Boel holds a PhD in Chemistry. He joined Aralco group (aluminum building products) in 1993 and held several successive positions in Production, Projects and Sales. He joined Umicore Copper in 2001 as Application & Marketing Manager. He became Commercial Manager and subsequently Commercial Director responsible for the commercial activities of Umicore's copper smelting and refining activities in Bulgaria (Umicore Med).

Thierry Centner, Vice-President Copper Products

He was a consultant for SORCA SA in North Africa before joining Société Générale des Minerais (SGM), UM Group, in 1976 as Commercial Manager for Lead and Special Metals. He headed its Department for Cobalt, Chemicals and Special Metals before moving as Commercial Manager for Copper, Lead and Precious Metals to Metallurgie Hoboken Overpelt NV. In 1990, he became Commercial Director of UM/Umicore Copper. He is also a Board member of the International Wrought Copper Council (IWCC) and chairman of the Wirerod Committee.

7.3 COMPOSITION OF THE AUDIT COMMITTEE AND THE NOMINATION AND REMUNERATION COMMITTEE

Subject to the approval thereof by the Board of Directors of Cumerio, the Audit Committee will consist of three members: Remi Vermeiren (Chairman), Philippe Delaunois and Etienne Davignon.

Subject to the approval thereof by the Board of Directors of Cumerio, Karel Vinck (Chairman), Etienne Davignon and Philippe Delaunois will make up the Nomination and Remuneration Committee.

7.4 STATUTORY AUDITOR

The Special Shareholders Meeting to be held in June 2005 will appoint the statutory auditor and will decide upon its remuneration.

Umicore will recommend PricewaterhouseCoopers *Bedrijfsrevisoren/Reviseurs d'Entreprises*, represented by Mr. Robert Peirce, as statutory auditor, to the Board of Directors of Cumerio.

7.5 CONSOLIDATED REMUNERATION OF THE BOARD OF DIRECTORS, EXECUTIVE COMMITTEE, AUDIT COMMITTEE, NOMINATION AND REMUNERATION COMMITTEE AND STATUTORY AUDITOR

Board of Directors

It will be proposed to the Extraordinary Shareholders Meeting to determine the gross remuneration of the members of the Board of Directors of Cumerio for 2005 at EUR 150,000.

Executive Committee

Subject to the approval thereof by the Board of Directors, the gross remuneration of the members of the Executive Committee will amount to EUR 1,659,344.

Audit Committee and Nomination and Remuneration Committee

Subject to the approval thereof by the Board of Directors the fees of the committees are respectively:

Audit Committee: Chairman EUR 6,000 and the members EUR 4,000 per attended meeting.

Nomination and Remuneration Committee: Chairman EUR 4,000 and the members EUR 3,000 per attended meeting.

Statutory Auditor

See 7.4. above.

8 FINANCIAL INFORMATION

8.1 GENERAL

8.1.1 Accounting framework

On 21 February 2005, the Board of Directors of Umicore decided to recommend to Umicore's shareholders to demerge Umicore's copper branch of activity into a new limited liability company called Cumerio to be listed on Euronext Brussels. For accounting and tax purposes, the Demerger will be deemed to take effect on 1 January 2005.

As at the date of this Prospectus, however, Cumerio has not yet been incorporated. A pro forma consolidated opening balance sheet was prepared for Cumerio as at 1 January 2005 as if the Demerger had been effective at that date. In addition, pro forma consolidated key financial information was prepared for the years 2002, 2003 and 2004 as if the Demerger had been effective in those years.

The pro forma consolidated financial information of the Cumerio Group was prepared by applying the same accounting policies and valuation methods as applied by Umicore for its consolidated financial statements for the years 2003 and 2004. Umicore has elected to adopt International Financial Reporting Standards (IFRS)[1] in accordance with the Royal Decree of 4 December 2003, which defines the conditions for adoption of these standards, to prepare its financial statements as from 2003. The financial statements for the year 2002 were restated on the same basis for comparison purposes. The financial information presented in respect of the years 2002, 2003 and 2004 was prepared on the same basis. The pro forma figures have been audited by PricewaterhouseCoopers *Bedrijfsrevisoren/Reviseurs d'Entreprises* (cf. Chapter I, section 2 "Review of the accounts").

The provisions of this royal decree are in line with the European Commission regulation No. 1725/2003 which endorsed all International Accounting Standards (IAS) existing on 14 September 2002 with the exception of IAS 32 and 39 and the related interpretations of the IAS Board's Standing Interpretation Committee (SIC). Those matters for which no international standards were approved and effective at the balance sheet date were treated in accordance with Belgian accounting standards. These matters include financial instruments.

The pro forma consolidated financial information is presented in thousands of Euros, rounded to the nearest thousand, and was prepared on a historical cost basis, except for transactional hedges as disclosed in the accounting policies (cf. 8.5 below).

In the course of 2004, the European Commission endorsed IAS 32 and 39 for the measurement and presentation of financial instruments, together with a number of new standards and enhancements to existing standards, all to become effective as from 2005. The Royal Decree of 18 January 2005 incorporates the most recent set of IFRS rules as endorsed by the European Commission and makes them applicable for accounting years starting on or after 1 January 2005. Such changes will be reflected in the financial statements of Cumerio starting with the interim statements for the period ending 30 June 2005 and may have an impact on the opening balance sheet.

8.1.2 Basis for the pro forma consolidated opening balance sheet as of 1 January 2005

The pro forma consolidated balance sheet was established as follows:

– the pro forma statutory balance sheet of Cumerio, which will become the parent company of the Cumerio Group as a result of the Demerger, was extracted from the closing statutory balance sheet of Umicore as of 31 December 2004. The pro forma statutory balance sheet of Cumerio (cf. Appendix 1 "Demerger proposal") was adjusted in accordance with group accounting policies to account for the deferred tax assets existing as at 1 January 2005.

1 As per the standards and interpretations published by the International Accounting Standards Board (IASB) and the IASB's Standing Interpretation Committee (SIC), respectively.

- the deferred tax assets recognized in the consolidated accounts of Cumerio result from tax credits transferred from Umicore to Cumerio together with the demerged net assets. The allocation ratio of such tax credits takes into account the fiscal value of the net assets of Cumerio relative to Umicore. This ratio will be slightly amended in the period between 1 January 2005 up to the Extraordinary Shareholders Meeting (cf. 8.5.3 below).

- the balance sheets of the subsidiaries (cf. 8.5.1 below) as they have been integrated in the consolidated balance sheet of Umicore on 31 December 2004.

The pro forma consolidated opening balance sheet is based on the same accounting policies and valuation methods as applied by Umicore and in doing so preserves the historical cost basis. Accordingly, based upon the continuity principle all book values, as accounted for at 31 December 2004, of the underlying assets and liabilities being part of the demerged activities remain valid.

Cumerio's pro forma consolidated opening balance sheet is established at 1 January 2005, therefore the historical rate applicable for the translation of the components of the subsidiaries' equity is the closing rate as of 31 December 2004 (cf. 8.5.2). As a consequence there is no translation adjustment to be recognized at that date as a separate component in the consolidated equity.

In the course of 2004 Umicore carved out its Belgian copper activities and contributed the assets and liabilities with accounting and tax effect at the date of 1 January 2004 into Umicore Copper NV/SA. A liability representing a net amount of cash payments/receipts made/received by Umicore on behalf of Umicore Copper NV/SA during 2004 was classified as inter-company current "other payables" in the accounts of Umicore Copper NV/SA while it was part of Umicore's consolidation. This liability of EUR 54,826 thousand of Umicore Copper NV/SA due to Umicore was reclassified in Cumerio's pro forma consolidated opening balance sheet from current "other payables" to current "financial debt". As the original trade payables and receivables were settled by the third parties with Umicore this reclassification reflects the true nature of the liability for Cumerio on a stand alone basis.

The deposits with Umicore Financial Services NV/SA, the coordination center of Umicore, were presented as "cash and cash equivalents" in the pro forma consolidated opening balance sheet.

8.1.3 Basis for the pro forma consolidated key financial information 2002, 2003 and 2004

The pro forma key financial information for the years 2002, 2003 and 2004 is based on the segment information of the copper segment as published in the consolidated financial statements of Umicore for these periods. Financial costs and income tax were not recalculated for Cumerio in respect of those years as the financial structure of the newly created Cumerio Group was not defined before 1 January 2005.

Some adjustments, as described below, were made.

The differences in scope:

- the assets, liabilities and results of Umicore Climeta SA, which is not part of the demerged activities, were excluded from the copper segment information;

- the investment in and subordinated loan to Non-Ferrous International NV were added to the copper segment information.

Other adjustments within the segment information:

- within the consolidated assets and liabilities the reciprocal assets and liabilities with the Cumerio Group were eliminated;

- the site management at Olen being kept at Umicore, the related part of the non recurrent charge to cover the site restructuring announced in 2003 was excluded from the copper segment information.

The segment information was not adjusted in respect of the payroll expenses of the employees to be transferred from Umicore to Cumerio, namely 5 Umicore executives and 3 Umicore employees. The adjustment, however, is considered to be insignificant compared to the overall presentation of the segment information.

The historical USD translation adjustment, as included in Umicore's financial information, for the years 2003 and 2002 was restated for purposes of the pro forma financial information from Umicore's historical rate to the closing rate of 31 December 2004.

8.2 PRO FORMA CONSOLIDATED OPENING BALANCE SHEET AS OF 1 JANUARY 2005

	'000 €
Assets	
Intangible assets	3,518
Property, plant and equipment	216,397
Long term investment securities	7,518
Long term loans granted	13,825
Long term receivables	18
Deferred tax assets	9,004
Non-current assets	**250,280**
Current loans granted	77
Inventories	165,659
Trade and other receivables	161,520
Income tax receivables	369
Cash and cash equivalents	99,707
Current assets	**427,331**
TOTAL ASSETS	**677,611**

	'000 €
Equity & Liabilities	
Capital	181,134
Share premiums	31,267
Retained earnings	81,547
Group shareholders' equity	**293,948**
Minority interests	**231**
Provisions for employee benefits	8,023
Financial debt	7,342
Deferred income government grants	2,604
Deferred tax liabilities	101
Non-current liabilities	**18,070**
Financial debt	210,328
Bank overdrafts	1,762
Income tax payable	280
Trade debt & other payables	152,993
Current liabilities	**365,362**
TOTAL EQUITY & LIABILITIES	**677,611**

The Cumerio Group has off balance sheet commitments, predominantly forward sale and purchase contracts for commodities and currencies in the framework of the policy to reduce adverse fluctuations in foreign exchange rates, commodity prices and other market risks.

Independent external auditor's report to the Board of Directors of the company Umicore on the Cumerio post Demerger consolidated pro forma balance sheet as of 1 January 2005

We have audited the above pro forma consolidated balance sheet of Cumerio after Demerger prepared as of 1 January 2005. This balance sheet is prepared under the responsibility of the Board of Directors of Umicore. Our responsibility is to express an opinion on this post Demerger pro forma balance sheet based on our audit.

We conducted our audit in accordance with Belgian auditing standards, as issued by the *"Institut des Reviseurs d'Entreprises/Instituut der Bedrijfsrevisoren"*. Those standards require that we plan and perform our audit to obtain reasonable assurance about whether the above-mentioned balance sheet is free of material misstatement and includes examining, on a test basis, evidence supporting the amounts in this balance sheet. An audit also includes assessing the accounting principles used, significant estimates made by management, as well as evaluating the overall presentation of the post Demerger pro forma consolidated balance sheet of Cumerio. We believe that our audit provides a reasonable basis for our opinion.

The above pro forma balance sheet has been prepared to present the consolidated assets, liabilities and equity of the Cumerio Group after giving effect to Umicore's Board of Directors' proposed demerger of Umicore's copper activities into a new company Cumerio SA/NV, according to the basis of preparation described in Chapter IV, section 8.1 of the Prospectus, as if the Demerger had been effective as from 1 January 2005.

In our opinion, the above Cumerio post Demerger pro forma consolidated balance sheet presents properly, in all material respects, the assets, liabilities and equity of the Cumerio Group after giving effect to the Demerger proposed by the Board of Directors on 21 February 2005, in accordance with the basis of preparation outlined in Chapter IV, section 8.1 above, would the Demerger be effective as of 1 January 2005.

Without qualifying our opinion on the above post Demerger pro forma consolidated balance sheet of Cumerio, we draw attention to the fact that the basis of preparation described in Chapter IV, section 8.1 of the Prospectus highlights the possibility that as of 1 January 2005 the opening balance sheet might require adjustment when the Cumerio Group will prepare its first IFRS consolidated financial statements.

18 March 2005

Independent External Auditor
PricewaterhouseCoopers Reviseurs d'Entreprises

Represented by
Robert Peirce
Reviseur d'Entreprises

8.3 PRO FORMA CONSOLIDATED KEY FINANCIAL INFORMATION 2002, 2003 AND 2004

	2004	*2003*	*2002*
		'000 €	
Adjusted copper segment information			
Turnover	1,524,797	998,868	945,548
Operating result (EBIT)	19,306	(1,301)	7,329
Recurring	19,306	854	8,694
Non-recurring		(2,155)	(1,365)
Consolidated total assets	568,900	512,678	512,878
Consolidated total liabilities	155,877	113,241	97,774
Capital expenditure	18,912	34,372	43,308
Depreciation and amortization	28,262	26,433	33,705
Non cash expenses other than depreciation	1,205	2,929	(1,543)

	2004	*2003*	*2002*
		'000 €	
Additional key financial information			
Capital employed end of period	413,023	391,452	385,414
of which currency translation adjustment		(7,986)	(29,690)
Average capital employed	442,889	419,697	401,569
EBITDA	48,773	28,061	39,491
Revenue (excluding metal)	208,590	193,657	196,778
Recurring ROCE (%)	4.4%	0.2%	2.2%
Work force (#)	1,554	1,622	1,701

Independent external auditor's report to the Board of Directors of the company Umicore on the review of the Cumerio post Demerger consolidated pro forma selected segment information for the periods ending 31 December 2002, 2003 and 2004

We have reviewed the pro forma selected segment information after Demerger of the Cumerio Group for the years ended 31 December 2002, 2003 and 2004 reflecting the pro forma adjustments giving effect to Umicore's Board of Directors' proposed Demerger of Umicore's copper activities into a new company Cumerio NV/SA, and the application of those adjustments, to selected historical segment information of the Umicore Group for the years ended 31 December 2002, 2003 and 2004. The selected historical segment information of the Cumerio Group is derived from the consolidated financial statements of the Umicore Group for the years ended 31 December 2002, 2003 and 2004, which were audited by us, whilst the pro forma adjustments are based on assumptions from the Board of Directors of Umicore described in the basis of preparation as disclosed in Chapter IV, section 8.1 of the Prospectus. The Board of Directors of Umicore is responsible for the above post Demerger consolidated pro forma selected segment information.

Our review included such audit procedures as we considered necessary in the circumstances. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion on the assumptions of the Board of Directors, the pro forma adjustments and the application of those adjustments to selected historical financial information. Accordingly, we do not express such an opinion.

The objective of the post Demerger consolidated pro forma selected segment information of Cumerio is to show what the significant effects on selected historical segment information of the Umicore Group might be. However, this post Demerger consolidated pro forma selected segment information of Cumerio is not necessarily indicative of the results of operations or related effects on the financial position that would have been attained had the proposed Demerger actually taken place in these periods.

Based on our review, nothing came to our attention that caused us to believe that the pro forma adjustments do not give appropriate effect to the assumptions of the Board of Directors and the basis of presentation as described in Chapter IV, section 8.1 of the Prospectus, or that the post Demerger consolidated pro forma selected segment information of Cumerio reflecting the adjustment pursuant to the proposed Demerger does not reflect the proper application of those adjustments to the selected historical segment information of the Umicore Group for the years ended 31 December 2002, 2003 and 2004.

18 March 2005

Independent External Auditor
PricewaterhouseCoopers Reviseurs d'Entreprises

Represented by
Robert Peirce
Reviseur d'Entreprises

8.4 MANAGEMENT REVIEW OF PRO FORMA KEY FINANCIAL INFORMATION[2]

The evolution of **turnover** over the three year period under review is to a large extent attributable to the evolution of the copper price and the USD/EUR exchange rate. The copper price has, however, limited impact on operating margins. The production of copper anodes and the sales volumes of semi-finished copper products increased by 7% and 13%, respectively, from 2003 to 2004, which accentuated the effect of higher copper prices on turnover.

Revenues excluding metal content increased in line with higher production and sales volumes from 2002 to 2004, but were affected by the declining trend in treatment charges for copper concentrates which decreased from an average of 18 US cents per pound of copper in 2002 to about 12 US cents per pound on average in 2004. Higher producer premiums for copper cathodes and higher prices for sulphuric acid partly offset the effect of lower treatment charges.

[2] Cf. Chapter VI, section 2 "Extract of the press release of the results 2004-dd 22 February 2005".

The **EBIT** improvement from 2003 to 2004 mainly reflects the increased production and sales volumes, together with productivity and yield enhancements. Those positive effects were partly offset by lower treatment charges for copper concentrates. The EBIT deterioration from 2002 to 2003 was mainly due to a decline in treatment charges which could not be fully compensated by cost reductions.

The **EBITDA** evolution is in line with the EBIT pattern. The depreciation charges expressed in Euros decreased from 2002 to 2003 due to the effect of lower US dollar to Euro exchange rates on the US dollar denominated depreciation charges of the Bulgarian operations.

The declining level of **capital expenditure** marked in 2002 and 2003 the completion of the multiyear enhancement program at Umicore Med started after the acquisition in 1997 and finalized in 2003. In 2004, capital expenditure covered maintenance and replacement expenditures and projects needed to maintain environmental conformity.

The evolution of **capital employed** follows the capital expenditure profile (and taking into account the depreciation schedule) as well as increased working capital requirements due to higher copper prices as from 2003 and the growth in production and sales volumes. The difference between capital employed at the end of the period and the average of the period is in line with the typical seasonal pattern of the business.

8.5 SUPPLEMENTARY CONSOLIDATED FINANCIAL INFORMATION

8.5.1 Group companies

Below is a list of the companies included in the consolidated financial information:

Country	*Company*	*% interest 2004*
Belgium	Cumerio	100.00%
	Umicore Copper NV/SA	100.00%
Bulgaria	Umicore Med JSCo	99.77%
	Umicore Bulgaria	100.00%
	Umicore Bulgaria Leasing	100.00%
Italy	Umicore Italia s.r.l.	100.00%
Austria	Umicore Austria P.A.S.R. Beteiligungs	100.00%

8.5.2 Foreign currency measurement

For the main currencies applicable within the Cumerio Group's consolidated entities and investments, the prevailing rates used for translation into the presentation currency (EUR) are as follows:

USD/EUR exchange rates

	2002	*2003*	*2004*
Closing rates	1.04870	1.26300	1.36210
Average rates	0.94520	1.13116	1.24390

All subsidiaries have as measurement currency the currency of the country in which they operate, except for Umicore Med JSCo, Umicore Bulgaria and Umicore Bulgaria Leasing, where the measurement currency is the US dollar.

8.5.3 Consolidated equity of the Cumerio Group as presented in the pro forma consolidated balance sheet Reconciliation of the consolidated equity as of 1 January 2005

	Cumerio NV/ SA Equity	*Elimination of investments against net assets of subsidiaries*	*Recognition of minority share in Bulgaria*	*Consolidated equity group share*
		('000 €)		
Capital	181,134			181,134
Share premium	31,267			31,267
Retained earnings	116,448	(34,670)	(231)	81,547
Total	328,849*	(34,670)	(231)	293,948

* Final composition to be determined based on the final dividend for 2004 approved by the annual shareholders meeting of Umicore on 13 April 2005.

The historical acquisition cost of the investments in subsidiaries is higher than the group share in the net assets of the subsidiaries as at 1 January 2005. This excess is due to the fact that the investments were acquired at fair value by Umicore Austria P.A.S.R. Beteiligungs and Umicore Copper NV/SA in the course of 2004 and accounted for accordingly in their stand alone statutory accounts. For legal and tax purposes the transfer of the investments either by purchase agreement or contribution in kind (except for a contribution of a branch of activity) has to be realized at fair value.

The consolidated value of the assets and liabilities of the subsidiaries as included in the pro forma consolidated opening balance sheet of Cumerio as at 1 January 2005 corresponds to the consolidated value as presented in the consolidated financial statements of Umicore at 31 December 2004.

The final breakdown of the total equity into capital, share premium and retained earnings of Cumerio NV/SA (for the total amount of EUR 328,849 thousand) will be determined on 13 April 2005, *i.e.* the date of the annual shareholders meeting of Umicore, based on the final amount of the dividend payable for 2004, which depends on the number of treasury shares owned by Umicore on that date. The retained earnings include a EUR 549 thousand adjustment for recognition of deferred tax assets in accordance with IAS 12.

8.5.4 Pro forma net financial debt of Cumerio

Based on the pro forma consolidated opening balance sheet per 1 January 2005 the net financial debt of the Cumerio Group amounts to:

	'000 €
Long term financial debt	7,342
Current financial debt	210,328
Bank overdrafts	1,762
Cash and cash equivalents	(99,707)
Financial net debt	**119,725**

The pro forma net financial debt of Cumerio includes a net financing by the Umicore Group of EUR 114,123 thousand:

	'000 €
Financial debt towards Umicore NV/SA and its subsidiaries included in the current financial debt	173,130
Deposits with Umicore NV/SA and its subsidiaries included in cash and cash equivalents	59,007
Financial net debt towards Umicore Group	**114,123**

8.6 ACCOUNTING POLICIES AND EVALUATION PRINCIPLES OF THE CUMERIO GROUP

8.6.1 Principles of consolidation

Cumerio applies a full consolidation for its subsidiaries – enterprises in which Cumerio has control – *i.e.* the power to govern the financial and operating policies so as to obtain benefits from the enterprise's activities. Control is presumed when Cumerio holds, directly or indirectly through subsidiaries, more than 50% of the voting rights.

Subsidiaries are consolidated from the date on which control is transferred to the Cumerio Group and are no longer consolidated from the date that control ceases.

Inter-company transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated, unless a loss is an indication of impairment. Where necessary, the subsidiaries' accounting policies have been changed to ensure consistency with the policies which the Cumerio Group has adopted.

8.6.2 Inflation accounting

As at 31 December 2004 there is no enterprise in the Cumerio Group that reports in a currency of a hyperinflation economy.

8.6.3 Foreign currency translation

Items included in the financial statements of each entity in the Cumerio Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity (the measurement currency). The consolidated financial statements are presented in Euros which is the measurement currency of the parent. To consolidate the Cumerio Group and each of its subsidiaries, the financial statements of the individual companies are translated as follows:

– Assets and liabilities at the year-end rate as published by the European Central Bank.

– Income statements at the average exchange rate for the year.

– The components of shareholders' equity at the historical exchange rate.

Exchange differences arising from the translation of the net investment in foreign subsidiaries at the year-end exchange rate are recorded as part of the shareholders' equity under "currency translation adjustment".

8.6.4 Foreign currency transactions

Foreign currency transactions are recognized in the measurement currency of each entity at exchange rates prevailing at the date of the transactions. Subsequently, at closing, monetary assets and liabilities denominated in foreign currencies are translated at the balance sheet currency rate. Gains and losses resulting from the settlement of foreign currency transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies, are recognized in the income statement as financial result.

In order to hedge its exposure to certain foreign exchange risks, Cumerio has entered into certain forward contracts.

8.6.5 Property, plant and equipment

Property, plant and equipment is recorded at historical cost, less accumulated depreciation and impairment losses. Cost includes all direct costs and appropriate allocation of indirect costs incurred to bring the asset to working condition for its intended use.

There are no borrowing costs capitalized in the costs of the assets. All borrowing costs are recognized as expense in the period when incurred.

Repair and maintenance costs are expensed in the period in which they are incurred, if they do not increase the future economic benefits of the asset. Otherwise they are classified as separate components of items of property, plant, and equipment. Those major components of items of property, plant and equipment that are replaced at regular intervals are accounted for as separate assets as they have useful lives different from those items of property, plant and equipment to which they relate while the replaced asset is written-off.

The straight-line depreciation method is applied through the estimated useful life of the assets. Useful life is defined as follows per main type of property, plant and equipment:

Land	Non-depreciable
Buildings:	
– Industrial buildings	20 years
– Improvements to buildings	10 years
– Other buildings such as offices and laboratories	40 years
– Investment properties	40 years
Plant, machinery and equipment:	10 years
– Furnaces	7 years
– Small equipment	5 years
Furniture and vehicles:	
– Vehicles	5 years
– Mobile handling equipment	7 years
– Computer equipment	3 to 5 years
– Furniture and office equipment	5 to 10 years

Assets are reviewed for an indication of impairment at each balance sheet date to assess whether they are recoverable in the form of future benefits. If the recoverable amount has decreased below the carrying amount, an impairment loss is recognized and accounted for as an operational charge. To assess impairments, assets are grouped in cash-generating units (CGU) at the lowest level for which separately identifiable cash flows exist.

A cash-generating unit is the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

8.6.6 Intangible assets and equity transaction expenses

Equity transaction expenses

Expenses for formation and capital increase are capitalized if they are not charged against income during the period in which they are incurred. When capitalized they are amortized over a period of five years.

Other intangible assets

A distinction should be made according to the type of intangible asset:

– Patents, licenses: are amortized over the period of their legal protection.

– Software and related internal development costs: are amortized over a period of five years.

– Land use rights: are amortized over the contractual period using a straight-line method.

Market shares and trademarks are not capitalized.

Research and development

Research costs related to the prospect of gaining new scientific or technological knowledge and understanding are recognized in the income statement as an incurred expense.

Development costs are defined as costs incurred for the design of new or substantially improved products and for the processes prior to commercial production or use. They are capitalized if, among others, the following conditions are met:

– The intangible asset will give rise to future economic benefits, or in other words, the market potential has been clearly demonstrated.

– The expenditures related to the process or product can be clearly identified and reliably measured.

In case it is difficult to clearly distinguish between research or development costs, the costs are considered as being research. If development costs are capitalized they are amortized using a straight-line method over the period of their expected benefit but not exceeding five years.

8.6.7 Lease

Lease operations can be divided into two types of lease:

Finance lease

Leases under which Cumerio assumes a substantial part of the risks and rewards of ownership are classified as finance leases. They are measured at the lower of the fair value and the estimated present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant periodic rate of interest on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in long-term payables. The interest element is charged to the income statement over the lease period. Assets under finance lease are depreciated over the useful life of the assets according to the rules set out by Cumerio.

Operating lease

Leases under which a substantial part of the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Payments under operating leases are considered as an expense in the income statement.

8.6.8 Financial assets

Financial assets include equity securities, debt securities and loans. They are classified in the balance sheet as non-current or current financial assets, based on the intention or probability of realization within twelve months at the balance sheet date.

Debt securities and loans are recognized at amortized cost; equity securities are recognized at cost. Impairment losses are recognized when the net book value exceeds the recoverable amount of the asset. A reversal of an impairment will be accounted in the case of structural reasons but not above the historical cost.

8.6.9 Inventory

Inventories are carried at the lower of cost or net realizable value. Cost comprises direct purchase or manufacturing costs and an appropriate allocation of overheads.

Inventories are classified as:

(a) Base products with metal hedging

(b) Base products without metal hedging

(c) Consumables

(d) Advances paid

(e) Contracts in progress

Base products with metal hedging are metal containing products on which Cumerio is exposed to metal price fluctuation risks and where Cumerio applies an active and structured risk management to minimize the potential adverse effects on the financial performance of the Cumerio Group. The metal contents are classified in inventory categories that reflect their specific nature and business use. A weighted average is applied per category of inventory. Depending on the inventory category, appropriate hedging mechanisms are applied.

Base products without metal hedging and consumables are valued using the weighted-average method.

Impairment write-downs on inventories are recognized when turnover is slow or where the carrying amount exceeds the net realizable value. Write-downs are presented separately.

Advances paid are down-payments on transactions with suppliers for which the physical delivery has not yet taken place and are booked at nominal value.

Contracts in progress are valued using the percentage-of-completion method.

8.6.10 Trade receivables

Trade receivables are stated at their nominal value less appropriate allowances for irrecoverable amounts.

8.6.11 Cash and cash equivalents

Cash includes cash in hand and cash with banks. Cash equivalents are short-term, highly liquid investments that are readily convertible into known amounts of cash, have maturity dates of three months or less and are subject to an insignificant risk of change in value.

These items are carried in the balance sheet at nominal value or cost. Bank overdrafts are included in the current liabilities on the balance sheet.

8.6.12 Impairment of assets

Property, plant and equipment and other non-current assets, including goodwill and intangible assets, are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such indication exists, the recoverable amount of the asset is estimated.

The recoverable amount is the higher of an asset's net selling price and value in use. To estimate the recoverable amount of individual assets, Cumerio often determines the recoverable amount of the cash-generating unit (CGU) to which the asset belongs.

Whenever the carrying amount of an asset exceeds its recoverable value, an impairment loss is immediately recognized as an expense.

A reversal of impairment losses is recognized when there is an indication that the impairment losses recognized for the asset or for the CGU no longer exist or have decreased. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

8.6.13 Share capital and retained earnings

Dividends of the parent company payable on ordinary shares are only recognized as a liability following approval by the shareholders.

8.6.14 Minority interests

Minority interests include a proportion of the fair value of identifiable assets and liabilities recognized upon acquisition of a subsidiary, together with the appropriate proportion of subsequent profits and losses.

