

ANNUAL REPORT UMICORE – FISCAL YEAR 2010

Umicore
Broekstraat 31 Rue du Marais
1000 Brussels

To the shareholders,

In accordance with legal and statutory obligations, we hereby report to you on the execution of our appointment for the year ended December 31, 2010 and submit the annual accounts to your approval.

1. RESULT AND POSITION OF THE COMPANY

1.1. PROFIT AND LOSS STATEMENT

1.1.1. RESULT

For the past year 2010, the annual accounts of the company show a net profit after taxes of 303,720 KEUR versus a profit of 201,577 KEUR in the comparable period 2009. This means an increase of 102,143 KEUR, as detailed below:

Profit	31/12/2010	31/12/2009	Delta
Operating result	125,635	46,631	79,004
Financial result	-39,559	111,307	-150,866
Result from the ordinary activities	86,076	157,938	-71,861
Exceptional result	217,573	36,579	180,994
Profit before taxes	303,649	194,516	109,133
Income taxes	71	7,061	-6,989
Net profit of the year	303,720	201,577	102,143

1.1.2. OPERATING RESULT

The operating result increased from 46,631 KEUR in fiscal year 2009 to 125,635 KEUR for the period ended December 31, 2010, i.e. an increase of 79,004 KEUR.

Compared to last year, results for all the segments improved considerably.

1.1.3. ECONOMIC CONTEXT BY ACTIVITY

A. RECYCLING

Revenues of the segment Recycling increased significantly in 2010 compared to 2009, helped by higher metal prices and higher industrial activity in several supply segments.

Supply of residues from the non-ferrous refining and mining industry was strong throughout the year. The business unit successfully diversified its supply base by sourcing new residue streams and also widened the geographical spread of input materials by increasing the supply streams from Asia.

Arrivals of end-of-life materials increased in volume terms. Electronic scrap availability remained at high levels. Industrial spent catalyst supply increased throughout the year, influenced by higher activity levels in the chemical industry triggering catalyst maintenance and replacement. As a result of the uplift in pgm prices and the effect of car scrapping schemes, arrivals of spent automotive catalysts were also well up year-on-year.

Rising metal prices contributed to the strong performance. This was the case for precious metals and several specialty metals such as selenium, indium, nickel and ruthenium. Although spot metal prices continued to rise for a number of these metals, these only contributed partially to the segment's results as Umicore secured upfront a significant portion of the metal price component in its earnings and cash flows through long term contracts. The business continues to enter in such contracts, primarily for gold, silver, platinum and palladium.

The market of by-products such as sulphuric acid has also recovered fully.

B. ENERGY MATERIALS

Revenues were well up for this segment. The recurring EBIT recovered strongly as well, mainly as a result of the revenue growth at all business lines in the Cobalt & Specialty Materials business.

Revenues in Rechargeable Battery materials were well up compared to 2009, confirming an improvement in underlying demand. Global market remained highly competitive and was characterised by high pressure on prices and margins.

The Ceramics & Chemicals business line recorded continued growth. Sales of nickel salts increased through market share gains and the business also benefited from tightness in the market for certain specific nickel-based raw materials. Sales volumes of inorganic cobalt-containing products were level with 2009, whereas sales of organic metallic compounds continued to grow. The European distribution activities were a key element in the strong performance.

Sales of cobalt powders in the Tool Materials business line increased significantly from the low levels seen in 2009. This activity had been particularly hit by destocking in its customer base. Hard metal tool applications, mainly used in automotive, machinery and mining equipment, benefited from the higher activity level throughout the year, while the diamond tool-related activities, linked primarily to construction, only started to recover in the second half.

The higher average cobalt price and overall higher levels of customer activity increased the availability of recyclable material. As a consequence refined cobalt volumes were up significantly.

The Electro-optic Materials business performed well in 2010. Sales volumes of germanium substrates were well up compared to previous year, both for space and terrestrial applications. Demand from the space markets remained at a high level. Non-space applications grew at a fast pace with demand for substrates from the LED lightning industry continuing to grow strongly while the terrestrial concentrator voltaic markets regained momentum. In Optics, demand from government sponsored programs remained low throughout the year. The smaller finished optics activities, however, recorded significantly higher sales volumes for thermo-graphical cameras and for security and surveillance night vision systems. Sales volumes of germanium tetrachloride were flat and are today mainly fuelled by optical network projects in China.

