

**Report on the Application of
Corporate Governance
Rules at the UCB Group**



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Introduction

This report concerns the application in 2004 of corporate governance rules at the UCB Group. This is an important phase in the application of the recommendations of the Belgian Code on Corporate Governance which came into effect as of 1 January 2005, and is to be fully implemented for the purposes of communication in 2006. UCB stands by the principles of this Code, which are often similar to those found in other codes, particularly in Anglo-Saxon countries.

During 2005 the UCB Board of Directors will pay particular attention to determining possible additional measures to be adopted within the framework of the Code's recommendations, in accordance with the «conforming or explaining» principle. At the General Meeting of UCB Shareholders on 14 June 2005 this point will be discussed again in relation to any relevant developments decided upon or carried out with regard to the issue. UCB's Corporate Governance Charter will be published before the end of 2005.

1 Brief presentation of UCB

1.1 UCB S.A. is a Belgian company, registered in Anderlecht (1070 Brussels), Allée de la Recherche, 60. The company is quoted on the first Euronext Brussels market (96th), and is a BEL 20 company (11th).

The company statutes are available for consultation on the UCB web site at: www.ucb-group.com

1.2 UCB is administered and run by a Board of Directors and an Executive Committee, whose respective functions and responsibilities are clearly defined.

UCB is the parent company of the UCB Group. Prior to 2004, UCB was a chemical speciality and pharmaceutical group. Since the non-hostile takeover in July 2004 of the British Company Celltech Group PLC, and the transfer of its "Surface Specialties" on 1 March 2005, UCB has become a global

biopharmaceutical leader specialising in the fields of central nervous system disorders, allergy and respiratory disease, immune and inflammatory disorders and oncology. UCB's main products are Keppra® (anti-epileptic), Xyzal® and Zyrtec® (anti-allergics), Nootropil® (cerebral function regulator), Tussionex® (cough syrup) and Metadate® / Equasym XL® (attention deficit and hyperactivity disorders). UCB Biopharma has a staff of over 8,500 in over 40 countries. UCB generated a turnover of 3,068 million euros in 2004, and earned a net company income of 362 million euros, including the income from Surface Specialties.

Purchase of the Celltech Group and transfer of the Surface Specialties activities – these operations are described in detail in the annual report listing Group activities in 2004 – form part of a strategy determined by the Board of Directors to make UCB a world leader in the biopharmaceutical market.

2. UCB's Board of Directors

2.1 Roles and Functions

2.1.1. The Board of Directors is the company's governing body.

It has the power to take decisions on all matters which the law does not expressly attribute to the General Meeting of Shareholders.

Among the matters over which it may take decisions, the UCB Board of Directors has reserved key areas for itself, and has delegated wide powers of administration to an Executive Committee (see point 3).

It did not opt to create a Management Committee in the sense of Belgian law, since it preferred not to permanently delegate the powers granted by the law, and general representation of the company.

2.1.2. The powers the Board has reserved for itself concern mainly the following, and to this end it also receives all the information required in relation to each of them:

1. Definition of strategy
2. Monitoring of management
3. Appointment or removal:
 - from among its members, of the Chairmen and members of the Audit Committee and of the Remuneration and Appointments Committee
 - of the Chairman of the Executive Committee following a proposal by the Remuneration and Appointments Committee
 - of members of the Executive Committee following a proposal by the Remuneration and Appointments Committee, and recommendation by the Chairman of the Executive Committee
 - of senior executives on the recommendation of the Chairman of the Executive Committee
 - of persons outside UCB requested to represent UCB at certain subsidiaries or in major external bodies, on the recommendation of the Chairman of the Executive Committee
4. Finalising the accounts and income for the UCB Group and UCB S.A.
5. Making arrangements for the General Meeting of Shareholders and the decisions proposed to be considered at the meeting
6. General organisation of UCB and of the Group
7. Approval of the investment budget and any operations necessitating additions to the budget
8. Determining an annual R & D programme
9. The long-term finance operations
10. Creating, establishing, closing, settling or transferring subsidiaries, branches, production locations or major divisions
11. Allotment, merger, division, purchase, sale or pledging of instruments and shares to a value exceeding 1 million euros
12. Purchase, sale or pledging of property assets to a value exceeding 1 million euros and leases over a period exceeding 9 years
13. The terms and conditions of plans for the grant of stock and stock options to employees
14. Major donations and affiliations to organisations

At the request of the Chairman of the Executive Committee, the Board may also be asked to pronounce in the event of diverging opinions among a majority of the members of the Executive Committee and its Chairman.