In the income statement the minority share in the company profit or loss is separated from the company consolidated result.

8.6.15 Provisions

Provisions are recognized in the balance sheet when:

– There is a present obligation (legal or constructive) as a result of a past event.

– It is probable that an outflow of resources will be required to settle the obligation.

– A reliable estimate can be made of the amount of the obligation.

A constructive obligation is an obligation that derives from company actions where, by an established pattern of past practice or published policies, the company has indicated that it will accept certain responsibilities and, as a result, the company has created a valid expectation that it will discharge those responsibilities.

The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the balance sheet date and taking into account the probability of the possible outcome of the event. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation. The result of the yearly discounting of the provision, if any, is accounted for as a financial result.

The main types of provisions are the following:

(a) Provisions for employee benefits

(b) Provisions for environmental obligations

Environmental provisions are based on legal and constructive obligations from past events, in accordance with the company's published environmental policy and applicable legal requirements. The full amount of the estimated obligation is recognized, except for the provision for pond covering and restoring the landscape. For this specific type of provision the obligation is gradually recognized following the actual usage of the ponds.

(c) Others

This category includes provisions for litigation, onerous contracts, warranties, exposure to equity investments and restructuring. A provision for restructuring is recognized when the company has approved a detailed and formal restructuring plan and the restructuring has either commenced or has been announced publicly before the balance sheet date. Any restructuring provision only includes the direct expenditure arising from the restructuring which is necessarily entailed and is not associated with the ongoing activities of the enterprise.

8.6.16 Employee benefits

Short-term employee benefits

This includes wages, salaries and social security contributions, paid annual leave and sick leave, bonuses and non-monetary benefits, and is taken as an expense in the relevant period. Bonuses are received by all company managers and are based on key target financial indicators. The amount of the bonus is recognized as an expense, based on an estimation at the balance sheet date.

Post-employment benefits (pensions, medical care)

Cumerio has various pension and medical care schemes in accordance with the conditions and practices of the countries it operates in. The schemes are generally funded through payments to insurance companies or trustee-administered funds.

(a) Defined benefit plans

Cumerio has accounted for all legal and constructive obligations both under the formal terms of defined benefit plans and under Cumerio's informal practices.

The amount presented in the balance sheet is based on actuarial calculations (using the projected unit credit method) and represents the present value of the defined benefit obligation as adjusted for unrecognized actuarial gains and losses and unrecognized past service costs, and as reduced by the fair value of the plan assets.

Unrecognized actuarial gains and losses result from differences between actual and estimated actuarial parameters as reflected in the annual update of actuarial calculations. The amortization of actuarial gains and losses, where these exceed 10% of either the projected obligation value (defined benefit obligation) or the value of the assets of the plan (whichever is the higher), is recognized for the full amount in the income statement in the following period.

Unrecognized past service costs result from the introduction of new benefit plans or changes in the benefits payable under an existing plan. The past service costs for which the benefits are not yet vested (the employees must deliver employee services before the benefits are granted) are amortized on a straight-line basis over the average period until the new or amended benefits become vested.

(b) Defined contribution plans

Cumerio pays contributions to publicly or privately administered insurance plans. The payments are recognized as expenses as they fall due, and as such are included in personnel costs.

Other long-term employee benefits (jubilee premiums)

These benefits are accrued for their expected costs over the period of employment using an accounting methodology similar to that for defined benefit pension plans. These obligations are in general valued annually by independent qualified actuaries. All actuarial losses or gains are immediately recognized in the income statement.

Termination benefits (pre-retirement plans, other termination obligations)

These benefits arise as a result of Cumerio's decision to terminate an employee's employment before the normal retirement date or of an employee's decision to accept voluntary redundancy in exchange for those benefits. When they are reasonably predictable in accordance with the conditions and practices of the countries Cumerio operates in, future obligations are also recognized.

These benefits are accrued for their expected costs over the period of employment, using an accounting methodology similar to that for defined benefit pension plans. In general, these obligations are valued annually by independent qualified actuaries. All actuarial losses or gains are immediately recognized in the income statement.

8.6.17 Financial debt

Borrowings are initially recognized as proceeds received, net of transaction costs. Subsequently they are carried at amortized cost using the effective interest rate method. Amortized cost is calculated by taking into account any issue costs, and any discount or premium on settlement. Any differences between cost and redemption value are recognized in the income statement.

8.6.18 Trade payables

Trade payables are stated at nominal value.

8.6.19 Income taxes

Taxes on profit or loss of the year include current and deferred tax. Such taxes are calculated in accordance with the tax regulations in effect in each country Cumerio operates in.

Current tax is the expected tax payable on the taxable income of the year, using tax rates enacted at the balance sheet date, and any adjustment to tax payable (or receivable) in respect of previous years.

Deferred taxes are calculated using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. These taxes are measured using the tax rates of the following year.

Deferred tax assets are only recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are offset and presented net only if they relate to income taxes levied by the same taxation authority on the same taxable entity.

8.6.20 Revenue recognition

Goods sold and services rendered

Revenue from the sale of goods in transformation activities is recognized when significant risks and rewards of ownership have been transferred to the buyer, and no significant uncertainties remain regarding recovery of the consideration due, associated costs or the possible return of the goods.

Revenue from refining activities is recognized when the metal reference stage is reached. Metal reference is a generally recognized standard form of metal, with defined metal content, traded on well-established markets for commodities.

Revenue from services rendered is recognized by reference to the stage of completion of the transaction when this can be measured reliably.

Government grants

A government grant is accounted for in the balance sheet initially as deferred income when there is reasonable assurance that it will be received and that the company will comply with the conditions attached to it. Grants are recognized in the income statement over the period necessary to match them with the costs they are intended to compensate.

8.6.21 Hedging instruments

Cumerio uses derivative financial and commodity instruments primarily to reduce the exposure to adverse fluctuations in foreign exchange rates, commodity prices, interest rates and other market risks. Cumerio mainly uses spot and forward contracts to hedge the metal and currency risk, and swaps to hedge the interest risk.

Transactional risks

The derivative financial and commodity instruments are envisaged to protect the fair value of underlying hedged items and are recognized initially at a transactional rate. Both instruments and hedged items are subsequently measured at fair value at the balance sheet date via the "Mark-to-Market" mechanism. All gains and losses on the balanced positions are immediately recognized in the income statement – as an operational result if commodity-related and as a financial result if currency and interest related. On the unbalanced positions only the losses are recognized. The principle of "Mark-to-Market" is the comparison of the transactional rate with the closing market rate, spot-to-spot or forward-to-forward depending on the transactional rate used.

Structural risks

Derivative financial and commodity instruments related to the protection of future cash flows are not recognized as operating result until the underlying cash flow is recognized. No "Mark-to-Market" mechanisms are applied.

CHAPTER V: INFORMATION ABOUT UMICORE (AFTER THE DEMERGER)

1 GENERAL INFORMATION[1]

Umicore is a specialty materials company focused on developing application-oriented products in five business segments. Most of Umicore's products are chemicals, compounds and materials derived from precious or non-ferrous metals. Umicore is part of the Specialty Chemicals industry sub-sector within the FTSE / Dow Jones International Classification Benchmark system.

Following the Demerger Umicore would comprise five business segments (Advanced Materials, Precious Metals Services, Precious Metals Products and Catalysts, Zinc Specialties and Corporate & Investments) and employ 9,964 people worldwide.

2 UMICORE'S BUSINESSES

2.1 ADVANCED MATERIALS

The advanced materials business group produces high-purity metals, alloys, compounds and engineered products for a wide range of applications and is the world leader in cobalt fine powders and compounds and germanium products. The business group serves a variety of market sectors from the more traditional – such as the hard metals tooling industry – to the most hi-tech, including the rechargeable battery, microelectronics and satellite sectors.

Umicore's advanced materials businesses aim to develop innovative, application-based products in close collaboration with their customers. They seek to anticipate developments in the technology-intensive sectors they serve and to use their expertise in materials science to develop new products. Research and development programs undertaken in conjunction with customers and partners are also key elements in the strategy of advanced materials along with developing a closed-loop offering to the customers.

The advanced materials business group is divided into the following business units: engineered metal powders, specialty oxides and chemicals and electro-optic materials. In addition, Umicore has an interest in synthetic diamond production (in a joint venture with Element Six).

2.2 PRECIOUS METALS SERVICES

The business group precious metals services is the world market leader in recycling complex materials containing precious metals. Its core business is to provide refining and recycling services to an international customer base. Precious metals services recycles and refines precious metals and other non-ferrous metals from a wide range of complex industrial intermediate materials (by-products from other non-ferrous smelting and refining operations) and precious metals-bearing scrap from electronic, photographic and catalytic applications. The precious metals services business group ensures security of supply for the downstream precious metals products and catalysts business group. The business group precious metals services is unique in the breadth of materials it is able to recycle and the flexibility of its operations.

This unit also operates a metals management unit, based in Germany and the United States. This unit provides trading, leasing, hedging and sales services to internal and external customers.

2.3 PRECIOUS METALS PRODUCTS AND CATALYSTS

The business group precious metals products and catalysts produces a range of complex functional materials based on an extensive expertise in chemistry, metallurgy and materials science using mainly precious metals. Its activities serve a wide range of industries including automotive, jewellery, electronics, pharmaceutical and optics.

This business group focuses on customers whose businesses are driven by changes in technology and legislation and who need tailor-made materials to enable their products to perform their intended functions. Recycling and a closed-loop business model are key elements in the strategy of the business area precious metals products and catalysts.

The business is organized in five business units: automotive catalysts, jewellery and electroplating, precious metals chemistry, technical materials and thin film products.

1 For more information on Umicore, please also refer to its website: www.umicore.com.

2.4 ZINC SPECIALTIES

Umicore has a unique profile within the zinc industry. It is downstream integrated and covers the industry's value chain from smelting to the production of semi-finished and finished products such as alloys, chemicals and building materials – all for a variety of applications.

Umicore recently decided to concentrate the strategic focus of the business group on the production and sale of specialty zinc products and therefore discontinue the sale of commodity zinc. This decision will take effect during the second half of 2005 and will reduce Umicore's total zinc production capacity to approximately 470,000 tonnes of zinc per annum, without affecting the sales of specialty products.

Umicore's zinc business uses its smelting and recycling activities to feed the production of added value products. In smelting the strategy focuses on pursuing operational excellence in terms of cost and efficiency, maximizing production and optimizing the input of recycled materials. In added value products Umicore seeks to develop leadership positions in every market and where possible to offer a closed-loop service to its customers. Growth initiatives center on further development of the added value product businesses.

Umicore's zinc activities are organized around four business units: zinc smelting, zinc alloys & chemicals, building products, as well as a 47% stake in Padaeng Industry (PDI), South East Asia's sole sizeable zinc producer, located in Thailand.

2.5 CORPORATE AND INVESTMENTS

This segment includes the shared operational functions and corporate activities, as well as the group's research and development initiatives, innovation function and the fuel cells venture. The segment also includes Umicore's financial investments that do not report directly into one of the company's business groups.

3 CAPITAL

3.1 CAPITAL STRUCTURE BEFORE AND AFTER THE DEMERGER

At the date of this Prospectus, the share capital of Umicore amounts to EUR 567,101,787.88 and is represented by 25,633,000 shares without par value. The capital is fully paid up.

In addition, there are 1,283,735 outstanding rights (as at 28 February 2005) to subscribe to Umicore Shares linked to the stock option plans described hereafter.

After the Demerger

After the Demerger Umicore's share capital will amount to the amount equal to the difference between (i) the capital of Umicore on the date of the Extraordinary Shareholders Meeting and (ii) the capital of Cumerio on the date of its incorporation, *i.e.* EUR 181,134,461.25 (it being understood that this amount, like the other components of Cumerio's equity, will be slightly adapted based on the final dividend approved for the 2004 financial year by the 13 April 2005 annual shareholders meeting of Umicore, the amount of which depends on the number of treasury shares held by Umicore on such date. It will be represented by the number of shares on 29 March 2005 (*i.e.* 25,633,000), increased by the number of Umicore Shares issued between 29 March 2005 and the date of the Extraordinary Shareholders Meeting as a result of the exercise of subscription rights granted under the existing Umicore stock option plans), without par value. The capital will be fully paid up.

It will be proposed to the Extraordinary Shareholders Meeting to incorporate the entire amount of the issue premium, as set out in Umicore's balance sheet after the Demerger, into the capital of Umicore.

3.2 AUTHORIZED CAPITAL

Since its latest renewal on 9 April 2003, the authorized capital was used in Umicore's offering of November 2003 to increase its capital. The amount still available is EUR 415,227,852.37 as at 29 March 2005 and can be used until the annual shareholders meeting of April 2006.

3.3 ACQUISITION OF OWN SHARES

Pursuant to the authorization granted for the first time by the extraordinary shareholders meeting of 2 June 1998, which was renewed several times and for the last time by the extraordinary shareholders meeting of 14 April 2004, Umicore may acquire on the stock market, until the annual shareholders meeting to be held in 2005, shares in Umicore up to a maximum of 10% of the subscribed capital, at a price per share between (i) the lowest closing stock market price for the last twenty trading days preceding the date of acquisition minus ten per cent (10%) and (ii) a maximum price per share of EUR 90.00.

This authorization also enables Umicore's subsidiaries to acquire on the stock market, or in any other way, shares in Umicore under the same conditions.

On 28 February 2005 Umicore owned 701,532 own shares.

4 SHAREHOLDER STRUCTURE

Based on the information available to Umicore on the date of this Prospectus, pursuant to Article 8 of the articles of association of Umicore and the Transparency Act, shareholders owning 3% or more of Umicore's shares are as follows:

Name	*Number of shares*	*(%)*
Parfimmo and Bank Degroof acting in concert	763,263	2.98%
Own shares held by Umicore	701,532	2.74%
Free float	24,168,205	94.29%
Fidelity Investment	*1,866,947*	*7.28%*
Schroder	*1,332,794*	*5.20%*
Other Investors	*20,968,464*	*81.80%*
Total	25,633,000	100.00%

Umicore stock option plans

Plan	*Expiry date*	*Exercise*	*Exercise price (the exercise price may be higher in certain countries)*	*Number of options still to be exercised*[2]
Subscription rights 1994-1998	20.03.2006	at any time except for the last 10 or	€ 54.98	1,000
	20.03.2007	11 days of March, June, September	€ 55.23	1,000
	20.03.2008	and December	€ 62.96	1,000
				3,000
ESOP 1999 (10 years)	10.06.2009	once a year: from 20 May until 10	€ 36.60	134,980
		June	€ 37.29	50,920
				185,900
ISOP 2000 (7 years)	13.03.2007	all working days of Euronext	€ 30.50	63,865
	(31.05.2007 in	Brussels	€ 34.78	23,000
	certain countries		€ 32.57	23,420
	other than		€ 39.50	750
	Belgium)			
				111,035
ISOP 2001 (7 years)	14.03.2008	all working days of Euronext	€ 42.43	179,895
		Brussels	€ 41.44	23,580
			€ 41.80	1,825
				205,300
ISOP 2002 (7 years)	14.03.2009	all working days of Euronext	€ 48.15	304,440
		Brussels	€ 46.11	26,510
			€ 37.02	3,850
				334,800
ISOP 2003 (7 years)	13.03.2010	all working days of Euronext	€ 34.18	278,880
		Brussels	€ 35.10	24,530
			€ 44.00	9,000
				312,410
ISOP 2004 (7 years)	11.03.2011	all working days of Euronext	€ 52.05	97,800
		Brussels	€ 53.70	33,500
				131,300
Total				**1,283,745**

2 Situation as at 28 February 2005.

ESOP refers to "Employee Stock Option Plan" (worldwide plan for blue collars, white collars and managers). ISOP refers to "Incentive Stock Option Plan" (worldwide plan for managers).

All options issued under the ESOP 1999, ISOP 2000 and ISOP 2004 were issued as subscription rights, each giving the holder the right to subscribe to one new share in Umicore. All options issued under the ISOP 2001, ISOP 2002 and ISOP 2003 were issued as options to purchase existing shares. These options were replaced by subscription rights by decision of the Board of Directors on 13 April 2004.

Nevertheless, Umicore has the authorization either to create new shares or to deliver existing shares that it holds, at its discretion.

Umicore intends to implement a stock option plan in 2005.

5 MANAGEMENT OF THE GROUP

5.1 CORPORATE GOVERNANCE

Umicore will observe and apply the principles set out in the Corporate Governance Code.

Subject to the approval of the modifications to the articles of association of Umicore by the Extraordinary Shareholders Meeting, the key principles of corporate governance that will be applied by Umicore may be summarized as follows:

Board of Directors

The Board of Directors, whose members are appointed by the shareholders meeting, must consist of at least six members. Their term of office may not exceed four years, but they may be re-elected. The age limit for directors is set at 67; however, the Board of Directors may make an exception to this rule in the interests of Umicore.

In accordance with the articles of association, the Board of Directors is authorized to perform whatever acts are necessary to achieve Umicore's objectives. In this context such acts include approving strategic plans, expansion plans and budgets and ensuring that such plans are duly implemented.

The Board of Directors shall take the necessary steps to ensure that the organizational structure put in place meets Umicore's requirements and that a system of reporting and efficient internal controls exists to ensure that information is reliable. In addition, it shall take steps to ensure that the policies adopted by Umicore are properly coordinated, particularly with regard to issues such as finance, human resources, the environment and safety, and also the information made available to Umicore's shareholders and the general public.

Decisions are taken in accordance with Article 11 §3 of the articles of association, *i.e.* "The Board of Directors' deliberations shall not be valid unless at least one-half of its members are present or represented at the meeting. Decisions shall be taken by a majority of the votes cast. In the event of a tie, the person chairing the meeting shall have the casting vote."

Directiecomité/Comité de Direction

In accordance with the articles of association, the Board of Directors set up on 19 August 2003 a *Directiecomité/Comité de Direction*.

The *Directiecomité/Comité de Direction* is composed of at least four members, directors or other persons. It is presided over by a chairman, appointed by the Board of Directors, who must be a director. The members of the *Directiecomité/Comité de Direction* are appointed upon recommendation of the Nomination and Remuneration Committee. The *Directiecomité/Comité de Direction* as a whole or any individual member can be dismissed at any time by the Board of Directors.

Without prejudice to the powers reserved to the Board of Directors pursuant to Article 524*bis* of the Companies Code, the *Directiecomité/Comité de Direction* is entrusted with the powers to decide:

- on any matters relating to the daily management of Umicore;
- on any matters related to the implementation of resolutions approved by the Board of Directors;
- on any matters related to the operational management and organization of the Umicore Group and to its structure;

- on any matters related to the financing of the normal operations of the Umicore Group, such as, without limitation, bank loans, guarantees granted in favor of Umicore's wholly owned subsidiaries, hedging programs and swap agreements (ISDA), regardless of the amount concerned;

- on any M&A transactions within the line of business of Umicore for an amount less than EUR 12,500,000;

- on internal investments such as the acquisition of equipment, technologies, services and any other similar investments for an amount less than EUR 12,500,000. However, for renewal or modernization investments, the limit is EUR 25,000,000.

The powers of the *Directiecomité/Comité de Direction* are without prejudice to the powers of daily management granted to the Chief Executive Officer. The daily management of Umicore is thus vested in the Chief Executive Officer acting individually as well as to the *Directiecomité/Comité de Direction* acting collectively.

The *Directiecomité/Comité de Direction* meets regularly according to the schedule as may be determined by it from time to time. The *Directiecomité/Comité de Direction* acts as a collegiate body. It deliberates validly and decides provided that the majority of its members are present or represented at a meeting. Its decisions are approved by the majority of the votes cast. Any given member may not represent more than one of his/her colleagues.

The Chief Executive Officer reports to the Board of Directors on the acquisitions and on the decisions taken by the *Directiecomité/Comité de Direction*.

Audit Committee

The Audit Committee consists of three members who are all independent non-executive directors.

The mission of the Audit Committee is to assist the Board of Directors in fulfilling its oversight duties with regard to the Umicore Group's financial reporting process, including monitoring the integrity of the financial statements, external auditor qualifications and independence and performance of both the internal audit department and the external auditors. To this effect, the Audit Committee:

- has the right to seek any necessary information from any corporate body or any member of Umicore's staff to fulfill its duties;

- has the right to obtain outside legal help and any professional advice, at Umicore's expense, which might be necessary for the fulfillment of its duties;

- has the power to call any member of Umicore's staff to be interviewed at a meeting of the committee as and when required.

The chairman of the Audit Committee reports to the Board of Directors on the results of its proceedings and communicates the committee's recommendations.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee consists of three members who are all non-executive directors. It is chaired by the chairman of the Board of Directors.

The mission of the Nomination and Remuneration Committee is:

- to recommend new directors for election to the Board of Directors;

- to recommend to the Board of Directors the candidates for membership of the *Directiecomité/Comité de Direction* and to approve their remuneration as well as to recommend to the Board of Directors the dismissal of any member of the *Directiecomité/Comité de Direction*;

- to recommend a management remuneration policy to the Board of Directors;

- to define a succession plan for the Chief Executive Officer and to review succession planning for the *Directiecomité/Comité de Direction*;

- to recommend the appropriate stock option plans to the Board of Directors.

The chairman of the Nomination and Remuneration Committee reports to the Board of Directors on the results of its work and examinations and makes recommendations accordingly.

5.2 COMPOSITION OF THE BOARD OF DIRECTORS AND THE DIRECTIECOMITÉ/COMITÉ DE DIRECTION

Subject to approval by the annual shareholders meeting of 13 April 2005, Umicore's Board of Directors will consist of nine members, eight non-executive directors and one executive director. Seven of the directors are independent directors in the meaning of Article 524 of the Companies Code.

Name	Function
Karel Vinck	Chairman
Thomas Leysen	Director / Chief Executive Officer
Uwe-Ernst Bufe	Director
Isabelle Bouillot	Director
Arnoud de Pret	Director
Jean-Luc Dehaene	Director
Jonathan Oppenheimer	Director
Guy Paquot	Director
Klaus Wendel	Director

At the Closing of the Demerger, the responsibility for the daily management of Umicore will remain held by Mr. Thomas Leysen, in his capacity of Chief Executive Officer. The *Directiecomité/Comité de Direction* will consist of:

Thomas Leysen
Chief Executive Officer

Thomas Leysen holds a law degree from the University of Leuven. He started his career in the shipping and commodity trading business. He joined Umicore in 1990 and held various executive positions. He became CEO of Umicore in 2000. He is also chairman of VUM Media, chairman of Agoria and Eurometaux, and a member of the Board of Atlas Copco.

Jean-Luc Deleersnyder
Executive Vice-President
Business group Zinc Specialties; Purchasing & Transportation

Jean-Luc Deleersnyder holds a Masters degree in Electromechanical Engineering and a PhD in Operations Management from the University in Ghent. He was also a CIM Fellow at North Carolina State University. He joined McKinsey & Co in 1988 as a management consultant. He joined Umicore in 1995 where he successively occupied the position of head of the Strategy Department and Corporate Vice-President Human Resources. He was appointed to his present position in 1999.

Alain Godefroid
Corporate Vice-President
Legal Affairs; Environment Health & Safety

Alain Godefroid holds a law doctorate from the University of Brussels (ULB) and an MCJ from the University of Texas at Austin. After working as a lawyer in the United States and in Europe, he joined Umicore in 1978 as Legal Counsel. He was appointed to his present function in 1995.

Marc Grynberg
Chief Financial Officer
Finance; Information Systems

Marc Grynberg holds a Commercial Engineering degree from the University of Brussels (Ecole de Commerce Solvay). After several management positions in the finance function at DuPont de Nemours in Brussels and Geneva, he joined Umicore in 1996 as Group Controller. He was appointed CFO in 2000.

Martin Hess
Executive Vice-President
Business unit Automotive Catalysts

Martin Hess joined Degussa in 1972 as a commercial trainee. He served in a variety of functions and business units, also gathering extensive international experience in Africa and Asia in the course of 18 years living abroad. Since the end of 1999, he heads the business unit Automotive Catalysts. He joined the Umicore *Directiecomité/Comité de Direction* following the acquisition of PMG.

Hugo Morel
Executive Vice-President
Business group Precious Metals Services

Hugo Morel holds a Masters degree in Metallurgical Engineering from the University of Leuven. He joined Umicore in 1974 and held several jobs in production, commercial departments, strategy and general management of different units. He was appointed to his present position in 2002.

Pascal Reymondet
Executive Vice-President
Precious Metals Products

Pascal Reymondet holds an MSc from Stanford University and an Engineering degree from the Ecole Centrale in Paris. He has occupied different engineering and management positions within the Degussa group including management of the Port Elisabeth and Burlington automotive catalyst plants. He became Senior Vice-President of the Precious Metals Group (PMG) in June 2002 and joined the Umicore *Directiecomité/Comité de Direction* following the acquisition of PMG.

Marc Van Sande
Executive Vice-President
Business group Advanced Materials; Research, Development & Innovation; Corporate Human Resources

Marc Van Sande holds a PhD in Physics from the University of Antwerp as well as an MBA. He joined MHO, a predecessor company of Umicore in 1980, and held several jobs in research, marketing and production. In 1993 he was appointed Vice-President of the Electro-Optic Materials business unit and he was appointed to his present position in 1999.

5.3 COMPOSITION OF THE AUDIT COMMITTEE AND THE NOMINATION AND REMUNERATION COMMITTEE

Subject to the approval thereof by the Board of Directors, the Audit Committee will consist of Mrs. Isabelle Bouillot and Messrs. Arnoud de Pret and Klaus Wendel. Mr. Karel Vinck, Mrs. Isabelle Bouillot and Mr. Guy Paquot will make up the Nomination and Remuneration Committee.

5.4 STATUTORY AUDITOR

The statutory auditor is PricewaterhouseCoopers *Bedrijfsrevisoren/Reviseurs d'Entreprises*, Woluwe Garden, Woluwedal 18, 1932 Sint-Stevens Woluwe, Brussels[3] and is currently represented by Mr. Robert Peirce and Mr. Luc Discry.

5.5 CONSOLIDATED REMUNERATION OF THE BOARD OF DIRECTORS, DIRECTIECOMITÉ/ COMITÉ DE DIRECTION, AUDIT COMMITTEE, NOMINATION AND REMUNERATION COMMITTEE AND STATUTORY AUDITOR

Board of Directors

The total gross remuneration of the Board of Directors is an annual retainer of EUR 300,000. The chairman retainer amounts to a fixed amount of EUR 36,000 and a variable amount of EUR 24,000; the members will receive a fixed amount of EUR 18,000 and a variable amount of EUR 12,000.

Directiecomité/Comité de Direction

An aggregate gross amount of EUR 3,429,387 is attributed to the members of the *Directiecomité/Comité de Direction*.

Audit Committee and Nomination and Remuneration Committee

The fees of the committees are respectively:

Audit Committee: Chairman EUR 6,000 and the members EUR 4,000 per attended meeting.

3 The renewal of the mandate of the statutory auditor will be proposed to the annual shareholders meeting of 13 April 2005 and, subject to the approval thereof, the statutory auditor will be represented by Raf Vander Stichele.

Nomination and Remuneration Committee: Chairman EUR 4,000 and the members EUR 3,000 per attended meeting.

Statutory Auditor

It will be proposed to the annual shareholders meeting of 13 April 2005 that the remuneration of the statutory auditor, PricewaterhouseCoopers *Bedrijfsrevisoren/Reviseurs d'Entreprises,* represented by Mr. Raf Vander Stichele, will amount to EUR 345,000.

6 FINANCIAL INFORMATION

6.1 GENERAL

6.1.1 Accounting framework

On 21 February 2005, the Board of Directors of Umicore decided to recommend to Umicore's shareholders to demerge Umicore's copper branch of activity into a new limited liability company called Cumerio to be listed on Euronext Brussels. For accounting and tax purposes, the Demerger will be deemed to take effect on 1 January 2005.

As at the date of this Prospectus, however, Cumerio has not yet been incorporated. A pro forma consolidated balance sheet was prepared for Umicore after the Demerger as at 1 January 2005. In addition, pro forma consolidated financial key information was prepared for the years 2002, 2003 and 2004 as if the Demerger had been effective in those years.

The pro forma consolidated financial information of Umicore after the Demerger was prepared by applying the same accounting policies and valuation methods as applied for the consolidated financial statements of 2003 and 2004 of the Umicore Group. Umicore has elected to adopt International Financial Reporting Standards (IFRS)[1] in accordance with the Royal Decree of 4 December 2003, which defines the conditions for adoption of these standards, to prepare its financial statements as from 2003. The financial statements for the year 2002 were restated on the same basis for comparison purposes. The financial information presented in respect of the years 2002, 2003 and 2004 was prepared on the same basis. The pro forma figures have been audited by PricewaterhouseCoopers *Bedrijfsrevisoren/Reviseurs d'Entreprises* (cf. Chapter I, section 2 "Review of the accounts").

The provisions of this royal decree are in line with the European Commission regulation No. 1725/2003 which endorsed all International Accounting Standards (IAS) existing on 14 September 2002 with the exception of IAS 32 and 39 and the related interpretations of the IAS Board's Standing Interpretation Committee (SIC). Those matters for which no international standards were approved and effective at the balance sheet date were treated in accordance with Belgian accounting standards. These matters include financial instruments, the classification of own shares in the balance sheet and the cost of equity transactions.