C. PERFORMANCE MATERIALS

For Zinc Chemicals sales volumes and revenues showed a strong progression year-on-year. Supply for the recycling activity was favourably influenced by higher activity levels in the galvanising industry. Although volumes recovered, the recycling activity was negatively impacted by a lower received zinc price.

Sales volumes increased significantly for Fine Zinc Powders, influenced by increased demand for anti-corrosive pigments and improved demand for chemical applications. Deliveries of Zinc Oxide products were up year on year, with lower demand for ceramic applications being more than offset by sales for other applications.

In Zinc Battery Materials historically high sales volumes were recorded over the year.

In Building Products the results improved compared to last year. In 2009 results still included the lead sheet activity in Overpelt in the first half of the year, business which was sold in the course of 2009. Overall business of building products performed better than the general construction sector. Sales of high value added products continued to grow.

D. CORPORATE

Overall corporate costs were at the same level as in 2009.

1.1.4. FINANCIAL RESULT

The financial result decreased from 111.307 KEUR profit in 2009 to 39.559 KEUR loss at the end of FY 2010, or a variance of -150.866 KEUR. This variance is driven by the following factors:

Income from – mainly interco - dividends decreased from 121.473 KEUR YTD December 2009 to 25.106 KEUR for the year 2010, or a decrease of 96.367 KEUR. The decline in dividends 2010 versus 2009 is mainly coming from the fact that Umicore Finance Luxemburg did not distribute a dividend this year. The most important dividends received during the fiscal year 2010 came from: Umicore France, Umicore Korea, Umicore Australia, Umicore Financial Services and Umicore Specialty Materials Brugge.

In 2008 a fair value adjustment was booked on Umicore's own shares in portfolio for an amount of 64.670 KEUR: Belgian GAAP requires that own shares, considered as short term investments, are valued at the closing price if the latter is lower than the acquisition cost. This fair value adjustment of 64.670 KEUR was completely reversed in 2009, as stock prices have raised again. In 2010 no such fair value adjustments occurred.

Interest charges decreased by 7,907 KEUR (63,491 KEUR in 2010, versus 71,398 KEUR in 2009), reflecting the impact of lower average interest rates albeit on a slightly higher average financial debt.

1.1.5. EXCEPTIONAL RESULT

The exceptional result 2010 of 217,573 KEUR includes an amount of 197,842 KEUR which concerns the gain realised on the sale of financial assets by Umicore to Umicore Finance Luxembourg.

A 15,072 KEUR partial reversal occurred of the impairment loss booked in 2008 on the shares Nyrstar (market price at year-end 2010 of 11.21 EUR/share compared to 8.34 EUR/share at 2009 year-end).

Additional income was received from the gold mining concession in Guinea (3,866 KEUR) and from an asset sale transaction with the Todini Group (1,250 KEUR).

The exceptional result of 36,579 KEUR in 2009 included as well a partial reversal of the impairment loss booked in 2008 on the Nyrstar shares (20,220 KEUR), a surplus value realised on the sale of financial assets and other extraordinary income received from the Calder Group related to the sale of the lead activities in Overpelt. Exceptional charges amounting to 3,850 KEUR were booked related to the industrial plan for the Overpelt site.

1.1.6 INCOME TAXES

The line income taxes showed in 2009 a profit of 7.061 KEUR and included the following elements: a reimbursement by the Belgian state of current taxes paid for the year 2004 related to "excess RDT" ('Revenues définitivement taxées') and a reversal of an open current tax payable also related to excess RDT for the year 2005.

No material tax results occurred in 2010, the tax base could be fully neutralized by existing tax credits carried forward.

1.1.7. APPROPRIATION OF THE RESULT

Taking into account the profit of the year of 303,720 KEUR and the profit carried forward for an amount of 270,401 KEUR, the allocations to and release from the unavailable reserve related to the 2010 movements in the own shares for a total amount of 14,217 KEUR and the interim dividend of 36,799 KEUR paid out in October 2010, the result to be appropriated stands at 551,539 KEUR.

Umicore's Board of Directors will propose to the annual general meeting of shareholders a gross dividend of 0.80 EUR per share, with the pay-out taking into account the interim dividend of 0.325 EUR/share already distributed in October 2010.