2.1.3. Within the framework of the functions performed by the Board of Directors, the executive and non-executive directors have specific additional roles to play.

Executive directors communicate all information concerning company business and finances required for efficient running of the Board of Directors.

Non-executive directors discuss, in a critical and constructive fashion, the key policies and strategy proposed by the Executive Committee, and help develop these. They concern themselves in particular with rigorous assessment of the performance of the Executive Committee in attaining the agreed objectives.

In all matters for which it is exclusively empowered, the Board of Directors works closely with the Executive Committee, one of the main tasks of which is to prepare most of the decisions proposed to the Board of Directors and then to ensure they are put into practice.

2.1.4. The Board of Directors has the authority and duty to allocate in the exercise of its functions all proper, necessary and appropriate means. It takes collegiate responsibility for sound exercise of such authority and of its powers.

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2.2 Functioning and Representation

2.2.1 Frequency, preparation, procedure

2.2.1.1 Meetings of the Board of Directors are called by the Chairman, the Vice-Chairman or by the director substituting, as often as the interests of the company demand. They must also be called on the request of at least two directors.

The Board of Directors should meet between 6 and 8 times a year. In the year 2004 it met on 8 occasions.

2.2.1.2 The Chairman of the Board of Directors draws up the agenda for meetings following consultation with the Vice-Chairman of the Board of Directors and the Chairman of the Executive Committee.

He ensures that directors receive precise detailed information with sufficient notice prior to meetings.

Directors may also request all useful additional information, in accordance with the nature of the matter, from the Chairman of the Board of Directors, the Chairman of the Executive Committee or the general secretary.

They may also make use of independent professional advice at the expense of the company, by prior agreement with the Board of Directors, or in emergency situations, by the Chairman or Vice-Chairman of the Board of Directors.

2.2.1.3 Meetings of the Board of Directors are presided over by the Chairman and, failing this, by the Vice-Chairman.

2.2.1.4 The Board may deliberate in a valid fashion only if the majority of its members are present or represented. The quorum is calculated in accordance with the number of directors taking part in the vote, disregarding those who should withdraw from deliberations, in accordance with the Company Code. When the Board meeting

is not attended by sufficient numbers, the directors are called to a new meeting in a letter sent by registered post. A quorum is not required at the second meeting. Thanks to the assiduousness of board members, there has never been any need to apply this measure. In the year 2004 the rate of attendance of directors at all Board meetings was 97.4 %.

In the majority of cases, decisions are taken by consensus. In the event of a vote, company statutes stipulate that resolutions are passed by majority vote; in the event of a tie in the vote, the Chairman of the meeting has the casting vote.

2.2.2 Representation

The company is validly represented with regard to third parties and the justice system by two directors acting jointly. These directors do not require a prior decision of the Board of Directors. The Chairman of the Executive Committee represents the company in the daily management of the business.

In addition, the Board may appoint special representatives for tasks decided by it.

2.3 Composition of the Board of Directors

2.3.1 Composition

2.3.1.1 As of 1 January 2005, the Board of Directors was composed of the following 12 members:

- Baron Jacobs, Chairman of the Board of Directors since 1 January 2005 (2005)
- Baron Daniel Janssen, Vice-Chairman of the Board of Directors (2006)
- Dr. Roch Doliveux, Executive Director, Chairman of the Executive Committee (CEO) (2007)
- Mr. Mark Eyskens (2005)
- Prince Lorenz of Belgium (2007)
- Mr. Alan John Blinken (2006)
- Baron Karel Boone (2006)

- Mr. Eric Janssen (2005),
- Mr. Guy Keutgen (2005)
- Countess Diego du Monceau de Bergendal (2005),
- Mrs. Jean van Rijckevorsel (2005),
- Dr. Jean-Louis Vanherweghem (2005)

The post of honorary Chairman of the Board of Directors has also been conferred:

- on Baron Jaumotte
- on Mr. Willy De Clercq
- and on Mr. Mark Eyskens

The post of Honorary Chairman of the Executive Committee has been conferred:

- on Mr. Paul Etienne Maes
- on Baron Daniel Janssen
- and on Baron Jacobs

The post of Honorary Director has been conferred:

- on Mr. Paul Etienne Maes
- on Mr. Francis Cattoir
- on Count Didisheim
- on Mrs. André Janssen
- on Mr. Alain Jubert
- on Baron de Neve de Roden
- and on Baron Velge

2.3.1.2 As of 1 January 2005, Baron Jacobs - previously director and Chairman of the Executive Committee - has presided over the Board of Directors following the Chairmanship of Mr. Mark Eyskens.