The pro forma consolidated financial information is presented in thousands of Euros, rounded to the nearest thousand, and was prepared on a historical cost basis, except for transactional hedges as disclosed in the accounting policies.

In the course of 2004, the European Commission endorsed IAS 32 and 39 for the measurement and presentation of financial instruments, together with a number of new standards and enhancements to existing standards, all to become effective as from 2005. The Royal Decree of 18 January 2005 incorporates the most recent set of IFRS rules as endorsed by the European Commission and makes them applicable for accounting years starting on or after 1 January 2005. Such changes will be reflected in the financial statements of Umicore starting with the interim statements for the period ending 30 June 2005 and may have an impact on the opening balance sheet.

6.1.2 Basis for the pro forma consolidated opening balance sheet as at 1 January 2005

The pro forma consolidated opening balance sheet for Umicore after the Demerger at 1 January 2005 was established as follows:

– the pro forma consolidated opening balance sheet figures of Cumerio (see Chapter IV, section 8) were removed from the consolidated balance sheet of Umicore per 31 December 2004.

1 As per the standards and interpretations published by the International Accounting Standards Board (IASB) and the IASB's Standing Interpretation Committee (SIC), respectively.

– trade payables and trade receivables which were eliminated as inter-company transactions between subsidiaries of Umicore were reintegrated as external trade payables and receivables between Umicore and Cumerio subsidiaries after the Demerger.

– financial debts and loans between Cumerio subsidiaries and Umicore, which were eliminated in the consolidated balance sheet of Umicore per 31 December 2004, were reintegrated as they ought to be treated as external transactions. The net balance of such transactions was reclassified to current financial loans, which fairly represents the temporary financing arrangements of Cumerio.

Own shares held by Umicore entitle Umicore to receive Cumerio Shares at the time of the Demerger. The Cumerio Shares held by Umicore as a result of that will be reclassified from "Treasury shares" to "Long term investment securities". The amount of the reclassification can only be determined upon the effective listing of the Cumerio Shares.

6.1.3 Basis for the pro forma consolidated key financial information 2004

The key financial information was obtained by extracting the adjusted copper figures, as prepared in application of the basis of preparation outlined in Chapter IV, section 8 above, from the Umicore historical segment information for the years 2002 to 2004.

Climeta SA, a legal entity formerly reported as part of Umicore's copper segment, was transferred to Umicore's Advanced Materials segment. The pro forma EBIT per segment was adapted accordingly.

Turnover figures were adjusted by extracting the pro forma turnover of the Cumerio Group for the relevant years and reintegrating turnover realized by the remaining segments of Umicore after the Demerger with the subsidiaries of Cumerio.

The additional key financial information was prepared on the same basis, except for the currency translation adjustments which are based upon the currency adjustments as reported in the consolidated financial statements of the Umicore Group adjusted for the historical currency translation adjustments presented for the Cumerio subsidiaries in these accounts.

6.2 PRO FORMA CONSOLIDATED OPENING BALANCE SHEET AS OF 1 JANUARY 2005

	Umicore Group	*Impact spinoff of Cumerio Group**	*Umicore's financing of Cumerio*	*Umicore Group after the Demerger*
		('000 €)		
Assets				
Intangible assets	31,369	(3,518)		27,851
Goodwill**	86,249	0		86,249
Property, plant and equipment	920,690	(216,397)		704,293
Investments equity method	204,744	0		204,744
Long term investment securities	18,126	(7,518)		10,608
Long term loans granted	18,749	(13,825)		4,924
Long term receivables	17,338	(18)		17,320
Deferred tax assets	87,952	(9,004)		78,948
Assets employee benefits	569	0		569
Non-current assets	**1,385,786**	**(250,280)**		**1,135,506**
Current loans granted	78	(77)	113,880	113,881
Inventories	963,300	(165,660)	0	797,640
Trade and other receivables	727,409	(66,147)	243	661,505
Income tax receivables	9,710	(369)	0	9,342
Treasury shares	27,946	0	0	27,946
Current investments	502	0	0	502
Cash and cash equivalents	154,095	(99,707)	59,007	113,395
Current assets	**1,883,040**	**(331,960)**	**173,130**	**1,724,211**
TOTAL ASSETS	**3,268,826**	**(582,240)**	**173,130**	**2,859,716**

	Umicore Group	Impact spinoff of Cumerio Group*	Umicore's financing of Cumerio	Umicore Group after the Demerger
	('000 €)			
Equity & Liabilities				
Capital	563,161	(181,134)		382,027
Share premiums	97,212	(31,267)		65,945
Retained earnings	711,675	(124,002)		587,673
Translation & other reserves – group share	(135,122)	42,455		(92,667)
Group shareholders' equity	**1,236,926**	**(293,948)**		**942,978**
Minority interests	**56,777**	**(231)**		**56,546**
Provisions for employee benefits	198,814	(8,023)		190,791
Financial debt	414,814	(7,342)		407,472
Trade debt & other payables	220	0		220
Deferred income government grants	4,416	(2,604)		1,812
Deferred tax liabilities	44,008	(101)		43,907
Provisions for environment	112,997	0		112,997
Provisions for other liabilities & charges	43,995	0		43,995
Non-current liabilities	**819,263**	**(18,070)**		**801,193**
Financial debt	319,016	(210,328)	173,130	281,818
Bank overdrafts	10,730	(1,762)	0	8,968
Income tax payable	26,190	(280)	0	25,910
Provisions for environment	15,522	0	0	15,522
Provisions for other liabilities & charges	10,583	0	0	10,583
Trade debt & other payables	773,819	(57,621)	0	716,198
Current liabilities	**1,155,860**	**(269,991)**	**173,130**	**1,058,999**
TOTAL EQUITY & LIABILITIES	**3,268,826**	**(582,240)**	**173,130**	**2,859,716**

(*) The impact of the spinning off of the Cumerio Group includes the pro forma opening balance sheet of Cumerio and the reintegration of the trade payables and receivables between the Umicore Group after the Demerger and the Cumerio Group. The latter becomes an external position as at 1 January 2005, having an impact of EUR 95,372 thousand in trade receivables and trade payables.

(**) The goodwill presented on the balance sheet of Umicore at the date of 31 December 2004 does not include any goodwill related to the copper segment.

Independent external auditor's report to the Board of Directors of the company Umicore on the Umicore post Demerger consolidated pro forma balance sheet as of 1 January 2005

We have audited the above pro forma consolidated balance sheet of Umicore after Demerger prepared as of 1 January 2005. This balance sheet is prepared under the responsibility of the Board of Directors of Umicore. Our responsibility is to express an opinion on this post Demerger pro forma balance sheet based on our audit.

We conducted our audit in accordance with Belgian auditing standards, as issued by the *"Institut des Reviseurs d'Entreprises/Instituut der Bedrijfsrevisoren"*. Those standards require that we plan and perform our audit to obtain reasonable assurance about whether the above-mentioned balance sheet is free of material misstatement and includes examining, on a test basis, evidence supporting the amounts in this balance sheet. An audit also includes assessing the accounting principles used, significant estimates made by management, as well as evaluating the overall presentation of the post Demerger pro forma consolidated balance sheet of Umicore. We believe that our audit provides a reasonable basis for our opinion.

The above pro forma balance sheet has been prepared to present the consolidated assets, liabilities and equity of the Umicore Group after giving effect to Umicore's Board of Directors' proposed Demerger of Umicore's copper activities into a new company Cumerio NV/SA, according to the basis of preparation described in Chapter V, section 6.1 of the Prospectus, as if the Demerger had been effective as from 1 January 2005.

In our opinion, the above Umicore post Demerger pro forma consolidated balance sheet presents properly, in all material respects, the assets, liabilities and equity of the Umicore Group after giving effect to the Demerger proposed by the Board of Directors on 21 February 2005, in accordance with the basis of preparation outlined in Chapter V, section 6.1 above, would the Demerger be effective as of 1 January 2005.

Without qualifying our opinion on the above post Demerger pro forma consolidated balance sheet of Umicore, we draw attention to the fact that the basis of preparation described in Chapter V, section 6.1 of the Prospectus highlights the possibility that as of 1 January 2005 the opening balance sheet might require adjustment when the Umicore Group will prepare its first IFRS post Demerger consolidated financial statements.

18 March 2005

Independent External Auditor
PricewaterhouseCoopers Reviseurs d'Entreprises

Represented by
Robert Peirce
Reviseur d'Entreprises

6.3 PRO FORMA CONSOLIDATED KEY FINANCIAL INFORMATION 2002, 2003 AND 2004

6.3.1 Segment contributions to Umicore's recurring EBIT 2002, 2003 and 2004

	Umicore before Demerger			*Pro forma Umicore after Demerger*		
Segments	*2004*	*2003*	*2002*	*2004*	*2003*	*2002*
			('000 €)			
Advanced Materials	69,943	37,328	17,597	70,934	37,338	17,597
Synthetic Diamonds	4,559	12,767	13,780	4,559	12,767	13,780
Copper	20,697	864	8,694			
Precious Metals Products & Catalysts	120,313	42,863	n.a.	120,313	42,863	n.a.
Precious Metals Services	33,307	45,708	53,245	33,307	45,708	53,245
Zinc	78,592	28,378	17,804	78,592	28,378	17,804
Corporate & Investments	(35,783)	(21,976)	(13,581)	(35,383)	(21,976)	(13,581)
Total Recurring EBIT	291,628	145,932	97,539	272,322	145,078	88,845

6.3.2 Pro forma consolidated key financial information 2002, 2003 and 2004

	Key financial information based on segment information					
	Umicore before Demerger			*Pro forma Umicore after Demerger*		
	2004	*2003*	*2002*	*2004*	*2003*	*2002*
			('000 €)			
Turnover	7,115,280	4,677,082	3,160,591	5,696,456	3,763,685	2,241,588
EBIT	284,503	106,529	72,735	265,197	107,830	65,406
Recurring	291,628	145,932	97,539	272,322	145,078	88,845
Non-recurring	(7,126)	(39,404)	(24,804)	(7,126)	(37,249)	(23,439)
Capital expenditures	161,721	148,320	152,718	142,809	113,948	109,410
Depreciation and amortisation	180,025	119,507	124,359	151,762	93,074	90,654
Non cash expenses other than depreciation	20,268	40,426	24,806	19,063	37,497	26,349
Impairment losses/(reversal of impairment losses)	7,062	8,928	1,189	7,062	8,928	1,189

Additional financial key information

	Umicore before Demerger			*Pro forma Umicore after Demerger*		
	2004	*2003*	*2002*	*2004*	*2003*	*2002*
			('000 €)			
Capital employed end of period . .	2,146,527	2,071,176	1,347,581	1,733,504	1,679,724	962,167
of which currency translation adjustment	135,122	112,694	38,820	92,667	78,225	26,056
Average capital employed	2,200,991	1,677,900	1,458,325	1,758,102	1,258,203	1,056,756
EBITDA	485,831	277,448	223,089	437,058	249,386	183,598
Revenue (excluding metal)	1,901,516	1,357,999	1,035,999	1,692,926	1,164,342	839,221
Recurring ROCE (%)	13.25%	8.70%	6.69%	15.49%	11.53%	8.41%
Work force (#)	11,478	11,470	8,338	9,924	9,848	6,637

Independent external auditor's report to the Board of Directors of the company Umicore on review of the Umicore post Demerger consolidated pro forma selected segment information for the periods ending 31 December 2002, 2003 and 2004

We have reviewed the pro forma selected segment information after Demerger of the Umicore Group for the years ended 31 December 2002, 2003 and 2004 reflecting the pro forma adjustments giving effect to Umicore's Board of Directors' proposed Demerger of Umicore's copper activities into a new company Cumerio NV/SA, and the application of those adjustments, to selected historical segment information of the Umicore Group for the years ended 31 December 2002, 2003 and 2004. The selected historical segment information of the Umicore Group is derived from its consolidated financial statements for the years ended 31 December 2002, 2003 and 2004, which were audited by us, whilst the pro forma adjustments are based on assumptions from the Board of Directors of Umicore described in the basis of preparation as disclosed in Chapter V, section 6.1 of the Prospectus. The Board of Directors of Umicore is responsible for the above post Demerger consolidated pro forma selected segment information.

Our review included such audit procedures as we considered necessary in the circumstances. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion on the assumptions of the Board of Directors, the pro forma adjustments and the application of those adjustments to selected historical financial information. Accordingly, we do not express such an opinion.

The objective of the post Demerger consolidated pro forma selected segment information of Umicore is to show what the significant effects on selected historical segment information of the Umicore Group might be. However, this post Demerger consolidated pro forma selected segment information of Umicore is not necessarily indicative of the results of operations or related effects on the financial position that would have been attained had the proposed Demerger actually taken place in these periods.

Based on our review, nothing came to our attention that caused us to believe that the pro forma adjustments do not give appropriate effect to the assumptions of the Board of Directors and the basis of presentation as described in Chapter V, section 6.1 of the Prospectus, or that the post Demerger consolidated pro forma selected segment information of Umicore reflecting the adjustment pursuant to the proposed Demerger does not reflect the proper application of those adjustments to the selected historical segment information of the Umicore Group for the years ended 31 December 2002, 2003 and 2004.

18 March 2005

Independent External Auditor
PricewaterhouseCoopers Reviseurs d'Entreprises

Represented by
Robert Peirce
Reviseur d'Entreprises

6.4 DESCRIPTION OF KEY STRUCTURAL CHANGES IN UMICORE'S FINANCIALS RESULTING FROM THE DEMERGER

All balance sheet, income statement and cash flow statement line items will decrease as a result of the Demerger. The group shareholders' equity of Umicore will decrease by an amount of EUR 293.9 million corresponding to the equity of Cumerio. The Demerger is not expected to have any further material effect on the operating results of Umicore beyond the loss of the contribution of the copper activities.

The flow of intermediate products and residues between the Cumerio and Umicore plants will remain in place and will continue to be carried out at market conditions. The Demerger is therefore not expected to have any material impact on the margins of Umicore businesses involved in such transactions.

Similarly, Umicore will continue to provide a certain number of services to Cumerio, such as site services in Olen and Brussels and information systems support. The terms and conditions for the delivery of such services are principally in line with those prevailing before the Demerger, the impact of which is therefore expected not to be material to Umicore.

As a result of the Demerger, Umicore's sensitivity to the copper price and treatment charges for copper concentrates will be eliminated. Also, the sensitivity to the US dollar will decrease by approximately EUR 0.6 million for each US dollar cent fluctuation in the exchange rate to the Euro, at currency exchange rates prevailing at the end of 2004.

Following its refinancing, Cumerio will repay the financial loans to Umicore, which will reduce the net financial debt of Umicore by EUR 119.7 million, and financial charges will decrease in proportion.

The income from other financial investments will see the impact of lower interest revenues corresponding to interest charged to NFI, as the loan to that company has become part of Cumerio.

Umicore's tax results of 2004 and 2003 included positive deferred tax effects related to the tax situation of the copper subsidiaries in Bulgaria. As a result of the Demerger, it is expected that the overall income tax charge will increase.

The minority interest which exists in Umicore Med, one of the Bulgarian copper subsidiaries, will be eliminated from the financial statements of Umicore but the effect thereof is not material to Umicore.

6.5 SUPPLEMENTARY CONSOLIDATED FINANCIAL INFORMATION

6.5.1 Group companies

Following entities will henceforth be excluded from the Umicore consolidation scope:

Country	*Company*	*% interest 2004*
Belgium	Umicore Copper NV/SA	100.00%
Bulgaria	Umicore Med JSCo	99.77%
	Umicore Bulgaria	100.00%
	Umicore Bulgaria Leasing	100.00%
Italy	Umicore Italia s.r.l.	100.00%
Austria	Umicore Austria P.A.S.R. Beteiligungs	100.00%

6.5.2 Foreign currency measurement

For the main currencies applicable within the Umicore Group's consolidated entities and investments, the prevailing rates used for translation into the Umicore Group's presentation currency (EUR) are as follows:

		Euro - EUR					
		Closing rates			*Average rates*		
		2004	*2003*	*2002*	*2004*	*2003*	*2002*
American Dollar	USD	1.3621	1.2630	1.0487	1.2439	1.1312	0.9452
UK Pound Sterling	GBP	0.7051	0.7048	0.6505	0.6787	0.6920	0.6287
Canadian Dollar	CAD	1.6416	1.6234	1.6550	1.6168	1.5817	1.4834
Swiss Franc	CHF	1.5429	1.5579	1.4524	1.5438	1.5212	1.4670
Japanese Yen	JPY	139.6500	135.0500	124.3900	134.4446	130.9712	118.0690
Brazilian Real	BRL	3.6156	3.6280	3.7023	3.6441	3.4836	2.7918
South African Rand	ZAR	7.6897	8.3950	9.0090	8.0092	8.5436	9.9000
Chinese Yuan	CNY	11.2735	10.3786	8.6858	10.2956	9.3703	7.8284
Thai Baht	THB	52.9993	49.6861	45.2284	50.0730	47.0205	40.6504
Korean Won (100)	KRW	14.1005	15.0632	12.4378	14.2262	13.4690	11.8064

All subsidiaries, associates and joint ventures have as measurement currency the currency of the country in which they operate, except for Megapode (Ireland) and Traxys (Luxembourg) where the measurement currency is the US Dollar.

6.5.3 Consolidated equity of the Umicore Group as presented in the pro forma consolidated balance sheet

Reconciliation of the consolidated equity of Umicore as of 1 January 2005

	31/12/2004	*Impact of the Demerger*	*1/1/2005*
		('000 €)	
Capital	563,161	(181,134)	382,027
Share premiums	97,212	(31,267)	65,945
Retained earnings	711,675	(124,002)	587,673
Currency translation adjustment	(135,122)	42,455	(92,667)
Total equity group share	1,236,926	(293,948)	942,978

The reversal of currency translation adjustment reflects the difference between the historical rates, used for translation of the components of the equity of the Cumerio subsidiaries reporting in USD and the closing rate at the end of 2004.

The final amount of the retained earnings of Umicore will be determined on 13 April 2005, *i.e.* the date of the annual shareholders meeting of Umicore, based on the final amount of the dividend payable for 2004, which depends on the number of treasury shares owned by Umicore on that date. The breakdown of the total equity into capital, share premiums and retained earnings will be determined on that date as well.

6.5.4 Net financial debt

Pro forma net financial debt as of 1 January 2005

	Umicore Group	*Impact of the Demerger*	*Umicore's financing of Cumerio*	*Umicore Group after the Demerger*
		('000 €)		
Long term financial debt	414,814	(7,342)		407,472
Current financial debt	319,016	(210,328)	173,130	281,818
Bank overdrafts	10,730	(1,762)		8,968
Treasury shares	(27,946			(27,946)
Cash and cash equivalents	(154,095)	99,707	(59,007)	(113,395)
Net financial debt	562,519	(119,725)	114,123	556,917

The net financial debt of Umicore will decrease by EUR 5,602 thousand, immediately after the Demerger, as Umicore finances the Cumerio entities for a net amount of EUR 114,123 thousand at the date of 1 January 2005. This financing is presented in Umicore's pro forma consolidated balance sheet under "Current loans" for EUR 113,880 thousand and under "Other receivables" for EUR 243 thousand. The total net financial debt of Cumerio amounts to EUR 119,725 thousand at the date of 1 January 2005 (cf. Chapter IV, section 8.5.4).

6.6 ACCOUNTING POLICIES AND EVALUATION PRINCIPLES OF THE UMICORE GROUP

For these accounting policies and evaluation principles please refer to Chapter VI, section 3.

CHAPTER VI: FINANCIAL INFORMATION OF UMICORE (BEFORE THE DEMERGER)

For more information on Umicore, please also refer to its website: www.umicore.com.

1 FINANCIAL REVIEW

RECURRING EARNINGS

Net recurring earnings, group share, for 2004 reached EUR 181.9 million compared to EUR 89.6 million in 2003. This represented earnings per share of EUR 7.15. The year-on-year earnings increase reflected the inclusion of the PMG activities for a full 12 month period as well as strong growth in most of Umicore's business segments.

In line with the accounting rules in effect since 31 December 2003, and pending adoption of IFRS 3 and the revisions to IFRS 36 and 38, goodwill continued to be amortized. A charge of EUR 10.2 million was therefore recorded in the income statement. Excluding such goodwill amortization, net recurring earnings, group share, amounted to EUR 192.1 million, corresponding to EUR 7.56 per share. There will be no amortization of goodwill from the beginning of 2005.

Recurring operating results more than doubled compared to the prior year to reach EUR 263.9 million in 2004, reflecting the first full year contribution of the PMG activities acquired in August 2003 and strong revenue growth in the Advanced Materials and Precious Metals Products & Catalysts segments. The Zinc activities benefited from higher zinc prices expressed in US dollars combined with favorable exchange rates. The profitability of the Copper business showed considerable improvement despite record low market conditions, driven by yield improvements and sales growth. Overall, the Umicore Group continued to benefit from favorable US dollar exchange rates to the Euro in 2004, as a result of the consistent application of its hedging policy.

Recurring income from associates increased 54% year-on-year to EUR 27.7 million, due to the increased contribution from joint ventures in Automotive Catalysts and Advanced Materials, as well as the strong performance of Traxys.

FINANCIAL RESULTS AND TAXATION

Financial charges for the period amounted to EUR 49.9 million. Of this amount EUR 31.5 million were interest charges. The interest charge increased year-on-year as a result of the debt arising from the acquisition of PMG in 2003, mainly. Financial charges also included an amount of EUR 9.4 million related to the actualization of non-current provisions. The actualization charge increased by EUR 3.5 million compared to 2003 as a result of the reduction in discount rates (which are linked to long-term interest rates) during the period. The one-off charges involved in setting up Umicore's medium and long-term financing arrangements at the beginning of 2004 were also included.

The recurring tax charge for the period was EUR 44.8 million, corresponding to an overall effective tax rate of approximately 21% on pre-tax consolidated income.

CASH FLOWS AND DEBT

Umicore generated pre-tax operating cash flows of EUR 323 million in 2004, up 22% on 2003. Working capital requirements increased during the year by some EUR 79 million largely due to the effect of higher metal prices on trade receivables. In proportion to revenue, however, working capital requirements were lower than in 2003.

Capital expenditure amounted to EUR 162 million. The non-maintenance portion of this expenditure was primarily allocated to growth projects such as the construction of an automotive catalyst plant in Suzhou (China), the new test center for automotive catalysts in Hanau (Germany), the construction of a facility in Quapaw (Oklahoma) to produce optical assemblies for night vision devices, and the battery materials capacity expansion in South Korea.

Strong cash flows enabled Umicore to pay down its medium-term borrowings and the overall net financial debt was reduced to EUR 562 million, corresponding to a gearing ratio (debt / debt + equity) of 30%. The long-term financial debt increased in 2004 as a result of the arrangements entered into to refinance the PMG acquisition. These consisted in a EUR 150 million eight-year bond issue and a EUR 450 million five-year syndicated bank loan of which EUR 250 million was still outstanding at the 2004 year-end.

NON-RECURRING ITEMS

Non-recurring items included an insurance indemnification of EUR 4.4 million following a fire at the Galva 45 zinc subsidiary and a EUR 2.2 million write-down of palladium inventory in Precious Metals Services.

The EUR 12.5 million loan to Kovanco was written off as a matter of prudence in view of developments affecting the financial condition of the borrower. This charge, which was reported as income from financial investments, was offset to some extent by the write-back of impairments recorded in previous years on Umicore's investment in Adastra.

HEDGING

Umicore's effective dollar rate for 2004 was 0.96 USD / EUR compared to an average market exchange rate of 1.24 USD / EUR. During 2004 Umicore covered half of its zinc price exposure for the year through a combination of forward sales and a 'collar' operation, resulting in a realized zinc price of USD 1,034 per tonne. In addition, in the second half of the year, Umicore hedged 75% of its zinc price exposure for the year 2005 at an average forward rate of USD 1,156 per tonne. Umicore also took advantage of the higher prices of some metals (notably platinum and silver) to lock in the metal price related income on certain contracts. By also hedging the projected dollar earnings from these operations, Umicore's currency hedging position at 31 December covered two thirds of the US dollar exposure for 2005 at an average rate of 1.13 USD / EUR.

ENVIRONMENTAL PROVISIONS

No additional environmental provisions were made during 2004. Umicore signed a covenant with the Flemish Authority for Waste Treatment (OVAM) in April concerning the remediation of soil in and around Umicore's Flemish sites. Umicore had already built up sufficient provisions in previous years to cover this work. The total amount of the environmental provisions at the end of the year was EUR 129 million.

POST-CLOSING EVENTS

In February 2005, a further focusing of the zinc activities on specialty products was announced, entailing a reduction in zinc production of 130,000 tonnes. These changes are expected to take place in 2005. Readers should be aware that the financial statements and information in Umicore's annual report as a whole include the full scope of Umicore's Copper and Zinc segments.

2 EXTRACT OF THE PRESS RELEASE OF THE RESULTS 2004 – DD 22 FEBRUARY 2005

HIGHLIGHTS

- **FINANCIALS**
  - Recurring EBIT pre-goodwill amortization of EUR 301.8 million up 96%
  - Post-goodwill recurring EBIT of EUR 291.6 million
  - Net recurring pre-goodwill profit (Group share) of EUR 192.1 million (up 96%) representing adjusted EPS of EUR 7.56
  - Revenues up by 40%. On a proforma basis (assuming PMG included for full 2003) revenues up by 9%.
  - Strong cash flow with EBITDA up 75% to EUR 485.8 million
  - Net financial debt reduced to EUR 562m

- **BUSINESS PERFORMANCE**
  - Advanced Materials: strong performance in all businesses; slower growth in H2
  - Precious Metals Products and Catalysts: sustained growth in key areas
  - Precious Metals Services: more difficult supply conditions
  - Zinc: strong earnings growth aided by higher zinc price and currency hedges
  - Copper: significantly improved intrinsic performance

- **OTHER**
  - In view of its strategy to focus on specialty materials, Umicore is also announcing today
  - The proposed demerger of its copper activities into Cumerio, a new company to be listed on Euronext
  - The further focusing of its zinc business on specialties
  - A dividend of EUR 1.65 per share will be proposed by Umicore's Board of Directors. In addition, the Umicore Board will recommend to the future Board of Directors of Cumerio that it proposes a dividend of EUR 0.30 per share. The combined gross dividend of EUR 1.95 is a 22% increase on 2003

Key figures	*H2 2003*	*H2 2004*	*2003*	*2004*
		(EUR million)		
Turnover	3,195.1	3,354.4	4,677.1	7,115.3
Revenue (excluding metal)	828.9	894.2	1,358.0	1,901.5
Recurring EBIT	98.1	129.1	145.9	291.6
Recurring EBIT pre-goodwill amortization	103.0	134.1	154.1	301.8
Non-recurring EBIT	(32.9)	(11.1)	(39.4)	(7.1)
Total EBIT	65.2	118.0	106.5	284.5
Recurring EBIT margin %	11.8%	14.4%	10.7%	15.3%
Net consolidated profit, Group share	31.8	67.6	60.1	168.3
Net consolidated profit before non-recurring items and goodwill amortisation, Group share	59.7	79.8	97.8	192.1
EBITDA	175.0	220.4	277.4	485.8
Capital expenditure	83.9	98.2	148.3	161.7
Cash flow before financing	(426.2)	241.4	(527.8)	138.0
Consolidated net financial debt	619.1	562.0	619.1	562.0
Net debt/(Net debt + Equity) (end of period)	34.2%	30.3%	34.2%	30.3%
Capital employed (end of period)	2,071.2	2,146.5	2,071.2	2,146.5
Return on Capital Employed (ROCE) %	11.9%	11.5%	8.3%	13.1%
Total shares outstanding (end of period)*	25,420,175	25,454,875*	25,420,175	25,454,875
Average number of shares – basic EPS	22,865,537	25,424,107	22,865,537	25,424,107
EPS declared (EUR / share) – basic	1.38	2.66	2.63	6.62
EPS declared (EUR / share) – fully diluted	1.33	2.59	2.57	6.43
EPS adjusted (EUR / share) – basic	2.59	3.14	4.28	7.56
Workforce at end of period	11,470	11,478	11,470	11,478

* Umicore proceeded with capital increases in November and December 2004 related to the exercise of stock options with subscription rights.