1.2. BALANCE SHEET

1.2.1. MOVEMENTS OF THE CAPITAL AND SHARE PREMIUM

There were no movements on the capital and share premiums in 2010.

1.2.2. OWN SHARES

The own shares value decreased from 173,035 KEUR on December 31, 2009 to 158,819 KEUR on December 31, 2010. The variance of 14,216 KEUR is detailed below:

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Own shares	Number	KEUR
Balance per 01/01/2010	7,506,197	173,035
Exercises of options and use of free shares 01/10 - 12/10	-1,029,550	-14,216
Balance per 31/12/2010	6,476,647	158,819

1.2.3. INVESTMENTS IN INTANGIBLE ASSETS

Investments in 2010 in intangible assets relate mainly to the capitalisation of IS SAP related projects and capitalised Research and Development costs.

1.2.4. INVESTMENTS IN FIXED ASSETS

Investments in fixed assets were recorded for a total amount of 50,850 KEUR. The main investments were made at the Hoboken site (31,175 KEUR) and the Olen site (11,538 KEUR).

The construction of the new battery recycling plant in Hoboken is progressing according to plan and the plant is expected to be operational by mid 2011.

The main capital expenditures at Olen concern the new combined heat and power plant, which is operational since the third quarter of 2010. In the germanium plant, the most important investments relate to the further development of the reduction furnaces and replacement of the bag house of the Pyro furnace.

In the plant at Angleur a project to increase the smelting capacity and renew the furnaces was finalised. In Vilvoorde investments were focussed on improving security.

1.2.5. FINANCIAL FIXED ASSETS

Financial assets increased by 251,035 KEUR. Main movements are linked to the capital increases of Umicore Finance Luxembourg and Umicore Finance Norway on one side and the sale of financial assets by Umicore to Umicore Finance Luxembourg on the other side (see above 'Exceptional result').

The other financial assets increased to 66,268 KEUR in 2010 from 51,432 KEUR in 2009, or a variance of 14,837 KEUR. The main reason for that is the partial reversal of the fair value adjustment on the Nyrstar shares (15,072 KEUR: see above 'Exceptional result').

1.2.6. INVENTORIES

The total inventories amount to 407.073 KEUR at the end of December 2010, compared to 298.047 KEUR in fiscal year 2009, being an increase of 109.026 KEUR. The net increase is explained mainly by increased metal prices, but also by higher advances paid to suppliers.

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1.2.7. AMOUNTS RECEIVABLE WITHIN ONE YEAR

The amounts receivable within one year increased from 358,270 KEUR at end of December 2009 to 506,455 KEUR at the end of December 2010, an increase of 148,185 KEUR; resulting from higher deposits with Umicore Financial Services and higher trade receivables. The increase of the trade receivables reflects the impact of higher metal prices and higher activity levels in the last quarter of 2010 versus the comparable period in 2009.

1.2.8. TREASURY INVESTMENTS

The investments in own shares decreased from 173,035 KEUR to 158,819 KEUR: see pt. 1.2.2 own shares.

1.2.9. ENVIRONMENTAL PROVISIONS AND PROVISIONS FOR LIABILITIES AND CHARGES

Further progress was made towards completing the remediation of the historical pollution of certain Umicore sites in Belgium. While the soil remediation in the nearby residential areas of the Flemish sites has been completed in 2009, remediation actions on the sites themselves and in the wider surroundings were ongoing in 2010.

For a more detailed analysis on objectives and main realizations we refer to the annual report on the consolidated annual accounts.

1.2.10. FINANCIAL DEBT (Long term and short term)

Total financial debt increased by 183,803 KEUR however the maturity profile of the debt changed materially from short term to long term. Long term bank loans were taken up for an amount of 20,000 KEUR and additional long term loans were granted by Umicore Financial Services for an amount of 1,000,000 KEUR. On the other hand the short term debt versus Umicore Financial Services decreased by 834,270 KEUR. The net increase in debt mainly served to finance the increase in financial assets (see pt.1.2.5).

1.2.11. AMOUNTS PAYABLE WITHIN ONE YEAR (excluding financial debt)

Trade debt increased by 128,700 KEUR in line with higher metal prices and increased activity.

1.3. PERSONNEL (social balance)

The results of the 2010 Employee Opinion Survey have been received and show an improvement in all categories compared to the results of the previous survey in 2007. More details are available in the annual report on the consolidated group accounts.