Dr. Roch Doliveux, Chairman of the Executive Committee, was appointed executive director at the General Meeting of Shareholders in 2004, after attending meetings of the Board of Directors over almost eight months as Vice-Chairman of the Executive Committee and Director-General of the Pharma Sector.

2.3.1.3 The mandates of Baron Jacobs, of Mr. Mark Eyskens, of Mr. Eric Janssen, of Mr. Guy Keutgen, of Countess Diego du Monceau de Bergendal, of Mrs. Jean van Rijckevorsel and of Dr. Jean-Louis Vanherweghem will expire at the General Meeting of Shareholders on 14 June 2005.

Renewal of these will be submitted to this General Meeting, with the exception of the mandates of Mr. Eric Janssen and of Mr. Mark Eyskens, which are affected by the age limit.

2.3.1.4 At the General Meeting of Shareholders in June 2005, the Board of Directors will propose the appointment of Dr. Peter Fellner, previously Chairman of the Board of Directors at Celltech Group PLC, and of Mr. Gerhard Mayr, previously President of Eli Lilly International Pharmaceutical. The Board of Directors feels that the abilities of these candidates will contribute considerable valuable expertise to the biopharmaceutical sector, and also emphasise the international nature of the Board.

The appointment of Count de Pret will also be proposed to the General Meeting of Shareholders by the Board of Directors.

Count de Pret will represent the main UCB shareholder in substitution of Mr. Eric Janssen.

The curricula vitae of the directors and directorship candidates are available for consultation on the UCB web site.

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2.3.2 Independence of the Directors

The law stipulates the independence criteria for application of certain regulations concerning conflicts of interests (Art. 524 Company Code), which call for a Committee to be formed of three “independent” directors in accordance with the provisions of this law.

Such independence is confirmed by the General Meeting of Shareholders every time a director is elected or re-elected.

Stricter independence criteria have been adopted by the UCB Board of Directors. By virtue of these, a director is independent if:

- he has not exercised executive functions within the Group for at least 3 years.
- he has not had business or other relations with the Group which could compromise his independent judgment. In relation to this criterion, significant status as customer, supplier or shareholder of the Group is taken into consideration by the Board of Directors on an individual basis.

The Belgian Code on Corporate Governance (Lippens Code) likewise stipulates criteria which are occasionally stricter than those laid down in law or the Board for assessment of the independence of directors.

Baron Daniel Janssen, Mr. Eric Janssen, Countess Diego du Monceau de Bergendal and Mrs. Jean van Rijckevorsel are representatives of the main UCB shareholder, and in this capacity they are thus not considered to be independent directors. This is also considered the case for Count de Pret, who it is proposed to substitute for Mr. Eric Janssen after the 2005 General Meeting of Shareholders as representative of the main UCB shareholder.

Since Baron Jacobs was performing executive functions at the UCB Group until 31 December 2004, he does not meet the independence criteria. Dr. Roch Doliveux is an executive director, and is therefore

not an independent director. Dr. Peter Fellner has been Adviser to the Chairman of the UCB Executive Committee since 1 January 2005, and was an executive director of Celltech Group PLC until April 2003, which became part of the UCB Group in July 2004, and does not therefore meet the independence criteria for these two reasons.

Mr. Guy Keutgen has been a non-executive director of UCB since 1990, and his term has been renewed more than three times; whilst he meets the independence criteria stipulated in law and by the Board; he does not, however, due to the number of times his term has been renewed, meet the independence criteria stipulated by the Belgian Code on Corporate Governance. The Board will consider, in the months to come, whether it is of the opinion that long experience as a member of the UCB Board of Directors is such that it would affect his independence as a director.

Mr. Mark Eyskens, H.R.H. Prince Lorenz of Belgium Mr. Alan John Blinken, Baron Karel Boone, Dr. Jean-Louis Vanherweghem and Mr. Gerhard Mayr meet all the independence criteria stipulated by the law, the Board of Directors and the Belgian Code on Corporate Governance.