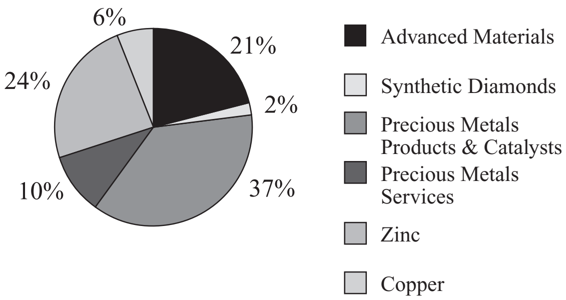
2.1 GENERAL OVERVIEW

Contributions to Recurring EBIT	*H2 2003**	*H2 2004*	*2003**	*2004*
		(EUR million)		
Advanced Materials	21.0	26.6	37.3	69.9
Synthetic Diamonds	4.9	1.7	12.8	4.6
Precious Metals Products and Catalysts	42.9	52.8	42.9	120.3
Precious Metals Services	21.2	17.8	45.7	33.3
Zinc	19.1	36.1	28.4	78.6
Copper	(0.3)	11.2	0.9	20.7
Corporate and Investments	(10.6)	(17.0)	(22.0)	(35.8)
Total	**98.1**	**129.1**	**145.9**	**291.6**
Including Group share in net profit (loss) from associates	8.9	11.7	18.0	27.7

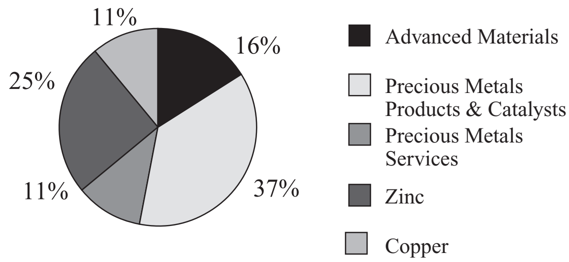
* for five months for ex PMG activities

Contributions to recurring EBIT and revenues in % (excluding Corporate & Investments)

Contributions to recurring EBIT



Contributions to revenues*



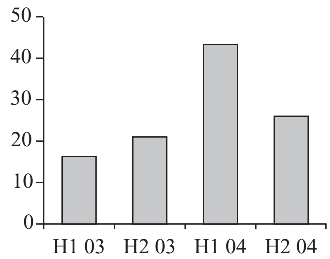
* Excludes Synthetic Diamonds

2.2 OVERVIEW BY DIVISION

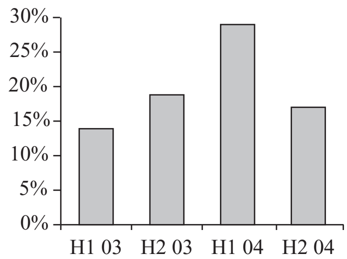
2.2.1 Advanced materials

	H2 2003	*H2 2004*	*2003*	*2004*
		(EUR million)		
Turnover	160.4	262.4	354.9	547.5
Revenue excluding metal	104.4	139.4	221.2	306.3
EBIT recurring	21.0	26.6	37.3	69.9
EBIT non-recurring	(0.8)	(1.1)	(2.7)	(1.1)
EBIT total	20.2	25.5	34.7	68.8
Recurring EBIT margin %	20.1%	19.1%	16.9%	22.8%
EBITDA	29.4	41.4	53.6	98.5
Capital expenditure	10.2	15.6	17.9	24.9
Average capital employed	235.0	308.5	203.0	294.1
ROCE %	18.8%	17.0%	18.1%	23.6%
Workforce	1,337	1,495	1,337	1,495

Recurring EBIT
(EUR million)



ROCE %



Revenues and earnings of the Advanced Materials business showed continued strength in the second half of 2004. However the exceptional performance in the first half was, as expected, not repeated. Overall revenues for the year were up by 38% on 2003 while earnings increased by EUR 32.6m, up 87%.

Specialty Oxides and Chemicals

In **Rechargeable Batteries**, the second half performance did not match that of the outstanding first semester. Indeed, comparison of revenues in the second half with the same period in 2003 showed a 10% decline. Customer destocking was the primary cause, particularly for cobalt oxide precursor material. Sales of Umicore's Cellcore range of lithium cobaltite products were also slightly lower as a result of a stagnation in the production of consumer electronics. In this segment, Umicore did however become the number one producer of lithium cobaltite worldwide. Umicore's low-cobalt, alloyed Cellcore MX products entered the qualification phase with customers and large scale production is scheduled to begin in April 2005. In nickel hydroxide the performance of the company's Chinese joint venture (Jiangmen Chancsun Umicore) was highly encouraging. Strong sales levels of spherical nickel hydroxide powders were proof of the market potential in this sector.

In **Ceramics and Chemicals** sales volumes in the second half were level with those of the second semester 2003. The success of Umicore's precursor materials for catalytic applications has been a major factor in the performance of the business line. In December a recycling contract was signed with a petro-chemical operation in the US, which will involve the construction of a new recycling unit at Umicore's facility in Arab, Alabama. In cobalt oxide, the influx of Chinese pigment-grade products on the European market led to a further weakening of prices. In the fourth quarter Umicore also renewed a major contract with a European tyre manufacturer.

In **Refining** Umicore further increased cobalt production during the second half of 2004, primarily as a result of a capacity expansion at the Ganzhou Yi Hao Umicore joint venture (formerly Hongsheng).

Engineered Metal Powders

In the hard metals segment of **Tool Materials** the strength of the first six months continued into the second half, although slightly more pressure was seen in premiums and overall pricing. Second half revenues were 10% up on the same period in 2003. The growth in the Asian market was a significant factor throughout the year while the European tooling market also saw increased demand compared with 2003. In terms of end-user sectors, the continued growth in most regions of the construction and oil-drilling industries had a positive influence. The electronics industry exhibited significant strength in the first half but this showed signs of easing up towards the end of the year. Overall Umicore was able to gain market share on the strength of its technical and service differentiation. In diamond tool materials the performance was stable throughout 2004 with the construction and stone processing industries in Europe and South Korea exhibiting strong demand. A market move towards pre-alloyed powders in 2004 was evident and is an area where Umicore is well positioned with its Cobalite® range of powders.

In **Primary Batteries**, volumes improved in the second part of the year but were 8% lower than the second half of the previous year. Volumes for the full year were also down on 2003. A part of the price pressure during the year was countered by innovation in Umicore's products.

The new **Electronic Powders** business line was able to establish itself during the year with a number of key customer relationships being set up, primarily in Asia. The properties of Umicore's ultra-fine spherical copper and nickel powders for multi-layer ceramic capacitors (MLCCs) and Umicore's low-cost production process will provide a base for growth in this business.

Electro-Optic Materials

Volumes in the **Substrates** business line were up by 45% year-on-year and second half volumes outstripped those of the same period in 2003 by 12%. The recovery in the world's satellite programmes has been the main reason behind the improvement. Although satellite launches for 2004 were below what has been the historical average (20-30 per year) the launch numbers for 2005 are set to increase with demand for direct television links through satellites and high-speed internet connections fuelling the trend. Sales of 4" germanium substrates for LEDs continued to grow throughout the year. Research efforts are currently focusing on enabling the use of germanium in terrestrial solar energy applications.

In the **High Purity Chemicals** business the improved sales of germanium tetrachloride for fibre optic applications fell away in the second half. The first six months had seen re-stocking deliveries to customers that were not repeated in the second half. Overall virgin deliveries for the year were 95% up on 2003 while the volumes in the second half were 50% up on the same period of the previous year. The end-market for fibre optics has shown no signs of a significant recovery with delays in the take-up of "last mile" infrastructure. Sales volumes of germanium dioxide improved year on year with first half being the most active delivery period.

The focus in the **Optics** business line increasingly centred on the GASIR® project for optical assemblies for night vision systems in cars. The production facility in Quapaw, Oklahoma is on track to start production in mid-2005. Sales of germanium lens blanks were lower in the second half compared with the first part of the year. New competition in this sector has also led to a greater degree of pressure on prices.

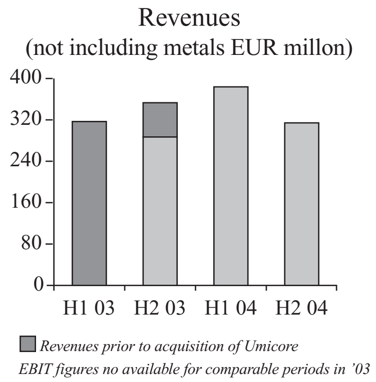
Synthetic Diamonds	*H2 2003*	*H2 2004*	*2003*	*2004*
		(EUR million)		
Contribution to Umicore EBIT and EBITDA:				
Recurring	4.9	1.7	12.8	4.6
Non-recurring	(11.1)	(4.0)	(11.1)	(4.0)
Total	(6.2)	(2.3)	1.7	0.5

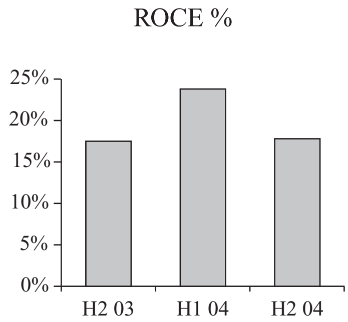
Megapode sales were up 25% compared to 2003. All market segments showed volume growth with polycrystalline products for drilling applications the most significant. However, continued price pressure in grits, combined with a very strong Rand and Euro compared to the US dollar, placed further pressure on earnings. The increased volume, economies of scale, further cost cutting and efficiency improvements as well as a more favourable product mix allowed Megapode to partially counter the negative currency effects. A charge of EUR 4 million linked with the transition to IFRS accounting norms at Megapode was taken as a non-recurring contribution.

2.2.2 Precious metals & catalysts

	*H2 2003**	*H2 2004*	*2003**	*2004*
		(EUR million)		
Turnover	646.0	824.3	646.0	1,678.7
Revenue excluding metal	286.9	314.2	286.9	698.0
EBIT recurring	42.9	52.8	42.9	120.3
EBIT non-recurring	0.0	(0.4)	0.0	(0.4)
EBIT total	42.9	52.3	42.9	119.9
Recurring EBIT margin %	14.9%	16.8%	14.9%	17.2%
EBITDA	62.9	79.7	62.9	164.1
Capital expenditure	13.7	31.9	13.7	49.2
Average capital employed	538.3	592.1	538.3	580.5
ROCE %	17.5%	17.8%	17.5%	20.7%
Workforce	3,156	3,114	3,156	3,114

* five month contribution from all activities except Thin Film Products





The very strong performance of the first period was almost matched in the second half. Overall recurring EBIT for 2004 reached EUR 120.3m. This was confirmation of strong evolution across the portfolio of activities.

Automotive Catalysts

Overall registrations of new vehicles in 2004 for North America and Europe increased moderately by some 2% year-on-year. Sales of new vehicles, despite continuously being bolstered by aggressive incentive schemes, showed signs of weakening in both markets in the final quarter, however. The production of vehicles in North America slowed in the fourth quarter and a similar picture was evident in the European market. Umicore's sales of automotive catalysts continued to rise through the year as the company continued its growth phase, particularly in North America.

Umicore's technology enabling the substitution of platinum for palladium in light duty diesel vehicles has made an impact in the market. Orders were received that will lead to deliveries in early 2006. Umicore's research is focused on developing technologies that will enable the extension of the substitution ratio above the current level of 25%.

Research and development efforts were increasingly focused on preparation for the introduction of new legislation on heavy-duty diesel (HDD) emissions. In this context the new test centre at Hanau, Germany, which was opened on 16 February 2005, will have a major role to play.

Construction work at the new production facility in Suzhou, China is at an advanced stage and production is expected to start in the second half of 2005.

Technical Materials

In **Electronic Packaging Materials** sales volumes were up 26% compared with 2003. Business was strong particularly in the second and third quarters, driven by Microbond pastes and wire business for die attach applications where Umicore is a world leader. The production facility in Singapore grew in importance and boosted sales to customers in the Asian electronics market. The growth of European customers in Asia and the shift of production facilities from Europe to this region also proved beneficial. Development projects included new die attach pastes for LED brake light applications in cars.

Although year-on-year sales levels were up by 5% **Brazetec** recorded a slightly slower second half. Sales of specialty brazing materials were strong in Asia. Although the European market remained buoyant there was increasing competition from US producers benefiting from the weaker US dollar. Overall profitability was enhanced through more effective prioritization of markets.

The pattern of the year was similar in **Contact Materials**. Sales rose by 6% with one of the biggest successes being the introduction of advanced, cadmium-free products into the US market for both automotive and non-automotive applications.

In **Platinum Engineered Materials** the strength of equipment sales for the manufacture of TFT glass continued in the second half. Overall sales levels for the year were up by some 6%. This was driven by the sustained growth in the LCD display / television market throughout 2004. Sales of gauzes were down because of aggressive competition.

Jewellery and Electroplating

The **Jewellery** segment saw a significant improvement with sales to smaller scale customers well up on the levels of 2003. This was indicative of increasing consumer confidence – a trend confirmed by the high levels of pre-Christmas sales in the fourth quarter. In **Industrial Metals**, sales of silver products for all applications were up year-on-year. In **Electroplating** the excellent performance seen in the first half continued. Both the electronics segment and decorative products (eg rhodium electrolytes for plating white gold) were buoyant. Increased demand for the surface treatment of non-precious metal substrates with precious metals coatings was a trend through the year.

Precious Metals Chemistry

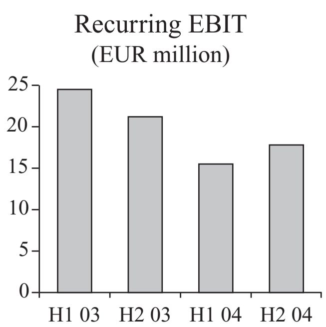
Umicore's organometallic chemicals and catalysts revenues were ahead of 2003 with a growth rate higher than that of the market. These products are used in processes such as the production of synthetic active substances in pharmaceuticals and fine chemicals and for the production of plastics, solvents and polymers. Sales of inorganic chemicals also improved. For all segments the second half of 2004 proved to be in line with the first.

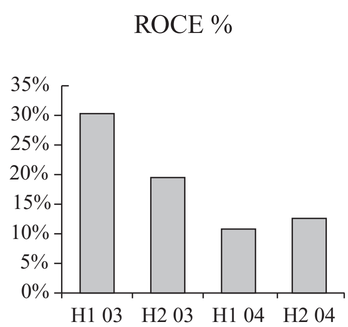
Thin Film Products

Sales levels were strong throughout 2004. Overall sales levels were up by 24% year-on-year. In **Displays** the strength of the TFT sector drove sales of indium tin oxide (ITO) and chrome targets and the performance of the facility in Providence, Rhode Island improved significantly following completion of a capacity expansion. Some cooling in the market was evident in the fourth quarter. **Electronics** revenues improved substantially throughout the first three quarters with some slowing down towards the end of the year. In **Optical Data Storage** sales of silver targets improved and the full integration with the Allgemeine activities in Pforzheim was completed. New target materials for high-speed DVD-RW applications were developed. **Optics** sales were strong in the first half of the year as new products were introduced but slowed during the second half. The **Wear Protection** segment showed good growth driven by healthy demand from the tooling industry. The main facility in Balzers, Liechtenstein, moved to new premises with expanded production capabilities, and new cleanrooms and laboratories.

2.2.3 Precious metals services

	H2 2003	*H2 2004*	*2003*	*2004*
		(EUR million)		
Turnover	1,369.8	919.3	1,717.0	2,263.8
Revenue excluding metal	113.0	96.3	214.7	204.9
EBIT recurring	21.2	17.8	45.7	33.3
EBIT non-recurring	0.0	(2.3)	0.0	(2.3)
EBIT total	21.2	15.5	45.7	31.1
Recurring EBIT margin %	18.7%	18.5%	21.3%	16.3%
EBITDA	37.3	31.7	71.3	58.3
Capital expenditure	11.2	13.8	23.2	20.9
Average capital employed	228.5	281.6	240.6	300.6
ROCE %	19.5%	12.6%	19.0%	11.1%
Workforce	1,180	1,289	1,180	1,289





The second half performance of Precious Metals Services showed a 10% decline on that of the second half of 2003. However, performance was better than the first half of 2004, due to a combination of improved supply conditions and most of the positive effects of the Hanau restructuring being felt. Recurring EBIT for the full year was down 27% at EUR 33.3m. Returns are not readily comparable due to the inclusion of the capital intensive Metals Management activities.

In terms of the supply situation the improvements seen in most metal prices meant that there was an improvement in the flow of some industrial residues. However, the lead industry in Europe is producing much reduced volumes and the market for global tankhouse slimes from the copper industry remained very competitive with the improvements in TC/RCs not yet leading to any significant increase in refining production (and therefore residues). The flow of by-products from the zinc industry was augmented by the silver-bearing leach residues from Umicore's zinc smelters.

In end-of-life materials the second half showed significant improvements in the supply volumes of electronic scrap. At this early stage it is unclear whether this was directly related to the anticipated increases brought about by the WEEE legislation in the EU. Nevertheless Umicore dedicated much effort during 2004 to developing supply networks for securing such material. In addition to this a seminar on the impact of WEEE was co-hosted by Umicore in Antwerp in October to help stimulate better understanding of the issues at stake and also to establish commercial contacts.

Supplies of spent automotive catalysts showed a year-on-year improvement as a result of Umicore's broadened collection and processing network in Belgium, France, Germany and the US. Supplies of spent industrial catalysts improved significantly largely as a result of increased activity in the petro-chemical sector.

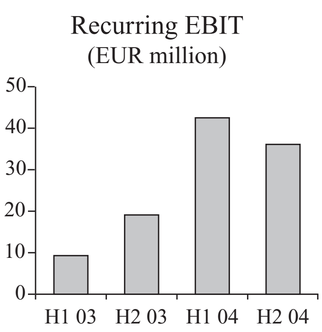
The improved prices in most metals benefited Umicore during 2004 and the sales values of specialty metals such as selenium and indium were much improved.

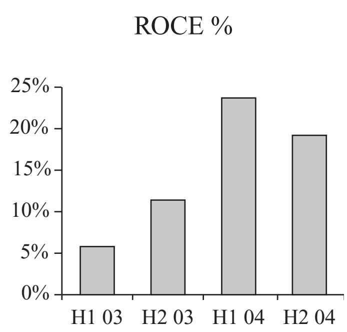
The Hoboken facility continued to improve its productivity throughout the year and an even more effective materials flow through the plant was achieved. A capacity increase was decided for the production of sulphuric acid, which will enable more economic benefit to be derived from this by-product.

In Metals Management the overall volatility of precious metals prices presented good trading opportunities throughout the year. No additional strategic hedging of precious metals took place in the second half.

2.2.4 Zinc

	H2 2003	*H2 2004*	*2003*	*2004*
		(EUR million)		
Turnover	403.9	489.7	803.6	933.8
Revenue excluding metal	226.5	234.9	440.6	481.4
EBIT recurring	19.1	36.1	28.4	78.6
EBIT non-recurring	(4.4)	(1.5)	(9.0)	2.4
EBIT total	14.6	34.6	19.3	81.0
Recurring EBIT margin %	8.4%	15.4%	6.4%	16.3%
EBITDA	39.8	58.3	64.2	132.7
Capital expenditure	21.8	27.3	45.0	41.5
Average capital employed	320.1	367.2	264.5	359.5
ROCE %	11.4%	19.2%	10.0%	21.4%
Workforce	2,863	2,875	2,863	2,875





The zinc price during the second half of 2004 averaged USD 1,046 per tonne, slightly down on the average for the first half but well up on the average price for the second semester of 2003 (USD 875). The overall average for the year was USD 1,047, some USD 219 higher than for 2003. The zinc price hedging arrangements entered into at the beginning of the year meant that Umicore's effective zinc price obtained for 2004 was USD 1,034. This improvement was the main driver behind the significant rise in EBIT to EUR 78.6m. Overall revenues improved 9% to EUR 481m.

Zinc Smelting

Combined annual production at Auby and Balen reached 517,000 tonnes.

Treatment charges for the year were below the levels seen in 2003. However, Umicore's long-term contracts enabled overall terms for the year to surpass the European benchmark. Some of the shortfall in earnings from treatment charges was made up by the significant rise in the price of sulphuric acid. In terms of concentrate supplies for 2005, Umicore had already covered 50% of its needs (volumes and conditions) by the end of 2004.

The major part of the restructuring programme announced at the beginning of 2004 was completed during the year in agreement with union representatives.

Padaeng

Sales in the second half were down by 6% compared with those of the second half of 2003. Annual sales volumes were, however, level with those of 2003. The effect of the year-on-year improvement in the zinc price benefited Padaeng but was partially offset by lower treatment charge levels for Asian smelters and increased electricity costs in Thailand. The flotation plant contributed to increased flexibility and cost effectiveness in raw material feed. Padaeng remained focused on developing its downstream alloys business in Thailand and other Asian markets.

Zinc Alloys and Chemicals

In the **Fine Zinc Powders** business the second half performance was strong with the zinc price allowing for improvements in the recycling margins. Volumes and premiums for Umicore's products were strong throughout the year in all regions, but especially so in Asia.

The **Zinc Oxides** business reported an improved second half compared with the last six months of 2003. The European market was well balanced thanks to a reduction in Chinese imports combined with strong demand in most end-user sectors. The year-on-year improvement in the zinc price also led to improvements in recycling margins.

In **Diecasting** the positive trends of the first half continued until the fourth quarter when the market slowed somewhat. Overall volumes for the year were 4.6% up on 2003 with China and Eastern Europe showing the strongest growth.

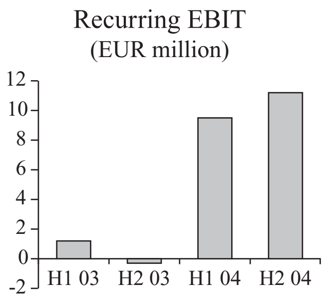
In the **Galvanizing** segment the increased activity in the steel sector led to increased demand for continuous galvanizing products throughout the year. Sales of products for general galvanizing also improved with a strong second half in the French and Italian markets. In galvanizing as a whole the trend towards specialty products continued with sales volumes of these products increasing by 11%.

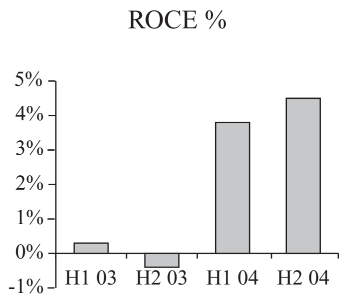
Building Products

Sales volumes in the second half were 1.4% up on those of the same period in 2003. Overall volumes for the year were 7% up on 2003. In addition the construction sectors in each of Umicore's main markets showed slower growth in the last six months of the year. Margins held up fairly well despite the year-on-year increase in the zinc price. In terms of geographical mix the French market was the main area of growth and most other traditional markets improved. However, sales in Belgium were somewhat lower. Increased sales volumes were recorded in the newer markets, primarily outside Europe. A greater proportion of more specialized products, such as pre-weathered zinc, were sold in line with the business development strategy.

2.2.5 Copper

	H2 2003	*H2 2004*	*2003*	*2004*
		(EUR million)		
Turnover	488.8	721.9	928.1	1,454.5
Revenue excluding metal	98.1	109.4	194.5	210.9
EBIT recurring	(0.3)	11.2	0.9	20.7
EBIT non-recurring	(5.9)	0.0	(5.9)	0.0
EBIT total	(6.2)	11.2	(5.0)	20.7
Recurring EBIT margin %	(0.3)%	10.2%	0.4%	9.8%
EBITDA	12.8	24.8	28.1	50.2
Capital expenditure	17.3	6.5	34.5	18.9
Average capital employed	446.2	458.3	427.7	465.3
ROCE %	(0.4)%	4.5%	0.0%	4.1%
Workforce	1,734	1,560	1,734	1,560





The improved performance of Umicore Copper's operations continued in the second half of 2004 with recurring EBIT up more than EUR 11m on the same period in 2003. Full year results were substantially above those of 2003 with recurring EBIT reaching EUR 20.7m. Revenues increased by 8% to EUR 210.9m.

The withdrawal of copper material from the LME and Comex warehouses continued in the second half of 2004, as a consequence of the supply deficit resulting from a 9% increase in world demand for copper. LME inventories went down from 104,575 tonnes to a year-end low of 48,875 tonnes.

Due to the tightness in copper availability, the copper price further increased in the second half of 2004. It reached an average settlement price over the period of USD 2,972 per tonne (versus USD 2,760 per tonne in the first half of 2004), with an average backwardation of USD 91 per tonne or 50% higher than in the first half. The increasing copper price encouraged concentrate producers to increase mine output with a significant effect on the balance of the concentrates market. The resulting rise in spot TC/RCs has been sharp although only very limited benefit was as yet felt by Umicore Copper as treatment charge terms are generally re-negotiated on an annual basis. Producer premiums also rose significantly in Europe due to the shortage of cathode material but the main benefit will only be felt in 2005.

As in the first half, Umicore Copper was able to ensure that its smelting and refining operations were fully supplied with concentrates, blister, anodes and scrap. The smelting and refining activities at Pirdop (Bulgaria) extended their excellent track record and finished the year with a record production of 227,029 tonnes of anodes, up 7% on 2003. Pirdop also refined 20% more cathodes, reaching a production of 55,254 tonnes in 2004.

Cathode production at the Olen refinery reached a record high of 343,181 tonnes, up 5.5% on 2003. This was achieved with 19,500 tonnes less feed from Pirdop, demonstrating Umicore Copper's ability to secure a wide range of raw material supplies from other reliable sources. The anodes not used in Olen were sold in the growing market in the Black Sea region, a trend that is set to continue.

Overall, annual deliveries of copper wire rod rose 12% to 407,019 tonnes in 2004. Wire rod deliveries in Northern Europe increased by over 21%, while Italy experienced a decline of 4% due mainly to the reduced availability of cathodes for toll orders. Deliveries of speciality and oxygen-free rod were 63% higher than in

2003. Shipments of cast shapes recorded an excellent second half, up 25% with respect to the same period of 2003, and totalled 93,621 tonnes for the full year.

2.2.6 Corporate and investments

	H2 2003	*H2 2004*	*2003*	*2004*
		(EUR million)		
EBIT recurring	(10.6)	(17.0)	(22.0)	(35.8)
EBIT non-recurring	(10.7)	(1.8)	(10.7)	(1.8)
EBIT total	(21.2)	(18.8)	(32.7)	(37.6)
EBITDA	(1.1)	(13.1)	(4.4)	(18.5)
Capital expenditure	9.8	3.0	14.1	6.3
Average capital employed	133.3	92.3	214.6	81.5
Workforce	1,200	1,145	1,200	1,145

Research, development and innovation

R&D spends at Group level in 2004 reached EUR 89 million. This reflects the broader scope of research and development within Umicore and also the increased focus on new product development. During the year more than 500 people worldwide were employed in R&D. The R&D activities funded by the corporate centre continued to focus mainly on fuel cells and nanomaterials.

Fuel Cells

Customer interest in Umicore's various fuel cell-related products continued to increase. A joint development agreement was signed in one application field with a leading OEM as one of Umicores key partners in fuel cells.

Traxys

In the second half Traxys – a 50% joint venture with Arcelor involved in raw materials trading and marketing – continued to take advantage of a supportive business environment driven by Chinese and US demand, especially for materials for steel mills and foundries. The equity method contribution to Umicore's EBIT amounted to EUR 6.8 m for 2004.

Environment, health and safety

Umicore's safety performance made further progress in 2004 with an accident frequency rate of 7.1 (7.6 in 2003) and a severity rate of 0.19 (0.24 in 2003). New safety objectives were established by management to cover the period 2004-2008.

Following the signing of the Covenant between Umicore, OVAM and the Flemish Government in April 2004, Umicore made immediate progress towards the stated objectives.

2.3 FINANCIAL HIGHLIGHTS

Dividend: The Board of Directors will propose a gross dividend of EUR 1.65 per share to the shareholders at the Annual General Meeting on 13 April 2005.

Financial result and taxation

Financial charges were EUR 49.9 million of which interest charges of EUR 31.5 million and EUR 9.4 million corresponding to the actualization of provisions. The latter increased by EUR 3.5 million from 2003 due to the reduction of discount rates during 2004. The one-off charges involved in setting up Umicore's extended medium and long-term financing arrangements at the beginning of the year are also included.

Total tax was EUR 41.9 million and includes a EUR 2.9 million tax credit resulting from the write-off of the Kovanco loan. This corresponds to an effective tax rate of 21% on a consolidated basis.

Cash flows and debt

Cash flow from operations was strong, reaching EUR 362 million. Working capital requirements in the second half of the year were reduced in line with seasonal patterns and specific containment efforts.

Capital expenditure was EUR 162 million. The non-maintenance related portion of this expenditure was primarily allocated to growth projects such as the Suzhou automotive catalyst plant, the test centre in Hanau, the optics plant at Quapaw and the battery materials capacity expansion in South Korea.

The strong cash flows enabled Umicore to pay down its medium term debt and to reduce overall net financial debt to EUR 562 million. This corresponds to a gearing ratio of 30%.

Non-recurring items

Operational non-recurring items included an insurance indemnification following a fire at the Galva45 zinc subsidiary and a EUR 2.2 million write down of palladium inventory in Precious Metals Services. In financial investments the write-off of the EUR 12.5 million loan to Kovanco was offset to some extent by a write back of the impairments made in previous years on Umicore's investments in Adastra.

Sensitivities and Hedging

Umicore's effective dollar rate for 2004 was USD/EUR 0.96 compared to an average USD/EUR exchange rate during the year of 1.24.

During 2004 Umicore extended its metals and currency hedging for 2005. 75% of Umicore's zinc price exposure for 2005 is currently hedged at an average forward price of USD 1,156 per tonne. Umicore also took advantage of the higher prices of some other metals (especially platinum and silver) to lock in the metal price related income on certain contracts. By also hedging the projected dollar earnings from these operations Umicore's currency hedging position now covers 70% of the US dollar exposure for 2005 (Copper business excluded) at an average rate of 1.13 USD/EUR.

Assuming an exchange rate of USD/EUR of 1.30 and a zinc price of USD 1,300 per tonne for 2005 for the unhedged portion of its exposure, Umicore estimates that the negative effect of the less favourable coverage of its US dollar exposure in 2005, combined with the positive effect of its zinc price hedges, would lead to an overall negative effect on 2005 EBIT (vs 2004) of some EUR 90 million (EUR 65 million if the copper business is excluded). This estimate does not take into consideration any change to other business conditions and drivers that might occur during 2005.