Consequently to the merger by absorption of its 100% subsidiary Umicore Oxyde Belgium (see below § 9) all personnel members of this company were transferred to the payroll of Umicore with observance of all existing rights and obligations.

As part of the rationalisation of its activities in Belgium, Umicore Marketing Services Belgium ended its operational activities and transferred the totality of its personnel to Umicore on July 1st, 2010 with observance of all existing rights and obligations.

2. SUBSEQUENT EVENTS

In March 2011 Nyrstar completed a capital increase. Umicore sold its subscription rights and did not participate in the share offer. Subsequent to the capital increase Umicore's shareholding – which had stood at 5.25% before the offering – was diluted to 3.09%

3. DEVELOPMENT OF THE COMPANY.

In June 2010 Umicore announced its new strategy Vision 2015. Vision 2015 is Umicore's strategy that sets out the economic, social and environmental goals of the company to 2015 and beyond. Key elements driving the Vision 2015 are resource scarcity, increasingly stringent emission control, the drive for renewable energy and the electrification of the automobile. Development efforts will be focussed on those areas offering the possibility for exceptional growth. The organizational structure of the company was adapted to reflect these growth drivers by introducing four new business groups: Catalysis, Energy Materials, Performance Materials and Recycling. For a broad overview of the Vision 2015 strategy, we refer to the annual report on the consolidated annual accounts.

4. RESEARCH AND DEVELOPMENT

The strategy and policy on research and development are determined at group level. For a more detailed analysis of the research and development activities we refer to the annual report on the consolidated annual accounts.

5. CORPORATE GOVERNANCE STATEMENT

5.1. CORPORATE GOVERNANCE CODE

Umicore has adopted the 2009 Belgian Code on Corporate Governance (the 'Code') as its reference code.

The English, Dutch and French versions of the Code can be found on the website of the Corporate Governance Committee www.corporategovernancecommittee.be/.

The Umicore Corporate Governance Charter describes in detail the governance structure of the company, the policies and procedures of the Umicore Group. The Charter is available on the Umicore website (www.governance.umicore.com) and may be obtained on request from Umicore's Investor Relations Department.

5.2. COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Umicore's corporate governance systems and procedures are in line with the Code with the exception of provision 8.8 regarding the required shareholding level of 5 % for a shareholder to submit proposals to the general shareholders' meetings. For reasons of efficiency, the company previously decided not to endorse this provision for the time being, maintaining the sole possibility provided under Article 532 of the Belgian Companies Code to any shareholder representing 20 % or more of the company's capital to request that a general meeting of shareholders be convened by the Board of Directors. However, following the envisaged entry into force in 2011 of a new law on the exercise of certain shareholders' rights in listed companies shareholders holding alone or jointly at least 3 % of the subscribed capital will by law be entitled to submit proposals to the shareholders' meetings.

5.3. COMPOSITION AND FUNCTIONING OF MANAGEMENT BODIES AND COMMITTEES

5.3.1. General

The Board of Directors is the ultimate decision-making body of Umicore with the exception of matters reserved to the general meeting of shareholders by the Companies Code or by the Articles of Association. The Board is assisted in its role by an Audit Committee and a Nomination & Remuneration Committee. The day-to-day management of Umicore has been delegated to the Chief Executive Officer ("CEO") who is also the chairman of the Executive Committee. The Executive Committee is responsible for elaborating the overall strategy for Umicore and for submitting it to the Board for review and approval. It is responsible for implementing such strategy and for ensuring the effective oversight of the business units and corporate functions. The Executive Committee is also responsible for screening the various risks and opportunities that the company might encounter in the short, medium or longer term (see Risk Management section) and for ensuring that systems are in place to address these. The Executive Committee is jointly responsible for defining and applying Umicore's approach to sustainable development.

5.3.2. Shares - shareholders

5.3.2.1. Issued shares

At 31 December 2010 there were 120,000,000 Umicore shares in issue. The history of the Umicore capital representation can be found at www.investorrelations.umicore.com as well as the identity of shareholders having declared a participation of 3 % or more.

On 31 December 2010 Umicore owned 6,476,647 of its own shares representing 5.40 % of its capital. Information concerning the shareholders' authorization for Umicore to buy back its own shares and the status of such buy-backs can be consulted in the Corporate Governance Charter and on Umicore's website respectively.