2.3.3 Duration of mandates and age limit

2.3.3.1 Directors are appointed by the General Meeting of Shareholders for a 3-year term, and their terms may be renewed.

Moreover, an age limit of seventy has been stipulated; this takes effect on the day of the Annual General Meeting of Shareholders following the seventieth birthday of a member who, if need be, gives up his current term.

In application of this rule, the directorship terms of Messrs. Mark Eyskens and Eric Janssen were due to expire after the General Meeting of Shareholders in 2003. As an exceptional measure, on that occasion the Board proposed not to modify the composition of the Board, and decided to put back the age limit of the two directors by two years, taking effect after the General Meeting of Shareholders in 2005.

2.3.4 Designation of directors

2.3.4.1 In proposing candidates at the General Meeting of Shareholders, the Board of Directors takes particular account of the following criteria:

- It ensures that a majority of the directors are non-executive Board Members. In the course of 2004, 10 of the 12 directors were non-executive; at 1 January 2005, 11 out of 12 directors were non-executive directors.
- It ensures that at least three non-executive directors are independent in accordance with the legal criteria, and also the criteria adopted by the Board of Directors; at 1 January 2005, 6 directors met these criteria.
- It ensures that no single director or group of directors may dominate decision-making.
- It also ensures that the composition of the Board of Directors guarantees diversity and contribution of experience,

knowledge and ability required for UCB's specialist international activities.

- It ensures that candidates are fully available to carry out their functions.

2.3.4.2 The Remuneration and Appointments Committee gathers information, allowing the Board of Directors to ensure that the criteria set out above have been met at the time of the appointments and renewals and during the term.

For each new directorship appointment, the Remuneration and Appointments Committee performs an assessment of existing and required abilities, knowledge and experience on the Board of Directors. The profile of the ideal candidate is drawn up on the basis of this assessment. Details of Candidates are then set out in a recommendation to the Board of Directors.

2.3.5 Chairmanship and Vice-Chairmanship

2.3.5.1 The Board of Directors appoints a Chairman from among its members. The Chairman coordinates the activities of the Board of Directors. In particular, the Chairman ensures that the best practices of corporate governance apply to the relations between shareholders, the Board of Directors and management.

Following consultation with the Chairman and the Vice-Chairman of the Board of Directors, the Chairman of the Remuneration and Appointments Committee and the Chairman of the Executive Committee, the Board of Directors gives recommendations as to the general composition of the Board of Directors and of the committees created by the Board.

The Chairman also carries out the tasks stipulated in law and statutes, and any produced by the Board of Directors, or following a request by the Chairman of the Executive Committee.

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In particular, the Board of Directors provides the Chairman with the following powers:

- The Chairman calls and arranges meetings of the Board of Directors;
- The Chairman sets the agenda together with the Vice-Chairman of the Board of Directors and the Chairman of the Executive Committee;
- The Chairman ensures that Directors receive precise, clear and complete information in good time, particular with regard to UCB's performance;
- The Chairman ensures that, in the exercise of functions, the Board of Directors carries the highest level of integrity and probity;
- The Chairman ensures that all directors contribute to discussions and decision-making;
- The Chairman ensures that sufficient time is arranged to discuss complex or delicate issues. When this is deemed necessary, the Chairman arranges informal pre-meetings or creates specific committees to prepare discussions for the Board of Directors;
- The Chairman ensures that directors have sufficient time for reflection on delicate issues;
- The Chairman presides over Ordinary and Extraordinary General Meetings of Shareholders, and ensures that shareholders have the chance to express their opinion, and receive suitable replies;
- The Chairman must be available vis-à-vis the Chairman of the Executive Committee for advice in relation to issues concerning UCB strategy and major operations, or to represent UCB at events when required to do so;
- Once a month, the Chairman attends an information meeting with the Chairman of the Executive Committee and the members of the Executive Committee;
- The Chairman exchanges information with the Vice-Chairman of the Board of Directors and the Chairman of the Executive Committee once a month;
- The Chairman ensures, together with the Remuneration and Appointments Committee, that the performance of the Directors, of the Board of Directors as a whole, and of its Committees are assessed on a regular basis.