Shares: Umicore created 34,700 new shares in the last two months of 2004. These shares were created as a result of the exercise of stock options with share subscription rights. At 31 December 2004 Umicore owned 731,687 of its own shares which can be used to limit potential dilution resulting from the exercise of stock options. The number of stock options outstanding at the end of December was 1,465,915.

2.4 STRATEGIC DEVELOPMENTS

Umicore has announced its proposal to demerge its copper activities into a new company named Cumerio, to be separately listed on Euronext. This is in line with Umicore's strategy of focusing on specialty materials and follows the successful turnaround of the copper division.

Umicore also announced that it will focus its zinc division fully on the production and sale of zinc specialty products. This strategy entails discontinuing the sale of commodity zinc. Production and sales of Umicore's added value zinc alloys, chemicals and building products will be unaffected. The refocusing will lead to a reduction of Umicore's annual zinc production by 130,000 tonnes and should start to take effect from the second half of 2005.

2.5 OUTLOOK

Excluding the effect of the less favorable currency hedge contribution compared to 2004, Umicore expects the overall business environment to show stability in the first half of 2005.

The Advanced Materials business performance is expected to still see the effect of customer destocking in the first half, but to resume its growth path thereafter.

The Precious Metals Services and Precious Metals Products and Catalysts businesses are expected to evolve in line with the overall market growth.

The Copper business will see a strong improvement due to higher treatment charges and producer premiums.

The Zinc Specialties business, where the impact of currency hedges is the most significant, will see the negative effect of lower treatment charges but this will be compensated by other factors.

2.6 CONSOLIDATED FINANCIAL INFORMATION 2004

The consolidated financial information have been prepared using the same accounting policies and methods of evaluation as in the 31 December 2003 consolidated annual financial statements and in accordance with International Financial Reporting Standards and the Royal Decree of 18 January 2005.

"The statutory auditor, PricewaterhouseCoopers Reviseurs d'Entreprises SCCRL, represented by Robert Peirce and Luc Discry, have confirmed that their audit work, which is substantially complete, has not revealed any significant matters requiring adjustments to the 2004 accounting information included in this press release."

CONSOLIDATED INCOME STATEMENT

	IFRS		
	2002	*2003*	*2004*
		(EUR million)	
Turnover	3,160.6	4,677.1	7,115.3
Other operating income	45.4	38.7	53.8
Operating income	***3,206.0***	***4,715.8***	***7,169.1***
Raw materials and consumables used	2,303.6	3,652.4	5,743.1
Payroll and related benefits	400.2	484.1	603.5
Depreciation and impairment loss	127.7	138.2	187.1
Increase & reversal in provisions (1)	22.5	31.0	8.9
Other operating expenses	292.3	310.5	365.6
Operating expenses	***3,146.3***	***4,616.2***	***6,908.2***
RESULT FROM OPERATING ACTIVITIES	**59.7**	**99.7**	**260.9**
Net financial income (charge)	(22.9)	(33.6)	(49.9)
Income from other financial investments	(0.3)	(2.4)	(10.2)
Share in result of companies accounted for using the equity method	13.0	6.9	23.6
PROFIT (LOSS) BEFORE TAX	**49,5**	**70.5**	**224.4**
Income taxes	(11.4)	(2,5)	(41.9)
PROFIT (LOSS) AFTER TAX	**38.2**	**68.0**	**182.6**
Minority interests	(5.3)	(7,9)	(14.2)
GROUP PROFIT (LOSS) FOR THE PERIOD	**32.9**	**60.1**	**168.3**
Basic earnings per share	1.45	2.63	6.62
Diluted earnings per share	1.45	2.57	6.43
Proposed dividend per share	1.40	1.60	1.65

(1): Includes the reversal of excess provisions which were previously reported as "Other operating income"

CONSOLIDATED BALANCE SHEET

	IFRS		
	2002	*2003*	*2004*
		(EUR million)	
NON-CURRENT ASSETS	**1,107.1**	**1,412.5**	**1,385.8**
Intangible assets & equity transaction expenses	15.8	28.7	31.4
Goodwill	36.8	91.3	86.2
Property, plant and equipment	774.5	950.8	920.7
Investments accounted for using the equity method	162.3	194.5	204.7
Financial assets	53.2	56.2	36.9
Trade and other receivables	5.0	8.6	17.3
Deferred tax assets	59.6	82.0	88.0
Assets employee benefits	—	0.5	0.6
CURRENT ASSETS	**1,152.9**	**1,696.2**	**1,883.0**
Current loans granted	15.3	0.1	0.1
Inventories	650.3	905.6	963.3
Trade and other receivables	307.1	631.4	727.4
Income tax receivables	1.7	6.0	9.7
Current investments & own shares	72.5	24.0	28.4
Cash & cash equivalents	106.3	129.1	154.1
TOTAL ASSETS	**2,260.0**	**3,108.7**	**3,268.8**
GROUP SHAREHOLDERS' EQUITY	**1,024.3**	**1,129.4**	**1,236.9**
Share capital	500.0	562.4	563.2
Share premiums	11.1	96.8	97.2
Retained earnings	552.0	582.9	711.7
Translation reserves	(38.8)	(112.7)	(135.1)
MINORITY INTERESTS	**64.8**	**62.6**	**56.8**
NON-CURRENT LIABILITIES	**380.1**	**462.9**	**819.3**
Provisions employee benefits	135.3	201.6	198.8
Financial debt	87.8	35.5	414.8
Trade debt and other payables	5.5	5.0	4.6
Deferred tax liabilities	12.7	39.9	44.0
Provisions for environmental liabilities	116.1	112.1	113.0
Provision for other liabilities and charges	22.7	68.9	44.0
CURRENT LIABILITIES	**790.8**	**1,453.8**	**1,155.9**
Financial debt	222.0	736.7	329.8
Trade debt and other payables	543.1	657.4	773.8
Income tax payables	13.3	31.0	26.2
Provisions for environmental liabilities	10.9	18.6	15.5
Provision for other liabilities and charges	1.6	10.1	10.6
TOTAL EQUITY AND LIABILITIES	**2,260.0**	**3,108.7**	**3,268.8**

CONSOLIDATED CASH FLOW STATEMENT

	IFRS		
	2002	2003	2004
	(EUR million)		
Operating cash flow	173.4	190.6	361.5
Change in working capital requirements	179.3	50.6	(78.6)
NET CASH FLOW GENERATED BY (USED IN) OPERATING ACTIVITIES	**352.7**	**241.1**	**282.9**
Capital expenditure	(151.3)	(142.0)	(164.9)
Acquisitions	(43.5)	(644.2)	16.1
Disposals	7.7	7.0	13.3
Loans	19.7	10.3	(9.5)
NET CASH FLOW GENERATED BY (USED IN) INVESTING ACTIVITIES	**(167.3)**	**(768.9)**	**(144.9)**
Change in debt	(84.0)	452.5	(33.6)
Sales (Purchases) of own shares	(40.1)	44.7	(4.6)
Dividends	(31.8)	(68.3)	(59.5)
Interests	(17.4)	(18.6)	(22.9)
Capital increase / subsidies	0.6	144.8	1.7
NET CASH FLOW GENERATED BY (USED IN) FINANCING ACTIVITIES	**(172.7)**	**555.1**	**(118.9)**
Increase (decrease) in cash & cash equivalents at the end of the period	**12.7**	**27.3**	**19.1**

CHANGES IN GROUP SHAREHOLDERS' EQUITY

	IFRS	
	2003	2004
	(EUR million)	
Balance at the beginning of the period	**1,024.3**	**1,129.4**
Capital increase	148.0	1.2
Dividends	(29.2)	(39.5)
Result of the period	60.1	168.3
Currency translation adjustments	(73.9)	(22.4)
Balance at the end of the period	**1,129.4**	**1,236.9**

SEGMENT INFORMATION

Segment	*Year*	*Total Segment Turnover*	*of which external*	*of which inter-segment*	*Operating result*	*of which recurring*	*of which non-recurring*	*Result from equity method*
					(EUR million)			
Advanced Materials & Synthetic Diamonds	2003	354.9	354.9	0.0	33.9	36.6	(2.7)	2.4
	2004	547.5	547.5	0.0	64.2	65.2	(1.0)	5.1
Precious Metals Products & Catalysts* . .	2003	656.8	646.0	10.8	39.8	39.8	0.0	3.1
	2004	1,702.0	1,678.8	23.2	110.9	111.3	(0.4)	9.0
Precious Metals Services	2003	1,838.0	1,717.0	121.0	45.8	45.8	0.0	(0.1)
	2004	2,660.9	2,263.8	397.1	31.0	33.3	(2.3)	0.0
Zinc	2003	810.5	803.6	7.0	19.2	28.2	(9.0)	0.1
	2004	968.2	933.8	34.4	78.4	76.0	2.4	2.6
Copper	2003	1,009.9	928.1	81.7	(5.0)	0.9	(5.9)	0.0
	2004	1,535.5	1,454.5	81.0	20.7	20.7	0.0	0.0
Corporate & investments	2003	227.5	227.5	0.0	(34.0)	(23.3)	(10.7)	1.3
	2004	237.0	237.0	0.0	(44.4)	(42.6)	(1.8)	6.8
Not allocated	2003	(220.6)	0.0	(220.6)	0.0	0.0	0.0	0.0
	2004	(535.7)	0.0	(535.7)	0.0	0.0	0.0	0.0
UMICORE	**2003**	**4,677.1**	**4,677.1**	**0.0**	**99.7**	**128.0**	**(28.3)**	**6.9**
	2004	**7,115.3**	**7,115.3**	**0.0**	**260.9**	**263.9**	**(3.0)**	**23.6**

* Umicore has elected for competitive reasons, and in line with industry practices, not to disclose financials of the Automotive Catalysts business separately, as would have been required under IFRS. This business unit is therefore included, for segment reporting purposes, in the Precious Metals Products and Catalysts segment.

3. BASIS OF PREPARATION AND ACCOUNTING POLICIES AND EVALUATION PRINCIPLES OF THE UMICORE GROUP

3.1 BASIS OF PREPARATION

Umicore has elected to adopt International Financial Reporting Standards (IFRS)[1] in accordance with the Royal Decree of 4 December 2003, which defines the conditions for early adoption of these standards.

The provisions of this royal decree are in line with the European Commission regulation No. 1725/2003 which endorsed all International Accounting Standards (IAS) existing on 14 September 2002 with the exception of IAS 32 and 39 and the related interpretations of the IAS Board's Standing Interpretation Committee (SIC). Those matters for which no international standard had been approved at the balance sheet date were treated in accordance with Belgian accounting standards. These matters include financial instruments, the classification of own shares in the balance sheet and the cost of equity transactions.

The consolidated financial statements are presented in thousands of Euros, rounded to the nearest thousand, and were prepared on a historical cost basis, except for transactional hedges as disclosed in the accounting policies below.

1 As per the standards and interpretations published by the International Accounting Standards Board (IASB) and the IASB's Standing Interpretation Committee (SIC), respectively.

In the course of 2004, the European Commission endorsed IAS 32 and 39 for the measurement and presentation of financial instruments, together with a number of new standards and enhancements to existing standards, all to become effective as from 2005. The Royal Decree of 18 January 2005 incorporates the most recent set of IFRS rules as endorsed by the European Commission and makes them applicable for accounting years starting on or after 1 January 2005. Such changes will be reflected in the financial statements of Umicore starting with the interim statements for the period ending 30 June 2005.

3.2 ACCOUNTING POLICIES AND EVALUATION PRINCIPLES OF THE UMICORE GROUP

Umicore's consolidated financial statements as of and for the year ended 31 December 2004, which were authorized for issuance by the Board of Directors on 21 February 2005, were prepared in accordance with the legal and regulatory requirements applicable to the consolidated financial statements of Belgian companies. They include the financial statements of Umicore, its subsidiaries and its interests in companies accounted for using the equity method.

3.2.1 Principles of consolidation

Umicore applies a full consolidation for its subsidiaries - enterprises in which the company has control - *i.e.* the power to govern the financial and operating policies so as to obtain benefits from the enterprise's activities. Control is presumed when Umicore holds, directly or indirectly through subsidiaries, more than 50% of the voting rights.

Subsidiaries are consolidated from the date on which control is transferred to the Umicore Group and are no longer consolidated from the date that control ceases.

To account for an acquisition, the purchase method is used. The assets and liabilities of the acquired company are measured at their fair value at the date of acquisition. The cost of acquisition is measured as the fair value of assets given up, shares issued or liabilities undertaken at the date of acquisition, plus costs directly attributable to the acquisition. The excess of the cost of acquisition over the Umicore Group's share of the fair value of the net assets of the subsidiary is recorded as goodwill (cf. below 3.2.6 "Intangible assets and equity transaction expenses").

Inter-company transactions, balances and unrealized gains on transactions between Umicore Group companies are eliminated. Unrealized losses are also eliminated, unless a loss is an indication of impairment. Where necessary, the subsidiaries' accounting policies have been changed to ensure consistency with the policies the Umicore Group has adopted.

An associate is an enterprise in which the company has a significant influence over the financial and operating policies, but no control. Typically this is evidenced by a holding of between 20 to 50% of the voting rights. A joint venture is a contractual arrangement whereby the company and other parties undertake, directly or indirectly, an economic activity that is subject to joint control.

Both associates and joint ventures are accounted for using the equity method. Under this method, the Umicore Group's share of the post-acquisition profits or losses is recognized in the income statement, and its share of the post-acquisition movements in reserves is recognized in reserves.

Unrealized gains on transactions between Umicore and its associates or joint ventures are eliminated to the extent of Umicore's interest in the associates and joint ventures. Unrealized losses are also eliminated, unless the transaction provides evidence of an impairment.

Umicore's investments in associates and joint ventures include the goodwill on acquisitions, net of accumulated amortization.

3.2.2 Inflation accounting

As at 31 December 2004 there is no enterprise in the Umicore Group that reports in a currency of a hyperinflation economy.

3.2.3 Foreign currency translation

Items included in the financial statements of each entity in the Umicore Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity (the measurement currency). The consolidated financial statements are presented in Euros which is the measurement currency of the parent. To consolidate the Umicore Group and each of its subsidiaries, the financial statements of the individual companies are translated as follows:

– Assets and liabilities at the year-end rate as published by the European Central Bank.

– Income statements at the average exchange rate for the year.

– The components of shareholders' equity at the historical exchange rate.

Exchange differences arising from the translation of the net investment in foreign subsidiaries, joint ventures and associated entities at the year-end exchange rate are recorded as part of the shareholders' equity under "currency translation adjustment".

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as local currency assets and liabilities of the foreign entity and are translated at the closing rate.

3.2.4 Foreign currency transactions

Foreign currency transactions are recognized in the measurement currency of each entity at exchange rates prevailing at the date of the transaction. Subsequently, assets and liabilities denominated in foreign currencies are translated at the closing rate at the balance sheet date. Gains and losses resulting from the settlement of foreign currency transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies, are recognized in the income statement as financial result.

In order to hedge its exposure to certain foreign exchange risks, Umicore has entered into certain forward contracts and options (cf. below 3.2.21 "Hedging Instruments").

3.2.5 Property, plant and equipment

Property, plant and equipment is recorded at historical cost, less accumulated depreciation and impairment losses. Cost includes all direct costs and appropriate allocation of indirect costs incurred to bring the asset to working condition for its intended use.

There are no borrowing costs capitalized in the costs of the assets. All borrowing costs are recognized as expense in the period when incurred.

Repair and maintenance costs are expensed in the period in which they are incurred, if they do not increase the future economic benefits of the asset. Otherwise they are classified as separate components of items of property, plant, and equipment. Those major components of items of property, plant and equipment that are replaced at regular intervals are accounted for as separate assets as they have useful lives different from those items of property, plant and equipment to which they relate while the replaced asset is written-off.

The straight-line depreciation method is applied through the estimated useful life of the assets. Useful life is defined as follows per main type of property, plant and equipment:

Land	Non-depreciable
Buildings:	20 years
– Industrial buildings	10 years
– Improvements to buildings	40 years
– Other buildings such as offices and laboratories	40 years
– Investment properties	
Plant, machinery and equipment:	10 years
– Furnaces	7 years
– Small equipment	5 years
Furniture and vehicles:	
– Vehicles	5 years
– Mobile handling equipment	7 years
– Computer equipment	3 to 5 years
– Furniture and office equipment	5 to 10 years

Assets are reviewed for an indication of impairment at each balance sheet date to assess whether they are recoverable in the form of future benefits. If the recoverable amount has decreased below the carrying amount, an impairment loss is recognized and accounted for as an operational charge. To assess impairments, assets are grouped in cash-generating units (CGU) at the lowest level for which separately identifiable cash-flows exist (cf. below 3.2.12 "Impairment of assets").

A cash-generating unit is the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

3.2.6 Intangible assets and equity transaction expenses

Equity transaction expenses

Expenses for formation and capital increase are capitalized if they are not charged against income during the period in which they are incurred. When capitalized they are amortized over a period of five years.

Goodwill

Goodwill represents the excess of the cost of an acquisition of a subsidiary, associate or jointly controlled entity over the Umicore Group's share in the fair value of the identifiable assets and liabilities of the acquired enterprise at the date of acquisition. It is amortized on a straight-line basis over a maximum period of 20 years, following an assessment of its useful life.

Goodwill from associates and joint ventures is presented in the balance sheet on the line "Investments accounted for under the equity method", together with the investment itself.

To assess impairment, goodwill is allocated to a CGU. At each balance sheet date, CGUs are assessed for an indication of impairment. If such an indication exists, an analysis is performed to determine whether the carrying amount of goodwill is fully recoverable (cf. below 3.2.12 "Impairment of assets").

Negative goodwill represents the excess of the Umicore Group's interest in the fair value of the net identifiable assets acquired over the cost of acquisition.

To the extent that negative goodwill relates to expectations of future losses and expenses that are identified in Umicore's plan related to the acquisition and can be measured reliably, that portion of negative goodwill is recognized in the income statement at the same time as the future losses and expenses. Any remaining negative goodwill, not exceeding the fair value of the non-monetary assets acquired, is amortized in the income statement over the remaining life of those assets. Negative goodwill exceeding the fair value of the non-monetary assets acquired is immediately recognized in the income statement.

Other intangible assets

A distinction should be made according to the type of intangible asset:

– Patents, licenses: are amortized over the period of their legal protection.

– Software and related internal development costs: are amortized over a period of five years.

– Land use rights: are amortized over the contractual period using a straight-line method.

Market shares and trademarks are not capitalized.

Research and development

Research costs related to the prospect of gaining new scientific or technological knowledge and understanding are recognized in the income statement as an incurred expense.

Development costs are defined as costs incurred for the design of new or substantially improved products and for the processes prior to commercial production or use. They are capitalized if, among others, the following conditions are met:

– The intangible asset will give rise to future economic benefits, or in other words, the market potential has been clearly demonstrated.

– The expenditures related to the process or product can be clearly identified and reliably measured.

In case it is difficult to clearly distinguish between research or development costs, the costs are considered as being research. If development costs are capitalized they are amortized using a straight-line method over the period of their expected benefit but not exceeding five years.

3.2.7 Lease

Lease operations can be divided into two types of lease:

Finance lease

Leases under which Umicore assumes a substantial part of the risks and rewards of ownership are classified as finance leases. They are measured at the lower of the fair value and the estimated present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant periodic rate of interest on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in long-term payables. The interest element is charged to the income statement over the lease period. Assets under finance lease are depreciated over the useful life of the assets according to the rules set out by Umicore.

Operating lease

Leases under which a substantial part of the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Payments under operating leases are considered as an expense in the income statement.

3.2.8 Financial assets

Financial assets include equity securities, debt securities and loans. They are classified in the balance sheet as non-current or current financial assets, based on the intention or probability of realization within twelve months at the balance sheet date.

Debt securities and loans are recognized at amortized cost; equity securities are recognized at cost. Impairment losses are recognized when the net book value exceeds the recoverable amount of the asset. A reversal of an impairment will be accounted in the case of structural reasons but not above the historical cost.

Own shares, presented as current assets, are recognized at cost.

3.2.9 Inventory

Inventories are carried at the lower of cost or net realizable value. Cost comprises direct purchase or manufacturing costs and an appropriate allocation of overheads.

Inventories are classified as:

(a) Base products with metal hedging

(b) Base products without metal hedging

(c) Consumables

(d) Advances paid

(e) Contracts in progress

Base products with metal hedging are metal containing products on which Umicore is exposed to metal price fluctuation risks and where Umicore applies an active and structured risk management to minimize the potential adverse effects on the financial performance of the Umicore Group. The metal contents are classified in inventory categories that reflect their specific nature and business use. A weighted average is applied per category of inventory. Depending on the inventory category, appropriate hedging mechanisms are applied (cf. below 3.2.21 "Hedging Instruments").

Base products without metal hedging and consumables are valued using the weighted-average method.

Impairment write-downs on inventories are recognized when turnover is slow or where the carrying amount exceeds the net realizable value. Write-downs are presented separately.

Advances paid are down-payments on transactions with suppliers for which the physical delivery has not yet taken place and are booked at nominal value.

Contracts in progress are valued using the percentage-of-completion method.

3.2.10 Trade receivables

Trade receivables are stated at their nominal value less appropriate allowances for irrecoverable amounts.

3.2.11 Cash and cash equivalents

Cash includes cash in hand and cash with banks. Cash equivalents are short-term, highly liquid investments that are readily convertible into known amounts of cash, have maturity dates of three months or less and are subject to an insignificant risk of change in value.

These items are carried in the balance sheet at nominal value or cost. Bank overdrafts are included in the current liabilities on the balance sheet.

3.2.12 Impairment of assets

Property, plant and equipment and other non-current assets, including goodwill and intangible assets, are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such indication exists, the recoverable amount of the asset is estimated.

The recoverable amount is the higher of an asset's net selling price and value in use. To estimate the recoverable amount of individual assets, Umicore often determines the recoverable amount of the cash-generating unit (CGU) to which the asset belongs.

Whenever the carrying amount of an asset exceeds its recoverable value, an impairment loss is immediately recognized as an expense.

A reversal of impairment losses is recognized when there is an indication that the impairment losses recognized for the asset or for the CGU no longer exist or have decreased. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

3.2.13 Share capital and retained earnings

Dividends of the parent company payable on ordinary shares are only recognized as a liability following approval by the shareholders.

3.2.14 Minority interests

Minority interests include a proportion of the fair value of identifiable assets and liabilities recognized upon acquisition of a subsidiary, together with the appropriate proportion of subsequent profits and losses.

In the income statement the minority share in the company profit or loss is separated from the company consolidated result.

3.2.15 Provisions

Provisions are recognized in the balance sheet when:

– There is a present obligation (legal or constructive) as a result of a past event.

– It is probable that an outflow of resources will be required to settle the obligation.

– A reliable estimate can be made of the amount of the obligation.

A constructive obligation is an obligation that derives from company actions where, by an established pattern of past practice or published policies, the company has indicated that it will accept certain responsibilities and, as a result, the company has created a valid expectation that it will discharge those responsibilities.

The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the balance sheet date and taking into account the probability of the possible outcome of the event. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation. The result of the yearly discounting of the provision, if any, is accounted for as a financial result.

The main types of provisions are the following:

(a) Provisions for employee benefits (cf. below 3.2.16 "Employee benefits")

(b) Provisions for environmental obligations

Environmental provisions are based on legal and constructive obligations from past events, in accordance with the company's published environmental policy and applicable legal requirements. The full amount of the estimated obligation is recognized, except for the provision for pond covering and restoring the landscape. For this specific type of provision the obligation is gradually recognized following the actual usage of the ponds.

(c) Others

This category includes provisions for litigation, onerous contracts, warranties, exposure to equity investments and restructuring. A provision for restructuring is recognized when the company has approved a detailed and formal restructuring plan and the restructuring has either commenced or has been announced publicly before the balance sheet date. Any restructuring provision only includes the direct expenditure arising from the restructuring which is necessarily entailed and is not associated with the ongoing activities of the enterprise.

3.2.16 Employee benefits

Short-term employee benefits

This includes wages, salaries and social security contributions, paid annual leave and sick leave, bonuses and non-monetary benefits, and is taken as an expense in the relevant period. Bonuses are received by all company managers and are based on key target financial indicators. The amount of the bonus is recognized as an expense, based on an estimation at the balance sheet date.

Post-employment benefits (pensions, medical care)

Umicore has various pension and medical care schemes in accordance with the conditions and practices of the countries it operates in. The schemes are generally funded through payments to insurance companies or trustee-administered funds.

(a) Defined benefit plans

Umicore has accounted for all legal and constructive obligations both under the formal terms of defined benefit plans and under the company's informal practices.

The amount presented in the balance sheet is based on actuarial calculations (using the projected unit credit method) and represents the present value of the defined benefit obligation as adjusted for unrecognized actuarial gains and losses and unrecognized past service costs, and as reduced by the fair value of the plan assets.

Unrecognized actuarial gains and losses result from differences between actual and estimated actuarial parameters as reflected in the annual update of actuarial calculations. The amortization of actuarial gains and losses, where these exceed 10% of either the projected obligation value (defined benefit obligation) or the value of the assets of the plan (whichever is the higher), is recognized for the full amount in the income statement in the following period.

Unrecognized past service costs result from the introduction of new benefit plans or changes in the benefits payable under an existing plan. The past service costs for which the benefits are not yet vested (the employees must deliver employee services before the benefits are granted) are amortized on a straight-line basis over the average period until the new or amended benefits become vested.

(b) Defined contribution plans

Umicore pays contributions to publicly or privately administered insurance plans. The payments are recognized as expenses as they fall due, and as such are included in personnel costs.

Other long-term employee benefits (jubilee premiums)

These benefits are accrued for their expected costs over the period of employment using an accounting methodology similar to that for defined benefit pension plans. These obligations are in general valued annually by independent qualified actuaries. All actuarial losses or gains are immediately recognized in the income statement.

Termination benefits (pre-retirement plans, other termination obligations)

These benefits arise as a result of Umicore's decision to terminate an employee's employment before the normal retirement date or of an employee's decision to accept voluntary redundancy in exchange for those benefits. When they are reasonably predictable in accordance with the conditions and practices of the countries Umicore operates in, future obligations are also recognized.

These benefits are accrued for their expected costs over the period of employment, using an accounting methodology similar to that for defined benefit pension plans. In general, these obligations are valued annually by independent qualified actuaries. All actuarial losses or gains are immediately recognized in the income statement.

Equity and equity-related compensation benefits

Different stock option programs allow Umicore employees and senior management to acquire shares of Umicore. The option exercise price equals the market price of the underlying shares at the date of the grant and no compensation cost or obligation is recognized. When the options are exercised either existing own shares are used or the equity is increased by the amount of the proceeds received.

The impact of employee benefits on results are booked under operating results in the income statement, except for the interest cost and the return on plan assets of the defined benefit plans, which are classified under financial results.

3.2.17 Financial debt

Borrowings are initially recognized as proceeds received, net of transaction costs. Subsequently they are carried at amortized cost using the effective interest rate method. Amortized cost is calculated by taking into account any issue costs, and any discount or premium on settlement. Any differences between cost and redemption value are recognized in the income statement.

3.2.18 Trade payables

Trade payables are stated at nominal value.

3.2.19 Income taxes

Taxes on profit or loss of the year include current and deferred tax. Such taxes are calculated in accordance with the tax regulations in effect in each country Umicore operates in.

Current tax is the expected tax payable on the taxable income of the year, using tax rates enacted at the balance sheet date, and any adjustment to tax payable (or receivable) in respect of previous years.

Deferred taxes are calculated using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. These taxes are measured using the tax rates of the following year.

Deferred tax assets are only recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are offset and presented net only if they relate to income taxes levied by the same taxation authority on the same taxable entity.

3.2.20 Revenue recognition

Goods sold and services rendered

Revenue from the sale of goods in transformation activities is recognized when significant risks and rewards of ownership have been transferred to the buyer, and no significant uncertainties remain regarding recovery of the consideration due, associated costs or the possible return of the goods.

Revenue from refining activities is recognized when the metal reference stage is reached. Metal reference is a generally recognized standard form of metal, with defined metal content, traded on well-established markets for commodities.

Revenue from services rendered is recognized by reference to the stage of completion of the transaction when this can be measured reliably.

Government grants

A government grant is accounted for in the balance sheet initially as deferred income when there is reasonable assurance that it will be received and that the company will comply with the conditions attached to it. Grants are recognized in the income statement over the period necessary to match them with the costs they are intended to compensate.

3.2.21 Hedging instruments

Umicore uses derivative financial and commodity instruments primarily to reduce the exposure to adverse fluctuations in foreign exchange rates, commodity prices, interest rates and other market risks. Umicore mainly uses spot and forward contracts to cover the metal and currency risk, and swaps to hedge the interest risk. The operations carried out on the futures market are not of a speculative nature.

Transactional risks

The derivative financial and commodity instruments are envisaged to protect the fair value of underlying hedged items and are recognized initially at a transactional rate. Both instruments and hedged items are subsequently measured at fair value at the balance sheet date via the "Mark-to-Market" mechanism. All gains and losses on the balanced positions are immediately recognized in the income statement - as an operational result if commodity-related and as a financial result if currency and interest related (cf. before 3.2.9 "Inventory"). On the unbalanced positions only the losses are recognized. The principle of "Mark-to-Market" is the comparison of the transactional rate with the closing market rate, spot-to-spot or forward-to-forward depending on the transactional rate used.