5.3.2.2. Dividend policy and payment

Umicore's policy is to pay a stable or gradually increasing dividend. There is no fixed pay-out ratio. The dividend is proposed by the Board at the ordinary general meeting of shareholders. No dividend will be paid which would endanger the financial stability of the company.

In 2010 the company paid a gross dividend of € 0.65 per share relating to the financial year 2009. This was the same amount per share as the dividend paid in 2009 for the financial year 2008.

In August 2010, the Board decided to institute an interim dividend payment, corresponding to half of the total dividend paid for the previous year. As a result of this change a gross interim dividend of € 0.325 per share was paid as from 13 October 2010. On 9 February 2011 the Board decided to propose to shareholders a total dividend of € 0.80 per share relating to financial year 2010. The pay out of this dividend in May 2011 would therefore amount to € 0.475 per share (the total dividend less the interim payment).

5.3.2.3. Shareholders' meetings 2010

According to the company's Articles of Association, the Ordinary General Meeting (OGM) of shareholders takes place on the last Tuesday of April at 5 p.m.

The place of the shareholders' meeting is mentioned in the convening notice which is published at least 24 days prior to the "record date" (the "record date" being midnight of the fifth business day prior to the general meeting).

In 2010, the ordinary general meeting of shareholders took place on April 27. At this meeting shareholders approved the standard resolutions regarding the annual accounts, the appropriation of the results and the discharges to the Directors and to the statutory auditor

regarding their respective 2009 mandates and auditing assignment. In addition the shareholders re-appointed Mr Shohei Naito and Mrs Isabelle Bouillot as Directors for a further three years. The OGM also approved the remuneration of the Board for 2010.

On 29 October 2010, an extraordinary general meeting of shareholders authorised the company and its subsidiaries to acquire, until 28 April 2012, Umicore shares within a limit of 10 % of the subscribed capital, at a price per share between € 4 and € 75. This extraordinary general meeting also approved the absorption through a merger operation - by the company of its 100 % owned subsidiary Umicore Oxyde Belgium NV/SA.

5.3.3. The Board of Directors

5.3.3.1. Composition

The Board of Directors, whose members are appointed by the general meeting of shareholders resolving by a simple majority of votes without any attendance requirement, must consist of at least six members. Their term of office may normally not exceed four years, but they may be re-elected.

Directors can be dismissed at any time following a resolution of a shareholders' meeting deciding by a simple majority of the votes cast. There are no attendance requirements for the dismissal of directors. The company's Articles of Association provide for the possibility for the Board to appoint directors in the event of a vacancy. The next general shareholders' meeting must decide on the definitive appointment of the above Director. The new director completes the term of office of his or her predecessor .

On 31 December 2010 the Board of Directors consisted of ten members: nine non-executive directors and one executive director. On 31 December 2010 six of the ten directors were independent in accordance with the criteria laid down in Article 526ter of the Belgian Companies Code. These criteria are listed in Appendix 3 of Umicore's Corporate Governance Charter.

5.3.3.2. Meetings and topics

During 2010, the Board of Directors held seven meetings during which the following matters were reviewed: the financial performance of the Group, the environmental, health and safety performance, the budget and operational and investment plans. The Board also reviewed the strategic headlines and development projects, including Vision 2015 and potential acquisitions. The annual performance review of the CEO and the other members of the Executive Committee in respect of the year 2009 was completed in February 2010. The Board also discussed the succession planning at the level of the Board and the Executive Committee. On 1 June 2010 the Board appointed Mr Denis Goffaux with effect as of 1 July 2010 as a new member of the Executive Committee in the capacity of Chief Technology Officer. In 2010 the Board also resolved to the distribution of an interim dividend; it also approved the draft terms of the internal merger of the company and its 100 %-subsidiary Umicore Oxyde Belgium NV/SA. The Board also visited the Umicore sites in Hanau and Pforzheim (Germany).

5.3.3.3. Performance review of the Board and its Committees

The Chairman will conduct a review of the performance of the Board and its Committees in the course of 2011 and will discuss the results of this review with the Nomination & Remuneration Committee and subsequently with the Board.

5.3.4. Board Committees

5.3.4.1. Audit Committee

The Audit Committee's composition and the qualifications of its members are fully in line with the requirements of Article 526bis of the Belgian Companies Code and the Code.