2.3.5.2 Among the non-executive directors, the Vice-Chairman is the main interlocutor of the Chairman of the Board in all the above areas, and is the representative of the main UCB shareholder, Financière d'Obourg SA. The Chairman of the Board of Directors consults the Vice-Chairman whenever this is deemed necessary to allow functions to be accomplished efficiently and effectively. In particular, the Vice-Chairman:

- presides over the Board of Directors in the absence of the Chairman;
- draws up the agenda for meetings with the Chairman of the Board of Directors and the Chairman of the Executive Committee;
- attends the monthly information meeting with the Chairman of the Board of Directors, the Chairman and members of the Executive Committee;
- exchanges information on a monthly basis with the Chairman of the Board of Directors and the Chairman of the Executive Committee.

2.3.6 Procedure for appointment and renewal of terms

2.3.6.1 The process of appointment and re-election of directors is run by the Board of Directors, which strives to maintain an optimum level of abilities and experience within UCB and its Board of Directors.

These proposals are examined based on a recommendation from the Remuneration and Appointments Committee.

The Board of Directors submits its proposals concerning appointments, renewals, resignations or possible retirements by directors to the General Meeting of Shareholders.

The General Meeting of Shareholders rules on the proposals of the Board of Directors in this area by a majority of the votes.

In the event of a vacancy during a term, the Board of Directors is empowered to fill the

post and to allow its decision to be ratified at the next General Meeting of Shareholders.

2.3.6.2 Proposals for appointment state the term proposed for the mandate, three years in accordance with the statutes, and indicate the place where all useful information in relation to the professional qualifications of the candidate, in addition to the main functions and directorships of the candidate, may be obtained or consulted. These are available on the UCB Group web site.

The Board of Directors likewise indicates whether or not the candidate meets the independence criteria, in particular those stipulated in law, and satisfies the rules for treatment of conflicts of interest laid down in Article 524 of the Company Code; in the latter case, a proposal will be submitted to the General Meeting of Shareholders to acknowledge such independent character.

2.3.6.3 A UCB introduction and familiarisation programme has been arranged for new directors. The programme is intended to allow them to learn the essential features of UCB as quickly as possible, including its governance, its strategy, its key policies, and its challenges in terms of activities and finance. Thus new directors can contribute to the work of the Board of Directors over as short a period as possible.

2.4 "Assessment" of the Board of Directors

On a regular basis, the Board of Directors proceeds to assess its overall contribution to the long term success of the business, setting out its strategic mission and aiming to optimise its own functioning and that of the Committees created by it.

To this end, discussions are held by the Chairman and the Vice-Chairman of the Board of Directors and the Chairman of the Executive Committee with each individual director, with regard to the roles of the Board of Directors, of the Remuneration and Appointments

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Committee and the Audit Committee, their priorities, their composition, the quality of information made available to the Board and the Committees, and also the frequency and duration of their meetings. The relationship of the Board of Directors with the Chairman of the Executive Committee are also analysed.

This approach, which was begun in 2003, has allowed the Board of Directors to become more involved in definition and discussion of the long term Group strategy proposed by the Chairman of the Executive Committee, a strategy whose development and implementation are regularly monitored by the Board.

2.5 Board Committees

2.5.1 Common Committee rules (length of term, organisation)

2.5.1.1 The Board of Directors has created two specialist committees: the Audit Committee and the Remuneration and Appointments Committee, to assist and advise the Board on the issues discussed.

After each meeting, the Committees submit a report to the Board of Directors with the conclusions of their work and their recommendations.

Within their respective areas of responsibility, the Committees make recommendations to the Board of Directors. Only the Board of Directors, however, has the power of decision.

2.5.1.2 From among its non-executive directors, the Board of Directors appoints the members and the Chairman of each Committee.

2.5.1.3 The duration of the term of Committee members is the same as the term of directors - that is, 3 years - and terms are also renewable.

The roles and responsibilities of each Committee are determined by the Board of Directors and described in their terms of reference set out below (2.5.2.3. Audit, 2.5.3.3. and 2.5.3.4. Remuneration and Appointments).

2.5.2 Audit Committee

Composition

2.5.2.1 The Audit Committee is currently composed of three members: Mr. Eric Janssen, Chairman, Mr. Mark Eyskens and Mr. Guy Keutgen.

The directorship terms of the three members of the Committee expire at the next Ordinary General Meeting of Shareholders in 2005.

The new composition of the Audit Committee, which will come into effect after the General Meeting of Shareholders on 14 June 2005, will be notified after the meeting of the Board of Directors on 9 May 2005, subject to approval by the General Meeting of Shareholders of renewals or appointments of members proposed as directors.