Structural risks

Derivative financial and commodity instruments related to the protection of future cash flows are not recognized as operating result until the underlying cash flow is recognized. No "Mark-to-Market" mechanisms are applied.

CHAPTER VII: RECENT DEVELOPMENTS AND PROSPECTS

1 DEVELOPMENTS WITH REGARD TO CUMERIO

The average copper price for the first quarter remained at a very high level and the market continuously stayed in backwardation. This induced a slower start of the copper demand in Western Europe as many customers preferred to reduce their inventories. As a consequence, demand for cathodes in Western Europe has been rather low. Cumerio's smelter output is 4.8% higher than in the first quarter of 2004. Cathode production in Olen is in line with last year and 13.6% higher for the Pirdop refinery.

As most of the contracts for copper concentrates are settled now, Cumerio will benefit on average from 8 US cents/lb extra TC/RC with respect to 2004, taking into account some backlog deliveries at 2004 conditions.

Other developments include the introduction of new accounting norms with effect from 1 January 2005, not reflected in the pro forma consolidated opening balance sheet. This includes the application of IAS 32 and IAS 39 in respect of financial instruments, the effect of which cannot be evaluated at this time.

Barring any significant changes in market conditions and based on an average USD/EUR market rate of 1.30 and the accounting norms used to prepare Cumerio's pro forma consolidated opening balance sheet as at 1 January 2005, Cumerio's management anticipates for 2005 a recurring EBIT in the range of EUR 42 to 45 million. Accordingly, Cumerio's recurring net result is expected to range between EUR 27 and 30 million.

2 DEVELOPMENTS WITH REGARD TO THE ZINC ACTIVITIES

Umicore has decided to concentrate the strategic focus of its Zinc division fully on the production and sale of zinc specialty products. This strategy entails discontinuing the sale of commodity zinc, which is mainly sold to the steel industry. Production and sales of Umicore's added value zinc alloys, chemicals and building products will be unaffected.

This will lead to a reduction of Umicore's annual zinc production by 130,000 tonnes, and should start to take effect during the second half of 2005. These cutbacks will essentially affect the production rhythm in Umicore's French sites of Auby and Calais. It is envisaged that 216 jobs would be affected. Consultations with the workforce representatives have started on the consequences of the strategy and the implementation of an appropriate social plan.

As part of the strategic refocusing Umicore intends to invest up to EUR 60 million in the coming four years in its Zinc division in France in order to upgrade its production facilities and to support product development.

APPENDIX 1

UMICORE NV/SA

Limited Liability Company
Broekstraat 31, Rue du Marais, 1000 Brussels

VAT BE 0401.574.852
Register of Legal Entities Brussels

PROPOSAL FOR A TRANSACTION EQUATED WITH A DEMERGER

On 25 February 2005, in accordance with Article 677 in conjunction with Article 743 of the Companies Code (hereinafter referred to as "**CC**"), the Board of Directors of the limited liability company Umicore NV/SA (hereinafter referred to as "**Umicore**") drew up this proposal for a transaction equated with a demerger by means of a transfer of the assets and liabilities of Umicore's copper branch of activity to a new limited liability company to be incorporated and to be named "**Cumerio**".

This proposal will be filed at the clerk's office of the commercial court of Brussels at least six weeks before the first Extraordinary Shareholders Meeting of Umicore convened to approve the partial demerger.

The proposed transaction is a transaction equated with a demerger within the meaning of Article 677 CC (hereinafter referred to as a "**partial demerger**"), in which the assets and liabilities of Umicore's copper branch of activity will be transferred to a new company to be incorporated Cumerio without Umicore ceasing to exist and in which the shares in Cumerio to be issued as consideration will be directly distributed to the shareholders of Umicore. *Mutatis mutandis*, the transaction will be subject to the provisions of Book XI, Title II, Chapter III, Section II CC.

The proposed demerger aims at spinning off Umicore's copper branch of activity as described in section 9 below. This will be achieved by transferring the assets and liabilities of Umicore's copper branch of activity described in section 9 below to a new company to be incorporated with the name "Cumerio", the shares and VVPR strips of which will be listed and traded on the First Market of Euronext Brussels.

For further details and a justification of the planned transaction, please also refer to the other documents which will be drawn up in connection with this transaction, including the report by the Board of Directors of Umicore in accordance with Article 745 CC, the report of the Statutory Auditor of Umicore in accordance with Article 746 CC, the report of the external auditor appointed by the founder of Cumerio in accordance with Article 444 CC and the listing prospectus that will be published in connection with the listing of the shares in Cumerio in accordance with the Act of 22 April 2003 with respect to public offerings of securities (hereinafter referred to as the "**Act of 22 April 2003**") and the Royal Decree of 18 September 1990 on the prospectus to be published for the admission of securities to the first market of a securities exchange (hereinafter referred to as the "**Royal Decree of 18 September 1990**").

1 LEGAL FORM, NAME, PURPOSE AND REGISTERED OFFICE OF THE PARTIALLY DEMERGING COMPANY AND THE NEW COMPANY TO BE INCORPORATED

1.1 THE COMPANY WHICH WILL CARRY OUT THE PARTIAL DEMERGER

The company which will carry out the partial demerger bears the name "Umicore". It has the legal form of a limited liability company. Umicore is a company that makes or that has made a public call on savings. Its registered office is located at Broekstraat 31, Rue du Marais, 1000 Brussels, and its enterprise number is 0401.574.852.

Umicore's purpose as set out in Article 3 of its articles of association is reproduced *verbatim* below:

"The objects for which the company is established shall be:

1) the design, manufacture, construction, purchase, sale, installation, maintenance and repair of all types of electrical, electronic, nuclear, mechanical or hydraulic objects, machines and devices and all accessories, as well as the preparation and transformation of the raw materials required for its activities;

2) the seeking out, setting up, acquisition, operation and management, for its own account or for the account of third parties, of all mining, metallurgical or chemical activities or enterprises related to the *production of materials and to systems using these materials, as well as the conception, design, study, construction, procurement, commissioning and technical inspection or industrial installations;*

3) the trade in products resulting from such activities and in equipment and supplies needed to produce or manufacture these products, as well as all operations, for its own account or for the account of third parties, relating to the trade, storage, handling and transport of all products.

It may use the resources that it possesses to perform all services conducive to the attainment of its objects.

It may take out and make use of all patents relating directly and indirectly to its activities; it may also purchase and acquire by any other means such patents or licenses and make use of them.

It may carry out all real-estate activities in any legal form, including the purchase, sale, leasing and renting of real estate, the issuing of real estate income certificates or land certificates or the management of real estate properties.

It may perform all industrial, financial and commercial operations related directly or indirectly to the objects listed above, including applying for, acquiring or selling concessions.

In addition to the activities described in the preceding paragraphs, the company's objects include becoming involved, by way of contributions, mergers, absorptions, subscriptions, acquisitions of participating interests, or any other manner, in, and more generally lending its financial support in whatever form to, any enterprise, association or corporation the purpose of which is similar to, connected with, or conducive to the attainment of its objects.

The company may attain its objects in Belgium or abroad, directly or indirectly, in its own name or for the account of third parties, alone or in association, by carrying out all operations conducive to the attainment of the said objects or those of the corporations, associations and establishments in which it holds an interest."

The company will be referred to hereinafter as "**Umicore**" or "**the partially demerging company**".

1.2 THE COMPANY TO WHICH THE ASSETS AND LIABILITIES RELATING TO UMICORE'S COPPER BRANCH OF ACTIVITY WILL BE TRANSFERRED BY WAY OF THE PARTIAL DEMERGER

The receiving company will be the new company to be incorporated the name of which will be "**Cumerio**". It will have the legal form of a limited liability company, and its registered office will be located at Broekstraat 31, Rue du Marais, 1000 Brussels.

The company's purpose will be as follows:

"The purpose for which the Company is incorporated is the carrying out of the following activities, in Belgium or abroad, directly or indirectly, for its own account or for the account of third parties, alone or in association with third parties:

- *the acquisition, ownership, management and transfer, by means of purchase, contribution, sale, exchange, assignment, merger, split, subscription, financial intervention, exercise of rights or otherwise, of any participating interest in any business or branch of activity, and in any company, partnership, enterprise, establishment, association or foundation which does or may in the future exist;*
- *the purchase, subscription, exchange, assignment, sale and transfer of, and all other similar operations relating to, every kind of transferable security, share, bond, subscription right, option and government stock;*
- *the smelting, refining, transforming, recycling and marketing of copper, copper alloys and products derived from copper and the carrying out of all financial, manufacturing, commercial and civil operations relating to copper activities.*

The Company may take out, make use of, purchase, acquire or transfer all forms of intellectual property rights relating directly or indirectly to its activities and may undertake research activities.

The Company may acquire, rent, lease, fabricate, manage, transfer or exchange any personal or real property, with or without substance. It may carry out all real estate activities in any legal form, including the *purchase, sale, leasing and renting of real estate, the issuing of real estate income certificates or land certificates and the management of real estate properties.*

The Company may grant loans of any kind, duration or amount. It may secure its own obligations or obligations of third parties, notably by providing guarantees and by mortgaging or pledging its assets, including its own commercial undertaking (handelszaak / fonds de commerce).

The Company may exercise the functions of director, manager or liquidator in companies or associations. It may supervise and control such companies or associations.

In general, the Company may undertake all commercial, industrial and financial operations directly or indirectly related to its purpose and all action which could facilitate the realization of its purpose."

The company will be referred to hereinafter as "**Cumerio**" or "**the receiving company**".

2 RATIO FOR THE DISTRIBUTION OF THE CUMERIO SHARES AND VVPR STRIPS – NO CASH SURPLUS

The shares to be issued by Cumerio as consideration for the contribution of the assets and liabilities relating Umicore's copper branch of activity to Cumerio will be distributed to the shareholders of Umicore in proportion to their shareholding in Umicore.

On the date of the partial demerger Umicore's share capital will be represented by a number of shares equal to the number of shares outstanding on 15 February 2005 (*i.e.* 25,527,200), increased by the number of Umicore shares issued between 15 February 2005 and the date of the Extraordinary Shareholders Meeting of Umicore approving the partial demerger as a result of the exercise of subscription rights granted under the existing Umicore stock option plans. One share in Cumerio per share in Umicore will be distributed to Umicore's shareholders. Holders of old shares of companies which merged with Umicore first have to exchange their old shares in groups of ten for one Umicore share in order to be able to receive one Cumerio share.

On the date of the partial demerger, Umicore will have issued a number of VVPR strips equal to the number of VVPR strips as at 15 February 2005 (*i.e.* 5,083,738), increased by the number of VVPR strips issued between 15 February 2005 and the date of the Extraordinary Shareholders Meeting of Umicore approving the partial demerger as a result of the exercise of subscription rights granted under the existing Umicore stock option plans. Umicore believes that there are reasonable arguments to defend that each Umicore VVPR strip will entitle the holder thereof to one Cumerio VVPR strip. One Cumerio VVPR strip per Umicore VVPR strip will thus be distributed to holders of Umicore VVPR strips.

The total number of Cumerio shares that will be distributed will thus be equal to the number of Umicore shares as at 15 February 2005 (*i.e.* 25,527,200), increased by the number of Umicore shares issued between 15 February 2005 and the date of the Extraordinary Shareholders Meeting of Umicore approving the partial demerger as a result of the exercise of subscription rights granted under the existing Umicore stock option plans.

The total number of Cumerio VVPR strips that will be distributed will thus be equal to the number of Umicore VVPR strips as at 15 February 2005 (*i.e.* 5,083,738), increased by the number of Umicore VVPR strips issued between 15 February 2005 and the date of the Extraordinary Shareholders Meeting of Umicore approving the partial demerger as a result of the exercise of subscription rights granted under the existing Umicore stock option plans.

The shares to be issued by Cumerio will have the same characteristics as the existing Umicore shares.

There will be no cash surplus paid to the shareholders of Umicore.

3 MANNER IN WHICH THE SHARES AND VVPR STRIPS IN THE RECEIVING COMPANY WILL BE ISSUED

3.1 FORM OF THE ISSUED SHARES

The Cumerio shares to be distributed to Umicore's shareholders will be either registered or bearer, depending on the form of the Umicore shares held by them.

In accordance with Article 7 of the articles of association of Umicore, Umicore shares may be registered, bearer or dematerialized. At present, however, Umicore shares are exclusively registered or bearer.

3.1.1 For holders of Umicore registered shares

As a result of the partial demerger, holders of Umicore registered shares will automatically be registered as holders of Cumerio registered shares in the share register of Cumerio in accordance with the above-mentioned ratio.

The Board of Directors of Cumerio will draw up the Cumerio share register and record the identity of the holders of registered shares and the number of shares distributed to them at the latest on the first banking day after the Extraordinary Shareholders Meeting of Umicore which will approve the partial demerger. Within a period of one month of the date of this Extraordinary Shareholders Meeting, the Board of Directors of Cumerio will, upon request, also send a certificate of registration to each shareholder registered in the share register, mentioning the number of registered shares held in Cumerio.

The basis used here will be the shareholders' structure of Umicore (before the partial demerger) as apparent from that company's share register on the date of the partial demerger.

3.1.2 For holders of Umicore bearer shares

(i) Bearer shares not held in a securities account

Shareholders with Umicore shares not held in a securities account will be invited to go to a branch of the financial institutions mentioned in the listing prospectus with coupon no. 14 of their Umicore shares. This may be done from the first banking day after the Extraordinary Shareholders Meeting of Umicore which will approve the partial demerger. For more information about this listing prospectus, please refer to section 3.3 below.

Upon presentation of one or more such coupons the holders of Umicore bearer shares will receive a corresponding number of Cumerio bearer shares, in accordance with the above-mentioned ratio, in the following form:

- in the securities account they hold at their financial institution
- if they expressly request so, the shareholders will receive their shares in printed form. The printed Cumerio bearer shares will have coupons no. 1 up to and including 30 attached and will in principle be available no later than three months after the Extraordinary Shareholders Meeting of Umicore which will approve the partial demerger. In anticipation of the physical delivery of the new Cumerio shares, these shares will be represented by one or more global certificates and will only be available in a securities account at a financial institution of the shareholder's choice.

(ii) Bearer shares held in a securities account

For all Umicore shares held in a securities account at a financial institution, the partial demerger will automatically be effected on the account on the first banking day after the Extraordinary Shareholders Meeting of Umicore which will approve the partial demerger. The corresponding number of Cumerio shares will automatically be recorded in the securities accounts of the Umicore shareholders, in accordance with the above-mentioned ratio.

3.1.3 Conversion of the form of the distributed shares

The holders of Cumerio shares may request the conversion of their shares into shares of another form at any time and at their own expense, insofar as this form is provided for the relevant security in sections 3.1.1 and 3.1.2 above.

3.2 FOR HOLDERS OF UMICORE VVPR STRIPS

The Cumerio VVPR strips will be represented by one global certificate and will be available in a securities account at a financial institution of the shareholder's choice.

3.3 LISTING OF THE CUMERIO SHARES AND VVPR STRIPS

The Board of Directors of Umicore (as founder of the new company to be incorporated Cumerio) intends to apply for the admission of the Cumerio shares and VVPR strips to listing on the First Market of Euronext Brussels. Subject to approval by the Market Authority of Euronext Brussels, the Cumerio shares and VVPR strips will be traded on the first trading day after the Extraordinary Shareholders Meeting of Umicore which will approve the partial demerger.

In connection with this request for admission to listing, the Board of Directors of Umicore, as founder of the new company to be incorporated Cumerio, will prepare a listing prospectus in accordance with the provisions of the Royal Decree of 18 September 1990.

In line with the view of the Minister of Finance with regard to mergers, as reflected in the parliamentary preparation of the Royal Decree of 18 November 1996, the Board of Directors of Umicore is of the opinion that the tax of 0.6% on the delivery of bearer securities does not apply to the physical delivery of the Cumerio shares to be issued as a result of the partial demerger. The same reasoning applies with regard to the stamp tax on securities transactions. Furthermore, pursuant to the amendments to Belgian tax law resulting from the 27 December 2004 Program Act, no stamp tax on securities transactions and no tax on the physical delivery of bearer securities will be due upon the issuance of the Cumerio shares.

4 DATE FROM WHICH THE TRANSACTIONS OF THE PARTIALLY DEMERGING COMPANY WILL BE REGARDED FROM AN ACCOUNTING POINT OF VIEW AS HAVING BEEN PERFORMED FOR THE ACCOUNT OF THE RECEIVING COMPANY

Umicore's transactions in connection with the assets and liabilities relating to its copper branch of activity to be transferred to Cumerio will be regarded from an accounting point of view as having been performed for the account of Cumerio as from 1 January 2005.

5 DATE FROM WHICH THE NEW SHARES ARE ENTITLED TO A SHARE IN THE PROFITS – SPECIAL RULES REGARDING THIS ENTITLEMENT

The shares to be issued by Cumerio will participate in Cumerio's profits and will be entitled to receive dividends as from the date on which the partial demerger comes into effect from an accounting point of view pursuant to section 4 above, *i.e.* as of 1 January 2005.

There are no special rules regarding this entitlement.

6 RIGHTS GRANTED BY THE RECEIVING COMPANY TO THE SHAREHOLDERS OF THE PARTIALLY DEMERGING COMPANY WHO HAVE SPECIAL RIGHTS AND TO THE HOLDERS OF SECURITIES OTHER THAN SHARES, OR THE MEASURES PROPOSED VIS-À-VIS THEM

Except as set out in section 6.2 below regarding the VVPR status of certain Umicore shares, none of the Umicore shareholders have special rights and all the Umicore shares have the same characteristics and the same rights.

Umicore has issued certain securities other than shares, namely subscription rights. These subscription rights are used, along with purchase options on existing Umicore shares, to manage the Umicore stock option plans as described in section 6.1 below. The effect of the partial demerger on the holders of Umicore subscription rights and Umicore stock options is set out in section 6.1 below. There are no securities issued by Umicore other than shares and subscription rights.

6.1 UMICORE STOCK OPTION PLANS AND SUBSCRIPTION RIGHTS

6.1.1 General

Plan	*Expiry date*	*Exercise*		*Exercise price (the exercise price may be higher in certain countries)*	*Number of options still to be exercised*[1]
Subscription rights 1994-1998	20.03.2006	at any time except for the	€	54.98	1,000
	20.03.2007	last 10 or 11 days of March,	€	55.23	1,000
	20.03.2008	June, September and December	€	62.96	1,000
					3,000
ESOP 1999 (10 years)	10.06.2009	once a year: from 20 May	€	36.60	134,980
		until 10 June	€	37.29	50,920
					185,900
ISOP 2000 (7 years)	13.03.2007	all working days of	€	30.50	80,215
	(31.05.2007	Euronext Brussels	€	34.78	23,000
	in certain		€	32.57	23,420
	countries other than Belgium)		€	39.50	750
					127,385
ISOP 2001 (7 years)	14.03.2008	all working days of	€	42.43	246,785
		Euronext Brussels	€	41.44	23,580
			€	41.80	2,575
					272,940
ISOP 2002 (7 years)	14.03.2009	all working days of	€	48.15	320,570
		Euronext Brussels	€	46.11	26,510
			€	37.02	4,150
					351,230
ISOP 2003 (7 years)	13.03.2010	all working days of	€	34.18	302,905
		Euronext Brussels	€	35.10	24,530
			€	44.00	13,000
					340,435
ISOP 2004 (7 years)	11.03.2011	all working days of	€	52.05	97,800
		Euronext Brussels from 1 March 2005	€	53.70	33,500
					131,300
Total					**1,412,190**

1 Situation as at 1 February 2005.

ESOP refers to "Employee Stock Option Plan" (worldwide plan for blue collars, white collars and managers). ISOP refers to "Incentive Stock Option Plan" (worldwide plan for managers).

All options issued under the ESOP 1999, ISOP 2000 and ISOP 2004 were issued as subscription rights, each giving the holder the right to subscribe to one new share in Umicore. All options issued under the ISOP 2001, ISOP 2002 and ISOP 2003 were issued as options to purchase existing shares. These options were replaced by subscription rights by decision of the Board of Directors on 13 April 2004.

Nevertheless, Umicore has the authorization either to create new shares or to deliver existing shares that it holds, at its discretion.

6.1.2 Options and subscription rights status following the partial demerger of Umicore

In order to safeguard the interests of the holders of options and subscription rights and to protect them against any adverse effect of the partial demerger on the value of their stock options, the exercise price of the options and of the subscription rights will be adjusted downwards in accordance with the formula set forth below.

The exercise price of the stock options and subscription rights mentioned in each stock option plan will be reduced by an amount in Euro equal to the initial reference price of the Cumerio shares determined by the Board of Directors of Umicore and proposed to Euronext Brussels in view of the first listing of the Cumerio shares on the First Market of Euronext Brussels.

6.2 VVPR STRIPS

The following section describes Umicore's understanding of the status of the VVPR strips ("*verlaagde voorheffing*"/"*précompte réduit*") issued by Umicore and the impact of the partial demerger on the VVPR strips.

6.2.1 General

As at 15 February 2005, Umicore issued 5,083,738 VVPR strips which entitle the holder thereof to a reduced withholding tax rate on dividends on Umicore shares of 15% instead of 25%. The right to benefit from such reduced rate is incorporated in VVPR strips that are listed separately on the First Market of Euronext Brussels.

6.2.2 Status of the VVPR strips following the partial demerger of Umicore

Umicore believes that there are reasonable arguments to defend that each Umicore VVPR strip will entitle the holder thereof to one Cumerio VVPR strip.

7 REMUNERATION OF THE STATUTORY AUDITOR OF UMICORE FOR THE REPORT REFERRED TO IN ARTICLE 746 CC AND OTHER SERVICES

The remuneration to be paid by Umicore to its Statutory Auditor, PricewaterhouseCoopers *Bedrijfsrevisoren/Reviseurs d'Entreprises*, represented by Mr. Robert Peirce and Mr. Luc Discry, for all services required in connection with aforementioned transaction under the terms of the CC (including the report on the partial demerger proposal in accordance with Article 746 CC and the report as external auditor appointed by the founder of Cumerio on the contribution in kind in accordance with Article 444 CC) will amount to EUR 58,000.00.

8 SPECIAL BENEFITS FOR THE MEMBERS OF THE MANAGEMENT BODIES OF THE COMPANIES INVOLVED IN THE PARTIAL DEMERGER

No special benefits will be granted to the members of the management bodies of Umicore and/or Cumerio.

9 ACCURATE DESCRIPTION AND ALLOCATION OF THE ASSETS AND LIABILITIES THAT WILL BE TRANSFERRED TO THE RECEIVING COMPANY

The assets and liabilities relating to Umicore's copper branch of activity that will be transferred to Cumerio as a result of the partial demerger of Umicore, are the following:

- financial assets:
  - Umicore's participating interest (consisting of all the issued shares, including the shares to be issued as a result of the planned capital increase, mentioned in the fifth bullet point, to be effected by Umicore in Umicore Copper NV/SA between the date of this partial demerger proposal and the date of the Extraordinary Shareholders Meeting of Umicore approving the partial demerger) in Umicore Copper NV/SA, a company incorporated under

the laws of Belgium, having its registered office at Broekstraat 31, Rue du Marais, 1000 Brussels;

- Umicore's participating interest (consisting of all the issued shares) in P.A.S.R. Elfte Beteiligungs, a company incorporated under the laws of Austria, having its registered office at 17, Tuchlauben, 1014 Wien, Austria;

- Umicore's participating interest (consisting of 3,383 of the 38,627 issued shares) in Non-Ferrous International NV, a company incorporated under the laws of Belgium, having its registered office at Vlamingstraat 4B, 8500 Wevelgem;

- the subordinated loan granted by Umicore to Non-Ferrous International NV;

- a certificate of deposit, negotiable, redeemable before maturity, endorsable and payable by Umicore Financial Services NV/SA, on 29 April 2005, bearing interest as from 30 December 2004, it being understood that before maturity, this certificate of deposit will be converted into cash, which cash will be contributed by Umicore to the capital of Umicore Copper NV/SA between the date of this partial demerger proposal and the date of the Extraordinary Shareholders Meeting of Umicore approving the partial demerger.

- provisions for liabilities and charges:

  - long term obligations relating to the employees to be transferred from Umicore to Cumerio, namely 5 Umicore executives and 3 Umicore employees, subject to their consent, for post-employment benefits (pension) and other long term benefits (jubilee premiums and other benefits);

  - short term employee benefit liabilities relating to the employees to be transferred from Umicore to Cumerio, namely 5 Umicore executives and 3 Umicore employees, subject to their consent, for accrued bonus and holiday pay.

All rights and obligations with respect to the employment contracts of these employees will be transferred to Cumerio.

- other agreements, commitments, liabilities and allocation thereof between Umicore and Cumerio:

  Except as otherwise indicated herein, all liabilities, including off balance sheet liabilities, relating to the assets transferred to Cumerio will be assumed by Cumerio. Moreover, if Umicore would be requested to post a security relating to the above-mentioned items in accordance with Article 684 CC, Cumerio will indemnify and hold Umicore harmless for the damage suffered. In addition, Cumerio will indemnify and hold Umicore harmless for the damage suffered for a payment relating to the above-mentioned items made by Umicore in accordance with Article 686 CC.

  All agreements, guarantees and similar arrangements made or granted by Umicore in relation to the assets and liabilities to be transferred to Cumerio in accordance with this partial demerger proposal (including for the avoidance of doubt, in relation to the assets, liabilities and activities of the companies the shares of which will be directly or indirectly transferred to Cumerio in accordance with this partial demerger proposal) will be assigned to Cumerio subject, where applicable, to the consent of the beneficiaries. In the case where these agreements, guarantees and other arrangements cannot be formally assigned, Cumerio will be deemed, vis-à-vis Umicore, as the beneficial owner of all related rights and will assume all obligations and liabilities thereof, as if those agreements, guarantees and similar arrangements had been formally assigned; Cumerio will indemnify and hold Umicore harmless for any damage suffered in this respect.

  In the Environment, Health and Safety areas, all liabilities related to the assets to be transferred will be assumed by Cumerio or by its affiliates, as the case may be, with the exception of any liabilities related to historical pollution as defined in the clean-up project to be agreed with the Flemish authorities (the "Historical Pollution") for the site located in Olen, which will be assumed under certain conditions by Umicore. Umicore will also assume all liabilities for Historical Pollution, if any, outside of the area owned by Umicore Copper NV/SA in Olen but which would have originated from that area.

A pro rata share of the existing tax assets of Umicore (investment deduction) will be transferred to Cumerio.

The composition of the assets and liabilities of Umicore before the partial demerger, the composition of the assets and liabilities of Umicore after the partial demerger and the composition of the assets and liabilities of Cumerio after the partial demerger are summarized in the statutory pro forma balance sheets attached as **Appendix 1** to this proposal. These pro forma balance sheets have been drawn up after allocation of the results as proposed by the Board of Directors of Umicore.

The net assets of Umicore taken into account in the evaluation of the details of the transaction are those shown in the balance sheet attached as **Appendix 1** to this proposal.

Umicore and Cumerio will assume the responsibility for the prospectus that will be issued in view of the admission of the Cumerio shares and VVPR strips to listing on the First Market of Euronext Brussels. Without prejudice to Article 17 of the Act of 22 April 2003, any liability resulting from this prospectus will be divided between both companies in a proportion of 15% for Cumerio and 85% for Umicore.

All assets and liabilities of Umicore not expressly allocated to Cumerio in the current proposal will remain with Umicore.

10 DISTRIBUTION AMONG THE SHAREHOLDERS OF THE PARTIALLY DEMERGING COMPANY OF THE SHARES IN THE RECEIVING COMPANY AS WELL AS THE CRITERION ON WHICH THE DISTRIBUTION IS BASED

All shares to be issued by Cumerio in connection with the contribution of the assets and liabilities described in section 9 above following the partial demerger of Umicore will be directly distributed by Cumerio to the shareholders of Umicore.

The allocation of the Cumerio shares between the shareholders of Umicore will be based on the percentage that the shares held by each shareholder represent in the share capital of Umicore.

Each Umicore shareholder will therefore receive a number of shares in Cumerio representing the same percentage of Cumerio's capital as the percentage of Umicore's capital. Each holder of Umicore VVPR strips will receive an equal number of Cumerio VVPR strips.

11 COSTS

Cumerio and Umicore (after the partial demerger) will distribute the total cost of the planned transaction among each other in a proportion of 15% for Cumerio and 85% for Umicore.

12 EXTRAORDINARY SHAREHOLDERS MEETING

The target date for the approval of this partial demerger proposal and the incorporation of Cumerio by the Extraordinary Shareholders Meeting of Umicore is 13 April 2005. If the required quorum of shares representing at least half of the capital of Umicore is not reached, a second Extraordinary Shareholders Meeting of Umicore with the same agenda will be convened to be held on or around 28 April 2005.

13 FILING

This partial demerger proposal will be filed on behalf of Umicore at the clerk's office of the commercial court of Brussels at least six weeks before the first Extraordinary Shareholders Meeting of Umicore convened to approve the partial demerger.

14 CANADIAN DOLLAR EXCHANGE RATE

The currency used in this proposal is the Euro (EUR). The official daily noon rate of exchange between the Euro and the Canadian dollar as reported by the Bank of Canada on 24 February 2005, the latest practical date, was approximately EUR 1.6400 = C$ 1.00.

The following table sets forth, for the periods indicated, certain information concerning the official rate of exchange between the Euro against the Canadian dollar as reported by the Bank of Canada. Such exchange rates were not used in the preparation of the financial information included in this proposal and this table should not be construed as a representation that the Euro, at present, could be converted at the rate indicated.