The Audit Committee consists of three non-executive directors, two of them being independent.

Four Audit Committee meetings were held in 2010. Besides the review of the 2009 accounts and those of the first half of 2010, the Committee also reviewed the following matters: the status of internal control projects, the tax department activities, the information technology common data management, the succession planning of the finance organization, the risk assessment process, the renewal of the statutory auditor mandate, and the internal audit activity reports. Furthermore, the Audit Committee conducted a review of its own performance and the fees paid to the statutory auditor.

5.3.4.2. Nomination & Remuneration Committee

The Nomination & Remuneration Committee consists of three members who are all non-executive directors, two of them being independent. It is chaired by the Chairman of the Board.

Three Nomination & Remuneration Committee meetings were held in 2010. During 2010 the Nomination and Remuneration Committee reviewed the remuneration policy for the Board members, the Board Committees members and Executive Committee members and the rules of the stock grant and option plans offered in 2010 as well as of the variable remuneration scheme for 2010. The Committee also conducted an end-of-mandate review of five board members, four of whom were later put forward for re-election by the shareholders. The Nomination & Remuneration Committee also discussed the succession planning at the level of the Board and the Executive Committee as well as the organisational changes resulting from the Vision 2015 strategy.

5.3.5. Executive Committee

5.3.5.1. Composition

The Executive Committee has the form of a "Comité de Direction / Directiecomité" within the meaning of Article 524bis of the Belgian Companies Code. Hereunder "Executive Committee" is used within this definition.

The Executive Committee is composed of at least four members. It is chaired by the CEO who is appointed by the Board of Directors. The members of the Executive Committee are appointed by the Board of Directors upon proposal by the CEO and recommendation of the Nomination & Remuneration Committee. The Executive Committee as a whole or any individual member can be dismissed at any time by the Board of Directors.

On 1 July 2010 Mr Martin Hess left the company and Mr Denis Goffaux was appointed member of the Executive Committee.

On 31 December 2010 the Executive Committee consisted of seven members including the CEO.

5.3.5.2. Performance Review

A review of the performance of each Executive Committee member is conducted annually by the CEO and discussed with the Nomination & Remuneration Committee. The results are presented to the Board of Directors and discussed by the Board.

The Board also meets annually in non-executive session (i.e. without the CEO present) to review and discuss the performance of the CEO.

5.4. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

Umicore's management takes an entrepreneurial approach to developing the company's business. This approach means that taking calculated risks is an integral part of the development of the company. In order to successfully exploit business opportunities and at the same time limit possible business losses Umicore operates a comprehensive risk management system. The aim of this system is to enable the company to identify risks and to mitigate these identified risks to an acceptable level wherever this is possible. Internal control mechanisms exist throughout Umicore to provide the management with reasonable assurance of the company's ability to achieve its objectives. These controls cover the effectiveness and efficiency of its operations, the reliability of financial processes and reporting and its compliance with laws and regulations.

5.4.1. Risk Assessment

The first step in the risk management system is to enable and channel the identification of various risks. Umicore has a decentralized business structure and therefore the primary source of risk identification lies with the business units themselves. Umicore has established a Business Risk Assessment (BRA) process that each business unit and corporate department undertake each year. The BRA process requires that all units carry out a risk scan in order to identify all significant risks (financial and non-financial) that might affect the business's ability to meet its objectives. The process then requires that these risks be described in detail, and an impact and likelihood assessment be carried out. Finally the businesses are expected to outline the short, medium and long-term controls in place to mitigate or offset these risks. These BRAs are then fed back to the member of the Executive Committee responsible for that particular business area. A consolidated review takes place at the level of the Executive Committee, the outcome of which is presented to the Board of Directors.

Wherever possible each business unit and corporate department is responsible for managing its own identified risks. The Executive Committee has the responsibility to intervene in cases where managing a certain risk is beyond the capacities of a particular business unit. The Executive Committee and the CEO are also responsible in a broader context for identifying and dealing with those risks that affect the broader Group such as strategic positioning, funding or macroeconomic risks.

5.4.2. Internal Control

The Internal Control environment at Umicore is shaped in the first instance by The Umicore Way and Code of Conduct. Specific Internal Control mechanisms have been developed by business units at their level of operations, while shared operational functions and corporate services set controls for cross-organizational activities. These give rise to specific policies, procedures and charters covering areas such as supply chain management, human resources, information systems, environment health and safety, legal, corporate security and research & development.