Functioning

2.5.2.2 The Audit Committee is to meet 4 times a year to prepare for the meetings of the Board of Directors, during which finalisation takes place of the half-yearly and yearly, provisional and final accounts. These meetings are also arranged whenever circumstances justify. In the year 2004, in view of the importance of exceptional operations with regard to which the Board of Directors was obliged to pronounce, and also in view of the preliminary tasks required for adoption in the year 2005 of the new IFRS accounting standards, it met on 5 occasions.

The Audit Committee is also attended by the Group Chief Financial Officer (CFO), who is also a member of the

Executive Committee, the Group Chief Accountant, and the external Auditors.

Secretariat functions are arranged by the General Secretary.

Terms of reference

2.5.2.3 The Audit Committee assists the Board of Directors in its role of surveillance, and more specifically with regard to achieving the following objectives:

1. The reliable nature of financial information
2. Compliance with relevant laws and regulations
3. Performing internal control processes within the company in the most efficient manner

The assignments of the Audit Committee can vary according to the circumstances. However, the committee mainly has the following competences:

- in the area of financial and accounting information, the Audit Committee verifies the quality and reliability of UCB's consolidated half-yearly and yearly accounts submitted to the Board of Directors. It ensures that the documents are a true reflection of business progress, that they have been drawn up in accordance with legal requirements, and provide a response to the demands of the Banking, Finance and Insurance Commission or of any other authority to which the company is subject as an officially quoted company;
- in the area of auditing and internal control, it inquires as to the checking and audit methods implemented at Group level. It verifies that the means and procedures currently in place and the computer systems for collection and checking of data are suitable, and allow complete and reliable information to be produced;

- in the area of auditing and external control, it examines together with the Auditors the range and scope of the audit performed, and also the method used to carry it out through the Group. The Audit Committee examines the results of the external audit, and also the reports by the Auditors to shareholders. The Audit Committee ensures that the terms of the Auditors are run quite independently, and in particular that neither the Auditors nor the companies with which they are associated carry out any activity for the UCB Group other than external audits;

Upon the proposal of the Chairman of the Executive Committee and the CFO, it recommends to the Board of Directors the appointment and remuneration of external Auditors, to be submitted to the General Meeting of Shareholders on presentation of the Work Councils.

- in the area of appreciation of risk, it examines areas where risk could significantly affect the Group's financial situation and reputation. These risk areas include, in particular: the risks of change, major lawsuits and judicial proceedings, civil liability claims due to the «products» and problems relating to the environment. The Committee verifies that the procedures in place allow risks to be identified and their potential impact to be estimated, and that preventive or risk transfer measures limit the consequences in an acceptable fashion;
- when new regulations, legislation or directives are envisaged which could have considerable effects on the accounts of the Group, its financial situation or its income in the short or long term, the Committee is informed of the implementation and impact of these, and also of implementation measures

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approved by management. If required, it draws up recommendations in this regard to the Board of Directors.

2.5.3 Remuneration and Appointments Committee

Composition

2.5.3.1 The Remuneration and Appointments Committee is currently composed of four members: Baron Daniel Janssen, the Chairman, Baron Jacobs, Countess Diego du Monceau de Bergendal and Baron Karel Boone. The Chairman of the Executive Committee attends the meetings, except when these directly concern him.

The directorship terms of Baron Jacobs and Countess Diego du Monceau de Bergendal expire at the next Ordinary General Meeting of Shareholders and their renewal will be proposed by the Board of Directors.

The new composition of the Remuneration and Appointments Committee, which will come into effect immediately after the General Meeting of Shareholders on 14 June 2005, will be notified after the meeting of the Board of Directors on 9 May 2005, subject to approval by the General Meeting of Shareholders of renewals or appointments of members proposed as directors.

Functioning

2.5.3.2 The Remuneration and Appointments Committee is to meet twice a year, and also whenever circumstances make this appropriate. In the year 2004, in view of the importance of exceptional operations with regard to which the Board of Directors was obliged to pronounce, and also in view of the major modifications proposed to the Board of Directors in the organisation of the Group following these operations, the Remuneration and Appointments Committee met on 8 occasions.

The Remuneration and Appointments Committee is also attended by the Chairman of the Executive Committee and the Group Human Resources Director, who is also the Committee's secretary for the meetings. It is also advised by external experts when this is deemed useful.