Canadian dollar exchange rates history

	2000	*2001*	*2002*	*2003*	*2004*
Closing rate[2]	1.4092	1.4185	1.6564	1.6280	1.6292
Average rate[3]	1.3704	1.3868	1.4832	1.5826	1.6169

2 Represents the noon rate as reported by the Bank of Canada on the last trading day of the year.

3 Represents the yearly average of noon rates as reported by the Bank of Canada.

We hereby invite you to approve the partial demerger.

Drawn up in three Dutch and three French originals on 25 February 2005. One Dutch and one French original will be filed in the file of Umicore at the clerk's office of the commercial court of Brussels, and the other two Dutch and French originals will be kept at the registered office of the partially demerging company and the receiving company respectively.

Umicore NV/SA, represented by two of its directors

Thomas Leysen Director	Karel Vinck Director

APPENDIX 2

UMICORE NV/SA

Limited Liability Company
Broekstraat 31, Rue du Marais, 1000 Brussels

VAT BE 0401.574.852
Register of Legal Entities Brussels

REPORT OF THE BOARD OF DIRECTORS OF UMICORE ON THE TRANSACTION EQUATED WITH A DEMERGER WITHIN THE MEANING OF ARTICLE 677 OF THE COMPANIES CODE

In accordance with Article 677 in conjunction with Article 745 of the Companies Code (hereinafter referred to as "**CC**") we have the honor of reporting to you on a transaction equated with a demerger (hereinafter referred to as a "**partial demerger**") in which the assets and liabilities of the copper branch of activity of the limited liability company Umicore NV/SA (hereinafter referred to as "**Umicore**") will be transferred to a new limited liability company to be incorporated the name of which will be Cumerio (hereinafter referred to as "**Cumerio**").

For further details and a justification of the planned transaction, please also refer to the other documents which have been or will be drawn up in connection with this transaction, including the proposal by the Board of Directors of Umicore in accordance with Article 743 CC, the report of the Statutory Auditor of Umicore in accordance with Article 746 CC, the report of the external auditor appointed by the founder of Cumerio in accordance with Article 444 CC and the listing prospectus that will be published in connection with the listing of the shares in Cumerio in accordance with the Act of 22 April 2003 with respect to public offerings of securities (hereinafter referred to as the "**Act of 22 April 2003**") and the Royal Decree of 18 September 1990 on the prospectus to be published for the admission of securities to the first market of a securities exchange (hereinafter referred to as the "**Royal Decree of 18 September 1990**").

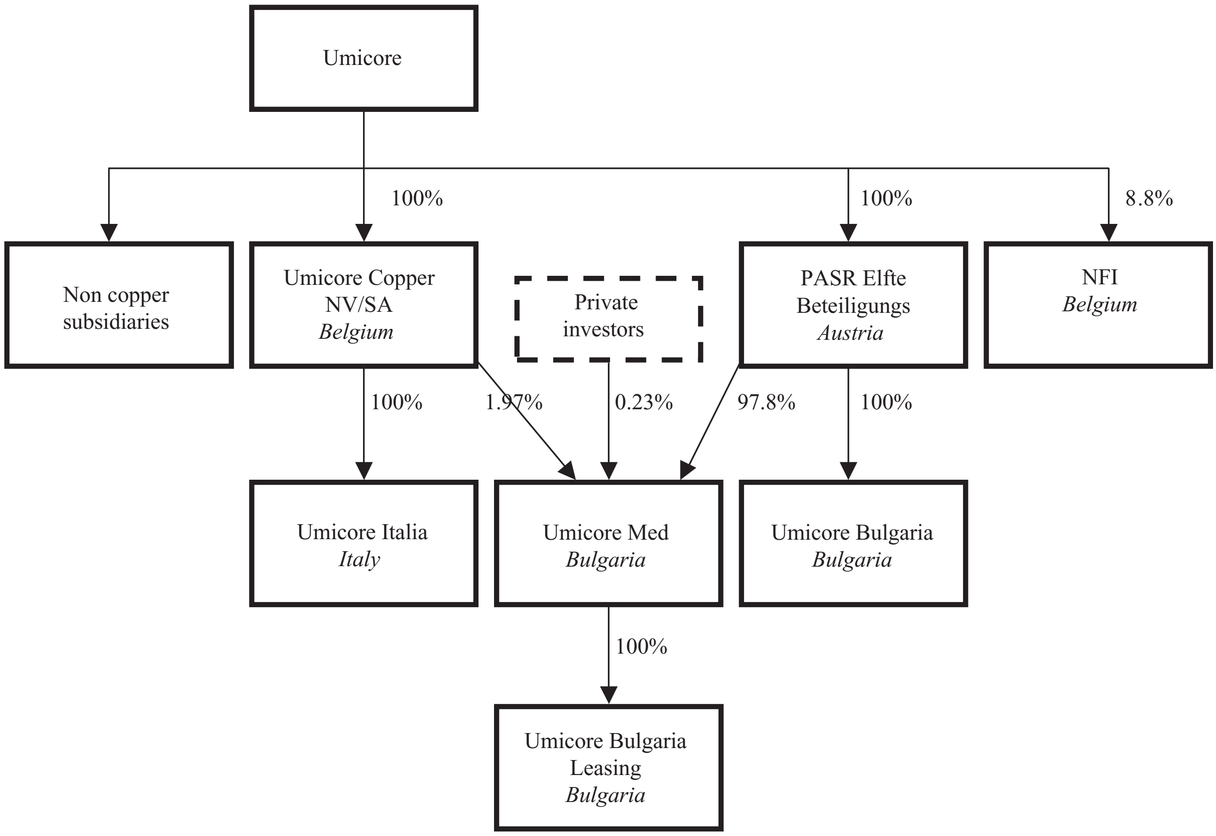
1 IDENTIFICATION OF THE PLANNED TRANSACTION AND DESCRIPTION OF THE STATUS OF THE ASSETS AND LIABILITIES TO BE TRANSFERRED IN THE PARTIAL DEMERGER

The objective of the transaction is to spin off Umicore's copper branch of activity described in this section 1 below. From a legal and technical point of view, the partial demerger of Umicore will be effected through a partial demerger by the incorporation of a new legal entity, "Cumerio".

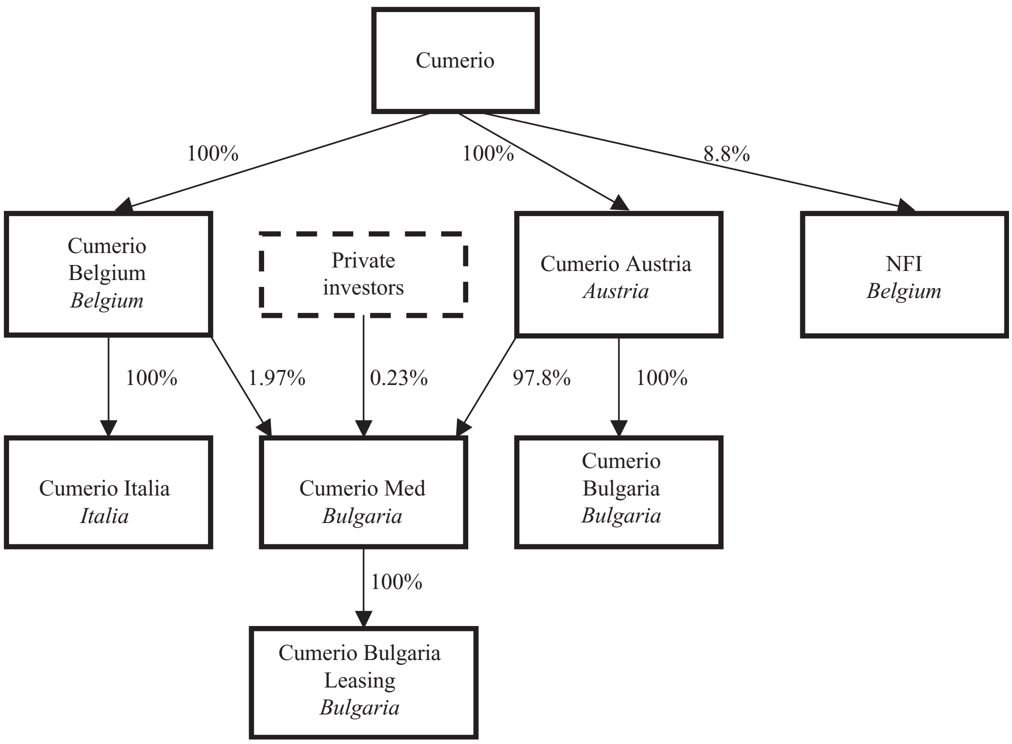
As a result of the partial demerger, the assets and liabilities relating to Umicore's copper branch of activity described in this section 1 below will be transferred from Umicore to Cumerio in exchange for the direct issue of shares in Cumerio to the shareholders of Umicore.

The following figures reflect the proposed transaction:

Current structure



Structure after the partical demerger[1]



1 The names mentioned in the figure may not be the final names of Cumerio's subsidiaries.

The assets and liabilities relating to Umicore's copper branch of activity that will be transferred to Cumerio, as a result of the partial demerger of Umicore, are the following:

- financial assets:
  - Umicore's participating interest (consisting of all the issued shares, including the shares issued as a result of the capital increase effected on 1 March 2005 by Umicore in Umicore Copper NV/SA by contributing the cash converted from a certificate of deposit payable by Umicore Financial Services NV/SA to Umicore[2]) in Umicore Copper NV/SA, a company incorporated under the laws of Belgium, having its registered office at Broekstraat 31, Rue du Marais, 1000 Brussels;
  - Umicore's participating interest (consisting of all the issued shares) in P.A.S.R. Elfte Beteiligungs, a company incorporated under the laws of Austria, having its registered office at 17, Tuchlauben, 1014 Wien, Austria;
  - Umicore's participating interest (consisting of 3,383 of the 38,627 shares) in Non-Ferrous International NV, a company incorporated under the laws of Belgium, having its registered office at Vlamingstraat 4B, 8560 Wevelgem;
  - the subordinated loan granted by Umicore to Non-Ferrous International NV.
- provisions for liabilities and charges:
  - long term obligations relating to the employees to be transferred from Umicore to Cumerio, namely 5 Umicore executives and 3 Umicore employees, subject to their consent, for post-employment benefits (pension) and other long term benefits (jubilee premiums and other benefits);
  - short term employee benefit liabilities relating to the employees to be transferred from Umicore to Cumerio, namely 5 Umicore executives and 3 Umicore employees, subject to their consent, for accrued bonus and holiday pay.

  All rights and obligations with respect to the employment contracts of these employees will be transferred to Cumerio.
- other agreements, commitments, liabilities and allocation thereof between Umicore and Cumerio:

  Except as otherwise indicated herein, all liabilities, including off balance sheet liabilities, relating to the assets transferred to Cumerio will be assumed by Cumerio. Moreover, if Umicore would be requested to post a security relating to the above-mentioned items in accordance with Article 684 CC, Cumerio will indemnify and hold Umicore harmless for the damage suffered. In addition, Cumerio will indemnify and hold Umicore harmless for the damage suffered for a payment relating to the above-mentioned items made by Umicore in accordance with Article 686 CC.

  All agreements, guarantees and similar arrangements made or granted by Umicore in relation to the assets and liabilities to be transferred to Cumerio in accordance with the partial demerger proposal (including for the avoidance of doubt, in relation to the assets, liabilities and activities of the companies the shares of which will be directly or indirectly transferred to Cumerio in accordance with the partial demerger proposal) will be assigned to Cumerio subject, where applicable, to the consent of the beneficiaries. In the case where these agreements, guarantees and other arrangements cannot be formally assigned, Cumerio will be deemed, vis-à-vis Umicore, as the beneficial owner of all related rights and will assume all obligations and liabilities thereof, as if those agreements, guarantees and similar arrangements had been formally assigned; Cumerio will indemnify and hold Umicore harmless for any damage suffered in this respect.

  In the Environment, Health and Safety areas, all liabilities related to the assets to be transferred will be assumed by Cumerio or by its affiliates, as the case may be, with the exception of any liabilities related to historical pollution as defined in the clean-up project to be agreed with the Flemish authorities (the "Historical Pollution") for the site located in Olen, which will be assumed under certain conditions by Umicore. Umicore will also assume all liabilities for Historical Pollution, if any, outside of the area owned by Umicore Copper NV/SA in Olen but which would have originated from that area.

2 The certificate of deposit, negotiable, redeemable before maturity, endorsable and payable by Umicore Financial Services NV/SA, on 29 April 2005, bearing interest as from 30 December 2004 mentioned in the 25 February 2005 partial demerger proposal was converted into cash, which cash was contributed by Umicore to the capital of Umicore Copper NV/SA on 1 March 2005.

A pro rata share of the existing tax assets of Umicore (investment deduction) will be transferred to Cumerio.

The composition of the assets and liabilities of Umicore before the partial demerger, the composition of the assets and liabilities of Umicore after the partial demerger and the composition of the assets and liabilities of Cumerio after the partial demerger are summarized in the statutory pro forma balance sheets attached as **Appendix 1** to this report. These pro forma balance sheets have been drawn up after allocation of the results as proposed by the Board of Directors of Umicore.

The net assets of Umicore taken into account in the evaluation of the details of the transaction are those shown in the balance sheet attached as **Appendix 1** to this report.

Umicore and Cumerio will assume the responsibility for the prospectus that will be issued in view of the admission of the Cumerio shares and VVPR strips to listing on the First Market of Euronext Brussels. Without prejudice to Article 17 of the Act of 22 April 2003, any liability resulting from this prospectus will be divided between both companies in a proportion of 15% for Cumerio and 85% for Umicore.

All assets and liabilities of Umicore not expressly allocated to Cumerio in the current report will remain with Umicore.

2 EXPLANATION AND JUSTIFICATION OF THE TRANSACTION FROM A LEGAL AND BUSINESS VIEWPOINT

2.1 DESIRABILITY OF THE TRANSACTION

There are numerous reasons for the partial demerger of Umicore. We list the most important of these below.

2.1.1 General

The decision to establish Cumerio as a separate listed company is in line with Umicore's stated strategy to focus on specialty materials. The PMG acquisition in 2003 was an important step in this shift in strategic focus.

Over the years, Umicore has successfully turned around its copper business during the low cycle in the copper market and has created one of the leading and most efficient European copper producers. As a separate company, Cumerio will be well placed to benefit from improving market fundamentals, given the recent upturn in the copper market. Cumerio will also have direct access to the capital markets and will be better positioned to pursue its own strategic objectives and to fully participate in the future growth of the sector.

The transaction structure is believed to provide a value-enhancing proposition to the shareholders of Umicore and the separate listing should allow Cumerio to attract the most appropriate investor base.

2.1.2 Greater freedom for Cumerio to pursue its own strategic agenda

Cumerio's business dynamics diverge in many ways from those of Umicore's other operations. The copper market is a business that follows a cycle that is generally determined by external drivers such as concentrates balance, refining capacities and demand for end products. The duration of this cycle requires a long term approach in terms of operational and strategic planning. The competitive environment for copper is mainly determined by cost-related factors (economies of scale, cost efficiency, capacity utilization, etc.), contrary to Umicore's other more innovation & technology-oriented businesses.

By operating as a stand-alone entity, Cumerio will be able to develop its own strategy without having to consider constraints on capital allocation other than its own. Combined with the advantage of a more focused and dedicated management team, this should enhance Cumerio's future growth prospects. Cumerio's renewed strategic flexibility will in particular allow it to pursue growth in the South East European region, through both organic and external growth initiatives, while evaluating potential consolidation opportunities in selective downstream market segments.

Cumerio's capital structure, as reflected in its pro forma opening balance sheet, and anticipated strong free cash flow generation, are expected to provide Cumerio with the necessary financing flexibility to implement its strategy. As a stand-alone entity, Cumerio's available financial resources will be exclusively dedicated to the expansion of the business and to the provision of attractive shareholder remuneration.

2.1.3 Favorable outlook for TC/RCs

The current market upturn is expected to create in copper fundamentals a strong business momentum for copper smelters & refiners.

Given Cumerio's sensitivity to changes in market conditions – treatment and refining charges ("**TC/RCs**") and producer premium in particular – the copper market upturn seen for the past few months should result in a substantial improvement of Cumerio's earnings starting from 2005, more than offsetting the effect of the weaker USD/EUR exchange rate. Most sector specialists expect that the anticipated higher availability of copper concentrates should continue to translate into high TC/RCs.

2.1.4 State-of-the-art assets with a unique geographic positioning

Cumerio is a leading producer of copper products in Europe with strong market shares in several products such as copper wire rod. Thanks to a longstanding expertise, Cumerio's copper products and services are widely accepted as a market reference for quality.

Following the strategic acquisition of the Pirdop smelter in Bulgaria in 1997, Cumerio's management has successfully implemented a comprehensive turnaround at Pirdop, with investments in excess of USD 150 million, resulting in a radically improved site productivity. Today, the Pirdop smelter is considered as one of Europe's most efficient copper smelters operating in a low cost environment. The Pirdop smelter is also the only state-of-the-art smelter in South East Europe and this makes the Pirdop plant the natural hub for the copper industry in the region.

Cumerio also operates a modern, highly efficient refinery at its Olen site in Belgium. Following a number of productivity improvement initiatives over the years, the Olen refinery is viewed as one of the most productive copper refineries in Europe.

2.1.5 Increasing value transparency and attracting a dedicated investor base

Umicore's Board of Directors is confident that the partial demerger process will increase the value transparency for both Umicore and Cumerio, resulting in a market valuation more in line with the peers relevant to each business.

The separate listing of Cumerio as a pure copper player will allow investors to invest in a specialized company with an exposure to the copper smelting and refining industry. Cumerio is expected to attract existing and new investors, seeking a direct exposure to the sector.

2.2 CONDITIONS AND MANNER IN WHICH THE PARTIAL DEMERGER WILL TAKE PLACE

From a practical point of view, a proposal will be made to an Extraordinary Shareholders Meeting of Umicore to be held on 13 April 2005 (or on or around 28 April 2005 if the required quorum of shares representing at least half of the capital of Umicore is not obtained for this first meeting) to spin off the assets and liabilities relating to Umicore's copper branch of activity into Cumerio in exchange for the issue to the shareholders of Umicore of new shares in Cumerio and to incorporate Cumerio.

Since Umicore is a listed company, an application will also be made for the admission to listing of the Cumerio shares and VVPR strips on the First Market of Euronext Brussels.

To this end, in addition to the required formalities under the Companies Code, Umicore will prepare a listing prospectus pursuant to the Act of 22 April 2003 and the Royal Decree of 18 September 1990 and request the approval thereof by the Belgian Banking, Finance and Insurance Commission.

It is planned that the company law and financial law procedures will take place in parallel in order to meet the deadline of 13 April 2005, the date of the Extraordinary Shareholders Meeting of Umicore.

Umicore's transactions in connection with the assets and liabilities relating to its copper branch of activity to be transferred to Cumerio will be regarded from a tax and accounting point of view as having been performed for the account of Cumerio as from 1 January 2005.

The shares to be issued by Cumerio will participate in Cumerio's profits and will be entitled to receive dividends as from the date on which the partial demerger comes into effect from an accounting point of view in accordance with the paragraph above, *i.e.* as of 1 January 2005.

2.3 CONSEQUENCES OF THE PARTIAL DEMERGER

As a result of the partial demerger, the assets and liabilities of Umicore relating to its copper branch of activity described in section 1 above will automatically be transferred from Umicore to Cumerio in exchange for the issue of shares in Cumerio to the shareholders of Umicore. Subject to certain limited exceptions, the partial demerger and the automatic transfer of the assets and liabilities of the copper branch of activity described in section 1 above from Umicore to Cumerio will be enforceable vis-à-vis third parties by virtue of the publication in the Belgian State Gazette of the notarial deeds establishing the closing of the partial demerger.

The objectives set out in section 2.1 above will be achieved by the partial demerger.

2.4 INDICATIVE INITIAL REFERENCE PRICE RANGE OF THE CUMERIO SHARES

Umicore has, as part of its determination of the indicative initial reference price range of the Cumerio shares, considered a valuation report from UBS Investment Bank.

The valuation report prepared by UBS Investment Bank considered two methods commonly used by financial analysts to assess the value of a company, namely:

- the discounted cash flows or "DCF" method, which is based on the discounting of the operating free cash flows that a company is expected to generate. This method is frequently used by equity analysts for valuing companies in the smelting sector and can be constructed such that it takes into account the cyclical nature of the copper smelting industry; and

- the peer benchmarking method, which is based on market valuation ratios of a selected group of comparable listed companies, which is the other method frequently used by equity analysts to value companies in the smelting sector, such as Cumerio.

UBS Investment Bank did not use the following other methodologies as they were regarded as not appropriate in coming up with a valuation, without change of control premium, of a cyclical business operating on a going concern basis:

- the net asset value;

- multiples of precedent transactions; and

- the liquidation value.

As a basis for its valuation report, UBS Investment Bank relied amongst others on Cumerio's business plan. UBS Investment Bank reviewed Cumerio's key business drivers as provided by Cumerio's management and used market forecasts for macro-economic, commodity price and TC/RCs assumptions. A sensitivity analysis was carried out to measure the effect of changes in operating and economic forecasts on Cumerio's valuation.

The above estimates and assumptions are inherently subject to significant business, financial, economic and other uncertainties and contingencies, and cannot be regarded as a representation by Umicore and UBS Investment Bank that these estimates and assumptions are correct or accurate.

After having reviewed the valuation results of both methods used by UBS Investment Bank in its valuation report and taking into account factors which could affect the trading/pricing of the Cumerio shares (such as technical market factors), the Board of Directors of Umicore has determined an indicative initial reference price range of the Cumerio shares of EUR 9.00 up to EUR 12.50. On the date of the closing of the partial demerger, the Board of Directors will fix and propose to Euronext Brussels the initial reference price of the Cumerio shares. Absent substantial changes in market conditions between the date of the UBS Investment Bank valuation report and the closing of the partial demerger, the initial reference price of the Cumerio shares is expected to be comprised within the above-mentioned range.

The initial reference price of the Umicore shares will be determined as the difference between (i) the closing price of the Umicore shares on the last trading day preceding the separate listing of the Cumerio shares and Umicore shares and (ii) the initial reference price of the Cumerio shares.

The initial reference prices of the Cumerio shares and the Umicore shares as calculated above will be determined solely to allow trading of the shares to commence on Euronext Brussels after the partial demerger, and should not be construed as indicative of the future prices of the Cumerio shares and the Umicore shares.

The initial reference prices of the Cumerio shares and Umicore shares will be made public prior to the listing of the Cumerio shares.

2.5 PROPOSED RATIO FOR THE DISTRIBUTION OF THE CUMERIO SHARES AND VVPR STRIPS

Cumerio's capital will be represented by the same number of shares as representing Umicore's capital at the time of the partial demerger.

On the date of the partial demerger Umicore's share capital will be represented by a number of shares equal to the number of shares outstanding on 15 February 2005 (*i.e.* 25,527,200), increased by the number of Umicore shares issued between 15 February 2005 and the date of the Extraordinary Shareholders Meeting of Umicore approving the partial demerger as a result of the exercise of subscription rights granted under the existing Umicore stock option plans. One share in Cumerio per share in Umicore will be distributed to Umicore's shareholders. Holders of old shares of companies which merged with Umicore first have to exchange their old shares in groups of ten for one Umicore share in order to be able to receive one Cumerio share. In other words, holders of 1/10ths of Umicore shares coming from the former Acec shares first have to exchange these shares in groups of ten for one Umicore share in order to be able to receive one Cumerio share.

On the date of the partial demerger, Umicore will have issued a number of VVPR strips equal to the number of VVPR strips as at 15 February 2005 (*i.e.* 5,083,738), increased by the number of VVPR strips issued between 15 February 2005 and the date of the Extraordinary Shareholders Meeting of Umicore approving the partial demerger as a result of the exercise of subscription rights granted under the existing Umicore stock option plans. Umicore believes that there are reasonable arguments to defend that each Umicore VVPR strip will entitle the holder thereof to one Cumerio VVPR strip. One Cumerio VVPR strip per Umicore VVPR strip will thus be distributed to holders of Umicore VVPR strips.

The total number of Cumerio shares that will be distributed will thus be equal to the number of Umicore shares as at 15 February 2005 (*i.e.* 25,527,200), increased by the number of Umicore shares issued between 15 February 2005 and the date of the Extraordinary Shareholders Meeting of Umicore approving the partial demerger as a result of the exercise of subscription rights granted under the existing Umicore stock option plans.

The total number of Cumerio VVPR strips that will be distributed will thus be equal to the number of Umicore VVPR strips as at 15 February 2005 (*i.e.* 5,083,738), increased by the number of Umicore VVPR strips issued between 15 February 2005 and the date of the Extraordinary Shareholders Meeting of Umicore approving the partial demerger as a result of the exercise of subscription rights granted under the existing Umicore stock option plans.

The shares to be issued by Cumerio will have the same characteristics as the existing Umicore shares.

There will be no cash surplus paid to the shareholders of Umicore.

2.6 METHODS FOR ESTABLISHING THE DISTRIBUTION RATIO, THE RELATIVE WEIGHT GIVEN TO EACH METHOD AND THE VALUATION EACH METHOD PRODUCED

In view of the peculiarity of the partial demerger into a new company to be incorporated whereby each Umicore shareholder will receive one Cumerio share for one Umicore share, a discussion of the methods to determine the distribution ratio is not relevant.

2.7 POSSIBLE DIFFICULTIES

No difficulties have arisen in determining the distribution ratio.

3 CANADIAN DOLLAR EXCHANGE RATE

The currency used in this report is the Euro (EUR). The official daily noon rate of exchange between the Euro and the Canadian dollar as reported by the Bank of Canada on 8 March 2005, the latest practical date, was approximately EUR 1.6232 = C$ 1.00.

The following table sets forth, for the periods indicated, certain information concerning the official rate of exchange between the Euro against the Canadian dollar as reported by the Bank of Canada. Such exchange rates were not used in the preparation of the financial information included in this report and this table should not be construed as a representation that the Euro, at present, could be converted at the rate indicated.

CANADIAN DOLLAR EXCHANGE RATES HISTORY

	2000	*2001*	*2002*	*2003*	*2004*
Closing rate[3]	1.4092	1.4185	1.6564	1.6280	1.6292
Average rate[4]	1.3704	1.3868	1.4832	1.5826	1.6169

3 Represents the noon rate as reported by the Bank of Canada on the last trading day of the year.

4 Represents the yearly average of noon rates as reported by the Bank of Canada.

This report will be filed with the clerk's office of the commercial court of Brussels. A report drafted in accordance with Article 444 CC by the external auditor appointed by the founder of Cumerio will also be filed with the same clerk's office, concerning the contribution in kind to be made by Umicore to Cumerio if the partial demerger is approved by the Extraordinary Shareholders Meeting of Umicore.

We hereby invite you to approve the partial demerger.

Signed by two directors in three Dutch and three French originals on 9 March 2005 on the basis of a delegation given by the Board of Directors of Umicore on 21 February 2005. One Dutch and one French original will be filed in the file of Umicore at the clerk's office of the commercial court of Brussels, and the other two Dutch and French originals will be kept at the registered office of Umicore and Cumerio respectively.

Umicore, represented by two of its directors

Thomas Leysen Director	Karel Vinck Chairman

PRICEWATERHOUSECOOPERS

APPENDIX 3

REPORT OF THE AUDITOR ON THE PROPOSAL OF THE PARTIAL DEMERGER BY TRANSFER OF A BRANCH OF ACTIVITY OF UMICORE NV/SA TO A COMPANY TO BE INCORPORATED, CUMERIO NV/SA

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1 SCOPE OF THE ASSIGNMENT

The Board of Directors of Umicore NV/SA has appointed its statutory auditor, PricewaterhouseCoopers Reviseurs d'Entreprises SCCRL/Bedrijfsrevisoren BCVBA, represented by Robert Peirce and Luc Discry, auditors, to report on the transaction equated to a demerger within the meaning of Article 677 of the Companies Code (hereinafter referred to as a "**partial demerger**") in which the assets and liabilities of the copper branch of activity of the limited liability company Umicore NV/SA (hereinafter referred to as "**Umicore**") will be transferred to a new limited company to be incorporated and whose name will be Cumerio NV/SA (hereinafter referred to as "**Cumerio**").

Article Section 746 of the Companies Code states the following (free translation):

"Within each company, a written report is prepared on the planned demerger either by the statutory auditor or, where there is no statutory auditor, by a company auditor or external chartered accountant designated by the directors. The auditor, company auditor or chartered accountant who is designated must particularly state whether or not, in his opinion, the distribution ratio is relevant and reasonable.

This statement must at least:

1) *set out the methods followed in determining the distribution ratio proposed;*

2) *indicate whether these methods are appropriate in the case at hand and state the values to which each of these methods leads, with a view being given on the relative importance given to these methods in determining the value taken as valid.*

The report also states any particular valuation difficulties that might exist.

The auditor, company auditor or chartered accountant who is designated can locally inspect any document of use to the execution of his mission. They may obtain from the companies participating in the demerger any explanations or information and carry out any checks that appear to them to be necessary.

Where at least one of the new companies is in the form of a private limited liability company, a limited liability cooperative, a European company or a public limited liability company, the report may be prepared by the auditor or company auditor that has prepared the report referred to in sections 219 to 395 or in section 444".