In 2008 Umicore introduced a system of Minimum Internal Control Requirements (MICR) to specifically address the mitigation of financial risks and to enhance the reliability of financial reporting. Umicore's MICR framework requires all Group entities to comply with a uniform set of internal controls covering 164 control activities in 12 "cycles" and 134 Group entities. A minimum compliance threshold is established for each control activity with the ultimate goal being to achieve maximum compliance in all Umicore's entities. In 2010 the introduction and roll-out process of MICR was successfully completed. The process was sufficiently well embedded to enable the majority of entities to move from the implementation phase towards a sustainability plan in 2011. MICR compliance is monitored by means of annual self assessments to be signed off by Senior Management and their outcome is reported to Corporate Finance, which presents a consolidated report to the Executive Committee.

5.4.3. Monitoring and oversight

A specific monitoring role is given to Umicore's Internal Audit department in order to provide assurances that the risk management process is respected, that the minimum internal control requirements are met, and that the unit and departmental risk identification and management is carried out effectively. The Executive Committee has the responsibility to inform the Board of Directors of the most significant risk exposures and the related risk management plans in place. The Audit Committee of the Board of Directors carries out an annual review of the company's internal control and risk management systems.

5.4.4. Risks

The company faces risks that in broad terms can be categorized as follows:

Strategic: including risks related to macro-economic and financial conditions, technological changes, corporate reputation, political and legislative environment.

Operational: including risks related to changing customer demand, supply of raw materials, distribution of products, credit, production, labour relations, human resources, IT infrastructure, occupational health and safety, emission control, impact of current or past activities on the environment, product safety, asset and data security, disaster recovery.

Financial: including risks related to treasury, tax, forecasting and budgeting, accuracy and timeliness of reporting, compliance with accounting standards, metal price and currency fluctuation, hedging. Most industrial companies would normally expect to face a combination of the risks similar to that listed above. An overview of the most noteworthy risks either in their relevance to Umicore or in the company's way of dealing with them, can be found in the consolidated annual report (chapter "Risk management and internal control framework").

5.4.4.1 Financial instruments

The company 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. The company uses mainly spot and forward contracts to cover the metal and currency risk, and swaps to hedge the interest rate risk. The operations carried out on the futures markets are not of a speculative nature.

5.5. RELEVANT INFORMATION IN THE EVENT OF A TAKE-OVER BID

5.5.1. Share transfer restrictions

The company's Articles of Association do not impose any restriction on the transfer of shares. The company is furthermore not aware of any restriction imposed by law except in the framework of market abuse regulations.

5.5.2. Securities with special rights

The company has not issued securities with special rights.

5.5.3. Voting right restrictions

The company's Articles of Association do not contain any restriction on the exercise of voting rights by shareholders, providing the shareholders concerned are admitted to the shareholders' meeting and their rights are not suspended. The admission rules to

shareholders' meetings are laid down in Article 17 of the Articles of Association. According to Article 7 of the Articles of Association the rights attached to shares held by several owners are suspended until one person is appointed as owner vis-à-vis the company.

To the Board's best knowledge none of the voting rights attached to the shares issued by the company were suspended by law on 31 December 2010, save for the 6,476,647 shares held by the company itself on that date (Article 622 §1 of the Belgian Companies Code).

5.5.4. Employee stock plans where the control rights are not exercised directly by the employees

The company has not issued such employee stock plans.

5.5.5. Shareholders' agreements

To the Board's best knowledge there are no shareholders' agreements which may result in restrictions on the transfer of securities and/or the exercise of voting rights.

5.5.6. Amendments of the Articles of Association

Save for capital increases decided by the Board of Directors within the limits of the authorized capital, only an extraordinary shareholders' meeting is authorized to amend the company's Articles of Association. A shareholders' meeting may only deliberate on amendments to the Articles of Association – including capital increases or reductions, as well as mergers, demergers and a winding-up – if at least 50 % of the subscribed capital is represented. If the above attendance quorum is not reached, a new extraordinary shareholders' meeting must be convened, which will deliberate regardless of the portion of the subscribed capital represented. As a general rule amendments to the Articles of Association are only adopted if approved by 75 % of the votes cast. The Belgian Companies Code provides for more stringent majority requirements in specific instances, such as the modification of the corporate object or the company form.