In execution of this assignment, we report to you on the following points:

- General description of the transaction (Section 2);
- Identification of the contemplated transaction and of the participating companies in the partial demerger (Section 3);
- Description of the branch of activity in the framework of the partial demerger (Section 4);
- Description of the applied valuation methods (Section 5);
- The remuneration for the contribution of the branch of activity and the distribution ratio (Section 6).

Our assignment has been executed in accordance with the applicable auditing standards as defined by the Institute of Company Auditors (Institut des Reviseurs d'Entreprises/Instituut der Bedrijfsrevisoren) and accordingly consisted in the collection of information and application of the auditing procedures that we considered necessary under these circumstances.

2 GENERAL DESCRIPTION OF THE TRANSACTION

On 21 February 2005, the Board of Directors of Umicore approved the proposal of partial demerger in accordance with Article 743 of the Companies Code (hereinafter referred to as '**CC**'). This proposal was filed at the registry of the commercial court of Brussels on 1 March 2005.

As stated above, the transaction is equated to a demerger within the meaning of Article 677 CC (hereinafter referred to as a "**partial demerger**"), in which the assets and liabilities of Umicore's copper branch of activity will be transferred as of 1 January 2005 to a new company to be incorporated called "Cumerio" without Umicore ceasing to exist and in which the shares in Cumerio to be issued as consideration will be directly distributed to the shareholders of Umicore. The shares and VVPR strips of Cumerio will be listed and traded on the First Market of Euronext Brussels.

The board of directors justifies the partial demerger by means of economic and financial reasons, which we summarize as follows:

1 General: the decision to establish Cumerio as a separate listed company is in line with Umicore's stated strategy to focus on specialty materials. The PMG acquisition in 2003 was an important step in this shift in strategic focus. As a separate company, Cumerio will be better placed to benefit from improving market fundamentals, given the recent upturn in the copper market.

2 Greater freedom for Cumerio to pursue its own strategic agenda for value creation: Cumerio's business dynamics diverge in many ways from those of Umicore's other operations. The competitive environment for copper is mainly determined by cost-related factors (economies of scale, cost efficiency, capacity utilization, etc.), contrary to Umicore's other more innovation & technology-oriented businesses. By operating as a stand-alone entity, Cumerio will be able to develop its own strategy without having to consider constraints on capital allocation other than its own. Cumerio's available financial resources will be exclusively dedicated to the expansion of the business and to the provision of attractive shareholder remuneration.

3 Favorable outlook for TC/RCs: given Cumerio's sensitivity to changes in market conditions – treatment and refining charges ("**TC/RCs**") and producer premium in particular – the copper market upturn seen for the past few months should result in a substantial leverage effect on Cumerio's earnings starting from 2005.

4 State-of-the-art assets with a unique geographic positioning: the copper branch of activity of Umicore is a leading producer of copper products in Europe with strong market shares in several products such as copper wire rod. Following the strategic acquisition of the Pirdop smelter in Bulgaria in 1997 followed by investments in excess of USD 150 million, the Pirdop smelter is considered today as one of Europe's most efficient copper smelters operating in a low-cost environment. The Pirdop smelter is also the only state-of-the-art smelter in South East Europe and this makes Pirdop the natural hub for the copper industry in the region. Cumerio also operates a modern, highly efficient refinery at its Olen site in Belgium. Following a number of productivity improvement initiatives over the years, the Olen refinery is viewed as one of the most productive copper refineries in Europe.

5 Increasing value transparency and attracting a dedicated investor base: Umicore's Board of Directors is confident that the partial demerger process will increase the valuation transparency for both Umicore and Cumerio, resulting in a market valuation more in line with the peers relevant to each business. The separate listing of Cumerio as a pure copper player will allow investors to invest in a specialized company with an exposure to the currently strong copper smelting and refining industry.

According to the proposal of a partial demerger, Umicore's transactions in connection with the assets and liabilities relating to its copper branch of activity to be transferred to Cumerio will be regarded from a tax and accounting point of view as having been performed for the account of Cumerio as from 1 January 2005.

The shares to be issued by Cumerio will participate in Cumerio's results and will be entitled to receive dividends as from the date on which the partial demerger comes into effect from an accounting point of view in accordance with the paragraph above, i.e. as of 1 January 2005.

The notarial deed of incorporation of Cumerio will be done by Notary Hisette. The notary deed of the Extraordinary Shareholders' Meeting of Umicore which will resolve on the proposal of partial demerger by transfer of the copper branch of activity to a new company to be incorporated will be done by the same notary.

3 IDENTIFICATION OF THE CONTEMPLATED TRANSACTION AND OF THE PARTICIPATING COMPANIES TO THE PARTIAL DEMERGER

3.1 THE CONTEMPLATED TRANSACTION

On the basis of the proposal of the partial demerger, the shares to be issued by Cumerio as consideration for the contribution of the assets and liabilities relating to Umicore's copper branch of activity to Cumerio will be distributed to the shareholders of Umicore in proportion to their shareholdings in Umicore. Each shareholder of Umicore will therefore receive a number of Cumerio shares equal to the number of shares he has in Umicore. Each of the shares in Cumerio will have the same characteristics as the existing shares in Umicore. There will be no cash surplus paid to the shareholders of Umicore

As the assets and liabilities of the copper branch of activity will be contributed at their book value as of 1 January 2005, the net assets of Cumerio, the company to be incorporated, will amount to EUR 328,299,238.18, of which the share capital will amount to EUR 181,134,461.25 and the share premium to EUR 31,267,069.86 (subject to what is set out in section 3.4. hereafter relating to the change of the breakdown of the shareholders' equity), represented by the number of shares corresponding to the number of shares of Umicore at the date of the partial demerger. At incorporation, the share capital will be entirely subscribed to and paid-up by means of the contribution in kind of the copper branch of activity following the partial demerger.

Subject to what is set out in section 3.4 hereafter relating to the change of the breakdown of the shareholders' equity, the net assets of the contribution in kind are summarized below:

	EUR
Share capital	181,134,461.25
Share premium	31,267,069.86
Legal reserve	14,629,746.73
Untaxed reserve	46,588,082.20
Retained earnings	54,679,878.14
Shareholder equity	**328,299,238.18**

3.2 THE COMPANY THAT WILL CARRY OUT THE PARTIAL DEMERGER

The company that will carry out the partial demerger bears the name "Umicore". It has the legal form of a limited liability company. Umicore is a company that makes or that has made a public call on savings. Its registered office is located at Broekstraat 31, Rue du Marais, 1000 Brussels, its enterprise number is 0401.574.852 and its VAT number is BE 0401.574.852.

Umicore's purpose as set out in Article 3 of its articles of association is reproduced *verbatim* below:

"The objects for which the company is established shall be:

1) the design, manufacture, construction, purchase, sale, installation, maintenance and repair of all types of electrical, electronic, nuclear, mechanical or hydraulic objects, machines and devices and all accessories, as well as the preparation and transformation of the raw materials required for its activities;

2) the seeking out, setting up, acquisition, operation and management, for its own account or for the account of third parties, of all mining, metallurgical or chemical activities or enterprises related to the production of materials and to systems using these materials, as well as the conception, design, study, construction, procurement, commissioning and technical inspection or industrial installations;

3) the trade in products resulting from such activities and in equipment and supplies needed to produce or manufacture these products, as well as all operations, for its own account or for the account of third parties, relating to the trade, storage, handling and transport of all products.

It may use the resources that it possesses to perform all services conducive to the attainment of its objects.

It may take out and make use of all patents relating directly and indirectly to its activities; it may also purchase and acquire by any other means such patents or licenses and make use of them.

It may carry out all real-estate activities in any legal form, including the purchase, sale, leasing and renting of real estate, the issuing of real estate income certificates or land certificates or the management of real estate properties.

It may perform all industrial, financial and commercial operations related directly or indirectly to the objects listed above, including applying for, acquiring or selling concessions.

In addition to the activities described in the preceding paragraphs, the company's objects include becoming involved, by way of contributions, mergers, absorptions, subscriptions, acquisitions of participating interests, or any other manner, in, and more generally lending its financial support in whatever form to, any enterprise, association or corporation the purpose of which is similar to, connected with, or conducive to the attainment of its objects.

The company may attain its objects in Belgium or abroad, directly or indirectly, in its own name or for the account of third parties, alone or in association, by carrying out all operations conducive to the attainment of the said objects or those of the corporations, associations and establishments in which it holds an interest."

The company will be referred to hereinafter as "**Umicore**".

3.3 THE COMPANY TO WHICH PART OF UMICORE'S ASSETS AND LIABILITIES WILL BE TRANSFERRED BY WAY OF THE PARTIAL DEMERGER

The receiving company will be the new company to be incorporated in the name of "**Cumerio**". It will have the legal form of a limited liability company, and its registered office will be located at Broekstraat 31, Rue du Marais, 1000 Brussels.

The company's purpose will be as follows:

"The purpose for which the Company is incorporated is the carrying out of the following activities, in Belgium or abroad, directly or indirectly, for its own account or for the account of third parties, alone or in association with third parties:

- *the acquisition, ownership, management and transfer, by means of purchase, contribution, sale, exchange, assignment, merger, split, subscription, financial intervention, exercise of rights or otherwise, of any participating interest in any business or branch of activity, and in any company, partnership, enterprise, establishment, association or foundation which does or may in the future exist;*

- *the purchase, subscription, exchange, assignment, sale and transfer of, and all other similar operations relating to, every kind of transferable security, share, bond, subscription right, option and government stock;*

- *the smelting, refining, transforming, recycling and marketing of copper, copper alloys and products derived from copper and the carrying out of all financial, manufacturing, commercial and civil operations relating to copper activities.*

The Company may take out, make use of, purchase, acquire or transfer all forms of intellectual property rights relating directly or indirectly to its activities and may undertake research activities.

The Company may acquire, rent, lease, fabricate, manage, transfer or exchange any personal or real property, with or without substance. It may carry out all real estate activities in any legal form, including the purchase, sale, leasing and renting of real estate, the issuing of real estate income certificates or land certificates and the management of real estate properties.

The Company may grant loans of any kind, duration or amount. It may secure its own obligations or obligations of third parties, notably by providing guarantees and by mortgaging or pledging its assets, including its own commercial undertaking (handelszaak / fonds de commerce).

The Company may exercise the functions of director, manager or liquidator in companies or associations. It may supervise and control such companies or associations.

In general, the Company may undertake all commercial, industrial and financial operations directly or indirectly related to its purpose and all action which could facilitate the realization of its purpose."

The company is referred to herein as "**Cumerio**" or "**the receiving company**".

3.4 BALANCE SHEET OF THE COMPANIES PARTICIPATING IN THE PARTIAL DEMERGER AND ASSETS/LIABILITIES OWNED BY UMICORE AND TRANSFERRED TO CUMERIO, THE COMPANY TO BE INCORPORATED

Following to the partial demerger, Umicore will transfer its copper branch of activity without dissolution and on the basis of continuity. The transfer will be realized based on an asset and liability situation as of 31 December 2004. The partial demerger will be effective for accounting and tax considerations as from 1 January 2005.

The composition of the balance sheet of Umicore before the partial demerger, the pro forma balance sheet of Umicore after the partial demerger and the pro forma balance sheet of Cumerio after the partial demerger are summarized in the following table:

Euro	*Umicore Statutory Pre-demerger*	*Cumerio Statutory Post-demerger*	*Umicore Statutory Post-demerger*
Formation expenses	3,747,504.57	0.00	3,747,504.57
Intangibles	17,150,134.34	0.00	17,150,134.34
Property, plant & equipment	288,025,445.72	0.00	288,025,445.72
Long-term investments securities	3,060,288,281.56	301,912,417.18	2,758,375,864.38
Long-term loans granted	17,237,232.99	0.00	17,237,232.99
Inventories	268,631,762.86	0.00	268,631,762.86
Trade and other receivables	243,719,098.49	0.00	243,719,098.49
Cash and cash equivalents	55,418,796.86	27,000,000.00	28,418,796.86
Deferred / prepaid assets	7,029,871.61	0.00	7,029,871.61
Total assets	3,961,248,129.00	328,912,417.18	3,632,335,711.82
Capital	563,160,969.15	181,134,461.25	382,026,507.90
Share premium	97,211,724.61	31,267,069.86	65,944,654.75
Surplus value	97,823.47	0.00	97,823.47
Legal reserves	45,485,007.59	14,629,746.73	30,855,260.86
Unavailable reserves treasury shares	22,728,267.57	0.00	22,728,267.57
Untaxed reserves	144,845,930.16	46,588,082.20	98,257,847.96
Retained earnings	170,003,945.98	54,679,878.14	115,324,067.84
Government grants	278,179.34	0.00	278,179.34
Total equity	1,043,811,847.87	328,299,238.18	715,512,609.69
Provisions	144,067,028.07	288,040.00	143,778,988.07
Long-term debts	1,587,079,325.81	0.00	1,587,079,325.81
Short-term debts	1,113,934,139.64	325,139,00	1,113,609,000.64
Deferred / prepaid liabilities	72,355,787.61	0.00	72,355,787.61
Total liabilities	2,917,436,281.13	613,179.00	2,916,823,102.13
Total equity & liabilities	3,961,248,129.00	328,912,417.18	3,632,335,711.82

The breakdown of the equity of Cumerio is identical to the breakdown of Umicore's equity, however taking into account:

- the exclusion of the components of Umicore's equity that are directly linked to assets of Umicore that will not be transferred as part of the demerger, being: surplus value reserve, unavailable reserves treasury shares and government grants.

- the proportionality of the remaining part of the total equity of Cumerio compared to the total equity of Umicore;

Based upon the formula indicated above, the proportionality is determined by the Board of Directors at 32.1639% in respect of capital, share premium, legal reserves, untaxed reserves and retained earnings.

Any tax credits existing as at 1 January 2005 within Umicore will be transferred to Cumerio on the basis of the proportionality of the fiscal values of the net assets of Umicore and Cumerio. These tax credits are not recognized in the statutory books of Umicore as at 31 December 2004 and therefore have no impact on the book value of the net assets transferred to Cumerio.

The proportionality (breakdown equity) as determined by the Board in the opening post-demerger balance sheet on 1 January 2005 will be amended in the period between 1 January 2005 and the Extraordinary Shareholders' Meeting of Umicore (meeting to approve the spin-off in respect of the assets and liabilities relating to the copper branch of activity to Cumerio) to be held on 13 April 2005 (or on or around 28 April 2005 if the required quorum of shares representing at least half of the capital of Umicore is not obtained for that meeting), as a result of the final dividend approved by the General Shareholders' Meeting of Umicore on 13 April 2005. The dividend proposed by the Board in an amount of EUR 41,065,510.20 and reflected in the pre-demerger statutory balance sheet presented above will be adjusted by the General Shareholders' Meeting based upon the actual number of treasury shares owned at that date (treasury shares are excluded from any dividend distribution on the date of the Shareholders' Meeting).

4 DESCRIPTION OF THE BRANCH OF ACTIVITY IN THE CONTEXT OF THE PARTIAL DEMERGER AND CONTROL

4.1 DESCRIPTION OF THE BRANCH OF ACTIVITY

The copper branch of activity that is contributed includes all assets and liabilities as of 1 January 2005 as well as the net income arising from the transactions that the branch will complete between that date and the date of the partial demerger.

The assets and liabilities relating to Umicore's copper branch of activity that will be transferred to Cumerio at their book value as at 1 January 2005 are summarized as follows:

	EUR
Financial investments in	
– Umicore Copper NV/SA, Belgium	147,468,791.09
– P.A.S.R. Elfte Beteiligungs, Austria	133,220,495.18
– Non-Ferrous International NV, Belgium	7,518,160.21
Subordinated loan to Non-Ferrous International NV, Belgium	13,704,970.70
Financial assets	301,912,417.18
A certificate of deposit*	27,000,000.00
Long-term liabilities – employee benefits	(288,040.00)
Short-term liabilities – employee benefits	(325,139.00)
Net assets value of the contribution	328,299,238.18

* The certificate of deposit was converted into cash, which cash was contributed on 1 March 2005 by Umicore to Umicore Copper NV/SA, resulting in an increase of the book value of the participation of Umicore Copper NV/SA on 1 March 2005.

4.2 AUDIT APPROACH

We received the proposal for a partial demerger as prepared by the Board of Directors and we have verified that the Board's proposal includes the information required by law and that it complies with the requirements of clarity and accuracy.

We also examined the method applied for determination of the distribution ratio as well as the information upon which it is based. The relevance and the reasonability of the distribution ratio has also been duly reviewed by us.

The administrative and accounting organization of Umicore has been considered as appropriate to enable us to form an opinion on the description and the valuation of the different elements forming part of the distribution ratio.

No difficulties have been reported arising in determining the distribution ratio by the Board of Directors in their Board report on the transaction equated with a demerger within the meaning of Article 677 of the CC.

As statutory auditor of Umicore, we have audited the annual accounts of Umicore NV/SA as at 31 December 2004. This audit has not revealed any significant matters requiring adjustments to Umicore's balance sheet.

4.3 ACCOUNTING AND TAX ASPECTS

The partial demerger by transfer of Umicore's copper branch of activity to Cumerio, yet to be incorporated, will be executed with the benefit of the tax exemption as provided for by Article 211 of the Income Tax Code. The partial demerger is also exempt from proportional registration duties in accordance with Article 117, §2 of the Registration Duties Code and exempt from VAT in accordance with Article 11 and 18, §3 of the VAT Code.

The contribution in kind of the branch of activity will be accounted for by Cumerio in accordance with the principle of continuity.

5 APPLIED VALUATION METHODS

The contribution of the branch of activity by means of the partial demerger will be realized with effect as of 1 January 2005 at 0:00 hours.

In accordance with Article 81 of the Royal Decree of 30 January 2001, the assets, liabilities and off balance sheet commitments will be accounted for at the book value at which they were accounted for by Umicore on the date of the accounting effect of the transfer. Accordingly, the value of the contribution has been determined as follows:

	EUR
Net assets of UMICORE as of 31 December 2004	1,043,811,847.87
Less: net assets not transferred	715,512,609.69
Net assets value of the contribution	328,299,238.18

This value of the contribution is justified by the terms of the transaction, by which each shareholder of Umicore will receive a number of shares in the company to be incorporated, Cumerio, equal to the number of shares he holds in Umicore. As a result, and taking into consideration the terms of the transaction as described in more detail in Section 6 of this report, we consider that the valuation method is appropriate.

6 COMPENSATION ALLOCATED FOR THE CONTRIBUTION OF THE BRANCH OF ACTIVITY AND THE DISTRIBUTION RATIO

On the basis of the proposal of the partial demerger, the shares to be issued by Cumerio as consideration for the contribution of the assets and liabilities relating to Umicore's copper branch of activity to Cumerio will be distributed to the shareholders of Umicore in proportion to their shareholdings in Umicore. Each shareholder of Cumerio will therefore receive a number of shares equal to the number of shares it has in Umicore.

In other words, on the date of the partial demerger, the total number of Cumerio shares that will be distributed will thus be equal to the number of Umicore shares as at 15 February 2005 (i.e. 25,527,200), increased by the number of Umicore shares issued between 15 February 2005 and the date of the Extraordinary Shareholders' Meeting of Umicore approving the partial demerger as a result of the exercise of subscription rights granted under the existing Umicore stock option plans. Similarly, the total number of Cumerio VVPR strips that will be distributed will thus be equal to the number of Umicore VVPR strips as at 15 February 2005 (i.e. 5,083,738), increased by the number of Umicore VVPR strips issued between 15 February 2005 and the date of the Extraordinary Shareholders' Meeting of Umicore approving the partial demerger as a result of the exercise of subscription rights granted under the existing Umicore stock option plans.

The shares to be issued by Cumerio will have the same characteristics as the existing Umicore shares. Further, these shares will participate in Cumerio's results and will be entitled to receive dividends as from the date on which the partial demerger comes into effect from an accounting point of view, i.e. as of 1 January 2005. There are no special rules regarding this entitlement.

There will be no cash surplus paid to the shareholders of Umicore.

There are no other advantages other than those listed above that will be granted to Umicore's shareholders. We are not aware of any agreement according to which any additional remuneration will be granted except that, for the stock option-holders, the Board has decided that, in order to safeguard the interests of the holders of options and subscription rights and to protect them against any adverse effect of the partial demerger on the value of their stock options, the exercise price of the options and of the subscription rights will be reduced by an amount in euros equal to the initial reference price of the Cumerio shares determined by the Board of Directors of Umicore and proposed to Euronext Brussels with a view to the first listing of the Cumerio shares on the First Market of Euronext Brussels.

As a result, and as each shareholder of Umicore will receive a number of Cumerio shares equal to the number of shares held in Umicore prior to the partial demerger, their respective rights are not altered by the partial demerger. We therefore consider that the distribution ratio as proposed by the Board of Directors is pertinent and reasonable.

7 CONCLUSION

The proposed transaction consists in the contribution in kind by means of a partial demerger as of 1 January 2005 of the assets, liabilities and all rights and obligations associated with Umicore's copper branch of activity to a new company to be incorporated called Cumerio. The shares in Cumerio to be issued as consideration will be directly distributed to the shareholders of Umicore.

From an accounting and tax point of view, the transaction is considered as having been performed for the account of Cumerio as of 1 January 2005. Immediately after the decision by the Extraordinary Shareholder's Meeting of Umicore, Cumerio SA/NV will be incorporated and the contribution in kind will be executed.

The valuation of the contribution in kind is based on the net asset value of the assets and liabilities of Umicore's copper branch of activity as of 1 January 2005 as accounted for in the annual accounts of Umicore at that date. The distribution ratio resulting from this transaction is one Cumerio share per Umicore share, so that Cumerio's capital will be represented by the same number of shares as those representing Umicore's capital at the time of the partial demerger.

Based on the results of the audit procedures performed by us in accordance with the auditing standards issued by the Institute of the Company Auditors (Institut des Reviseurs d'Entreprises/Instituut der Bedrijfsrevisoren) applicable to partial demergers we are of the opinion that:

- the proposal of a partial demerger as approved by the Board of Directors on 21 February 2005 and filed on 1 March 2005 is in compliance with the requirements of Article 743 CC;
- given the terms of the transaction and, in particular, that each holder of one share in Umicore will receive one share in the company to be incorporated, Cumerio, the method that has been applied for determining the distribution ratio is appropriate, so that the distribution ratio is pertinent and reasonable.

We believe it is useful to emphasize that the purpose of our assignment is not to express an opinion on the legitimacy or fairness of the transaction.

9 March 2005

PricewaterhouseCoopers Reviseurs d'Entreprises SCCRL/Bedrijfsrevisoren
BCVBA
Represented by

Robert Peirce
Reviseur d'Entreprises

APPENDIX 4: DEFINITIONS

1. DEMERGER GLOSSARY

Closing of the Demerger	The realization of the Demerger upon the approval of the Demerger proposal and the incorporation of Cumerio by the Extraordinary Shareholders Meeting.
Cumerio	The new company to be incorporated as a limited liability company (*naamloze vennootschap/société anonyme* or *NV/SA*) by the Extraordinary Shareholders Meeting, that will be organized under the laws of Belgium, that will make a public call on savings and that will have its registered office at Broekstraat 31, rue du Marais, 1000 Brussels.
Cumerio Group	Cumerio and its subsidiaries.
Cumerio Shares	The shares to be issued by Cumerio as a result of the Demerger.
Cumerio VVPR strips	The separate security of Cumerio representing the right for eligible shareholders to receive dividends at a Belgian withholding tax rate of 15%, instead of 25%, which will only be granted if the coupon of the ordinary share is presented simultaneously with the corresponding coupon of the VVPR strip; for registered shares, it is recorded in the share register of Cumerio.
Demerger	The spinning off of Umicore's copper branch of activity by way of a partial demerger in accordance with Article 677 of the Companies Code, with the assets and liabilities of Umicore's copper branch of activity being transferred to a new company to be incorporated and to be named Cumerio, pursuant to which one Cumerio Share per Umicore Share will be issued to the existing Umicore shareholders and one Cumerio VVPR strip per Umicore VVPR strip will be issued to the existing holders of Umicore VVPR strips.
Extraordinary Shareholders Meeting	The extraordinary shareholders meeting of Umicore which will decide on the approval of the Demerger proposal and the incorporation of Cumerio and which is scheduled on 13 April 2005 or on 28 April 2005 if the required quorum is not reached at the first meeting.
KBC Securities	A company incorporated under the laws of Belgium, with its registered office at Havenlaan 12, Avenue du Port, 1080 Brussels.
Listing Date	The day on which the Cumerio Shares will start trading as a result of the Demerger.
Special Shareholders Meeting	The special shareholders meeting of Cumerio which will decide on the declaration of a EUR 0.30 dividend per Cumerio Share and which will appoint the statutory auditor.
UBS Investment Bank	UBS Limited, a company incorporated under English law, with its registered office at 1 Finsbury Avenue London, EC2M 2PP.
Umicore	A limited liability company (*naamloze vennootschap/société anonyme* or *NV/SA*) incorporated under the laws of Belgium, having made a public call on savings, with its registered office at Broekstraat 31, rue du Marais, 1000 Brussels and with enterprise number 0401.574.852.
Umicore Group	Umicore and its subsidiaries.
Umicore Shares	The shares issued by Umicore.
Umicore VVPR strips	The VVPR strips issued by Umicore.

2. OTHER DEFINED TERMS

Banking Day	Any day (excluding Saturdays) on which banks in Belgium are generally open for business.
BFIC	The Belgian Banking, Finance and Insurance Commission.
GDP	Gross Domestic Product.

3. SOME INDUSTRY TERMS & DEFINITIONS

Anode	Copper anodes are typically 99% pure and are used as the positive element in electrolytic refining.
Backwardation	The situation when the cash or spot price of a metal is higher than its forward price. A "backwardation" occurs when a tight nearby situation exists in a metal, and the market is willing to pay a higher price to get the metal immediately. In a normal supply situation, the forward price is higher than the cash or spot price of the metal, as it takes into account the cost of financing, insuring and storing the metal. Such a situation is described as "contango".
Billets	Round shapes produced from vertical casting for the subsequent transformation by extrusion into rods, bars, sections and mainly tubes.
Blister	98% pure copper – product of smelting and converting of concentrates.
By-product	A secondary or incidental product of a manufacturing process.
Cakes (copper)	Rectangular bars produced in the vertical copper casting process with variable lengths and a weight of up to 25 tonnes. Cakes are the starting material in rolling mills for the production of copper sheet, plate and foil.
Cathode	Metal deposited as result of electrolytic refining. Cathodes are the final result of the refining process for zinc and copper and are of a purity level of over 99.99%. They are the reference commodity on the world copper market and are priced on metals exchanges such as the LME (UK) and COMEX (USA).
COMEX	New York Commodity Exchange.
Concentrates	The result of the concentration of valuable metals contained in ore and used as input material for smelting or leaching. Concentrates typically contain 30 – 60% of metal while ores only contain a few percent of metal at best.
Continuous cast wire rod	Semi-finished product which is the starting product for further processing into wire. Wire rod diameters range from 8 to 25 mm; the brand name of Cumerio's wirerod is Contirod. Delivered in coils of 3-5 tonnes.
Electrolyte	A chemical compound (salt, acid, or base) that dissociates into electrically charged ions when dissolved in a solvent.
EVA	Economic Value Added.
FSD	Full Size Deposit, a significant breakthrough developed by Mount Isa (Australia) to decrease the copper refinery costs.
Hedging	A transaction entered into in order to offset the impact of adverse price movements of an asset (e.g. a metal or a currency).

LME	London Metal Exchange. The largest non-ferrous metal exchange in the world with the greatest turnover and warehouses around the world to stock undelivered metals.
Nuggets (copper)	Chopped copper rod used mainly for plating.
Producer premium for cathodes	A premium set annually by the world's largest producer and commonly applied by the refining industry.
Processing / transformation premiums	Premium at which copper transforming companies sell their semi-finished products.
Scrap	Materials for recycling.
Shapes (copper)	Copper products or formats produced from cathodes by casting: billets, cakes and wire rod.
Semis	Collective name for semi-finished copper products such as rod, cakes and billets.
SHFE	Shanghai Futures Exchange.
Slag	A non-metallic residue resulting from the smelting of ore or metal. Lighter slag rises to the surface of molten metal, from where it is removed and often used in basic materials such as aggregate for concrete.
Sulphuric acid	Sulphur dioxide arises during the copper production process and is processed by Cumerio into sulphuric acid in order to reduce emissions thereof. As a result, sulphuric acid is a by-product of the copper production process.
Tankhouse	Facility for electrolytic refining of metal.
Treatment and Refining Charges (TC/RCs)	The fees paid by a miner to a smelter/refiner to process concentrates into refined metals.

4. LEGISLATION

Companies Code	Companies Code as introduced by the Act of 7 May 1999.
Competition Act	Coordinated Act of 1 July 1999 on the protection of the economic competition.
Corporate Governance Code	Belgian Code on Corporate Governance adopted on 9 December 2004 by the Belgian Corporate Governance Committee.
Income Tax Code	Income Tax Code 1992.
Public Offer of Securities Act	Act of 22 April 2003 with respect to public offerings of securities.
Registration Duties Code	Code of registration, mortgage and court duties of 30 November 1939.
Transparency Act	Act of 2 March 1989 on the disclosure of significant participations in listed companies and the regulation of public take-over bids.
VAT Code	Code of value added taxes.

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