5.5.7. Authorized capital – buy-back of shares

The company's share capital may be increased following a decision of the Board within the limits of the so-called "authorized capital". The authorization must be granted by an extraordinary shareholders' meeting; it is limited in time and amount and is subject to specific justification and purpose requirements. The extraordinary shareholders' meeting held on 24 October 2006 (resolutions published on 13 November 2006) has authorized the Board to increase the company's share capital in one or more times by a maximum amount of € 46,000,000. This authorization has not been used to date and will lapse on 12 November 2011. The Board will propose to the shareholders' meeting of 26 April 2011 to renew this authorization, for a maximum amount of € 50,000,000.

Following a resolution of the extraordinary shareholders' meeting held on 29 October 2010 the Board is authorized to acquire own company shares on a regulated market within a limit of 10 % of the subscribed capital, at a price per share comprised between € 4.00 and € 75.00 and for a duration of 18 months which will lapse on 28 April 2012. The same authorization was also granted to the company's subsidiaries.

5.5.8. Agreements between the company and its Board members or employees providing for compensation if they resign, or are made redundant without valid reason, or if their employment ceases because of a take-over-bid

All the members of the Executive Committee (except Mr Denis Goffaux) and all senior vice-presidents of the company are entitled to a compensation equivalent to 36 months base salary in the event of a dismissal within twelve months of a change of control of the company.

6. BRANCHES

The company has no branches.

7. CONTINUITY

The company has no losses carried forward. Article 96.6° of the Companies Code is not applicable.

8. RISK MANAGEMENT, UNCERTAINTIES AND FINANCIAL INSTRUMENTS

The objectives and management approach on risk management, uncertainties and financial instruments are valid for the entire group. These policies are explained in extenso in the annual report on the consolidated accounts.

9. IMPORTANT EVENTS

On October 29th, 2010 the shareholders meeting approved the transaction whereby Umicore NV/SA absorbed its 100% subsidiary Umicore Oxyde Belgium NV through a merger as meant under art.676, 1° of the Companies Code. As a result of this transaction all assets and liabilities of the company to be absorbed were transferred.

10. CONFLICTS OF INTEREST

Article 523 of the Belgian Companies Code

On February 10, 2010, prior to the Board discussing or taking any decision with respect the CEO's remuneration (including the grant of shares and stock options) and pension plan, Marc Grynberg declared that he had a direct interest of a proprietary nature in the implementation of the decisions to be taken. In accordance with Article 523 of the Companies Code, Marc Grynberg left the room and did not take part in the Board's discussions and voting concerning these decisions.

The above decisions had/will have the following financial consequences:

a) Cash remuneration

The CEO received a fixed remuneration of 500 KEUR in 2010. He also received a cash bonus totalling 250KEUR in 2010.

b) Grant of shares and stock options

The financial consequences for the company consist of: either, to the extent that the company were to decide to retain the shares it holds today, the financing and opportunity

cost of maintaining such shares in its portfolio until the delivery date of the shares granted or the option's exercise date (as the case may be, as delayed/extended in accordance with the possibility offered under Belgian law) or, to the extent that the company were to decide to sell such shares at a later date, the difference on the date of exercise of the options (as the case may be, as delayed/extended in accordance with the possibility offered under Belgian law) between the exercise price and the market value of the shares that the company would have to buy on that date.

c) Pension plan

The adopted pension plan entails a contribution of 150 KEUR/year by the company during seven years

11. STATUTORY AUDITOR

The world-wide remuneration for the statutory auditor of Umicore and its affiliated companies totalled 2,500 KEUR, including an amount of 2,100 KEUR for the statutory audit missions (of which 500 KEUR for the audit of the parent company) and 400 KEUR for non-statutory audit services (of which audit-related and other attestation services (100 KEUR), tax related services (100 KEUR) and other non-audit related services (200 KEUR)).

The statutory auditor's mandate will expire at the 2011 ordinary general meeting. A proposal for a new mandate for the period 2011-2013 will be submitted.

12. DISCHARGE

In accordance with legal and statutory requirements, we hereby request to discharge the Directors and statutory auditor for the exercise of their mandate for the accounting year 2010.

The Board of Directors
Brussels, March 23, 2011.

Nanc Gyndry

T. Kuper