Terms of reference

2.5.3.3 Concerning appointments, the Remuneration and Appointments Committee has particular duties as follows:

- following examination, to submit to the Board of Directors the names of candidates for new members of the Board of Directors and the Executive Committee. With regard to proposals for appointment of members of the Board of Directors, the Remuneration and Appointments Committee predetermines together with the Board of Directors the Board of Director's equilibrium criteria and the profile of the candidate. With regard to candidates for new members of the Executive Committee other than the Chairman, the Chairman of the Remuneration and Appointments Committee consults the Chairman of the Executive Committee before the latter proposes candidates to the Remuneration and Appointments Committee; the same procedure is followed in the event of proposals for removal or dismissal
- on an annual basis, to examine assessments of the performance of members of the Executive Committee

2.5.3.4 Concerning remuneration, the Remuneration and Appointments Committee has particular duties as follows:

- determine overall remuneration and any other fixed or variable allowances allocated to the members of the Executive Committee; in this case, the

- Chairman of the Executive Committee makes recommendations for the other members of the Executive Committee.
- approve any changes in the system of remuneration for the Group's senior executives;
 - make recommendations to the Board of Directors in relation to remuneration (structure and forms) of the members of the Board of Directors, members of the Executive Committee and the Group's senior executives;
 - determine the criteria for awarding free stock or stock options within the free stock or stock option plans, as decided by the Board of Directors.

2.5.3.5 The Chairman of the Remuneration and Appointments Committee and the Chairman of the Executive Committee:

- propose jointly to the Remuneration and Appointments Committee the conditions, bonus remuneration and holdings for the other members of the Executive Committee;
- propose jointly to the Remuneration and Appointments Committee the proposals for awarding free stock or stock options, which could be awarded to employees or a group of employees following a decision at a General Meeting of Shareholders or by the Board of Directors.

2.6 Remuneration of the directors

2.6.1 General principles

On the basis of the recommendations drawn up by the Remuneration and Appointments Committee as to the form and structure of remuneration, the Board of Directors proposes the remuneration for directors at the General Meeting of Shareholders.

A directorship term at UCB is remunerated by fixed emoluments approved by the General Meeting of Shareholders.

It does not make directors eligible for any variable remuneration linked to results or other performance-related criteria, nor does it grant rights to free shares or stock options, or to an extra-legal pension plan.

Expenses incurred by the directors within the framework of and in accordance with the needs of their function are paid by the company.

2.6.2 Basic fixed remuneration

Remuneration for each director was set at the 1999 General Meeting of Shareholders at 31,000 € per year. The remuneration of the Chairman and Vice-Chairman of the Board of Directors was set at double that rate, i.e. 62,000 € per year, at the 2001 General Meeting of Shareholders.

2.6.3 Other directorships of non-executive directors in the UCB Group

Some non-executive directors are non-executive directors of other companies in the UCB Group for which they may be entitled to compensation, remuneration or director fees. In 2004 Mr. Alan Blinken was granted 30.000 USD as compensation for his mandate as a non-executive Director of UCB Inc, an American subsidiary of the Group.

2.7 Rules of conduct

2.7.1. In the course of 2004, with the exception of items relating to stock options below, the members of the Board of Directors were not confronted, in their capacity as such, with a situation requiring implementation of the procedures envisaged by the Company Code in relation to conflicts of interests. Article 523 of the Company Code was applied following approval by the Board of Directors of the 2004 Stock Options Plan, reserved for management staff, directing functions and similar posts within the UCB Group, which benefited the two executive directors at the time: Baron

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Jacobs and Dr. Roch Doliveux. On that occasion the legal requirements set out in the Company Code were scrupulously observed.

2.7.2. In 2004 there were no transactions or any other kind of contractual relationship between UCB – or a company with links to UCB – and its directors affected by the legal stipulations with regard to conflicts of interest, which could have given rise to the application of special procedures.

2.7.3. The directors undertake to maintain the confidentiality of information and deliberations, with respect to legal provisions currently in force.

2.7.4. The Board of Directors likewise provides general guidelines of conduct and, if it deems this appropriate, precise directives concerning individual cases, in relation to abstentions from any direct or indirect action on UCB stock (and derivatives), or on companies targeted by a planned operation, to prevent insider trading offences and market abuse, particularly during the periods preceding the publication of results or information which is liable to considerably influence UCB's course of action or the company targeted by a planned operation.

3 The Executive Committee

3.1 Roles and Missions

3.1.1 The role and mission of the Executive Committee are established by the Board of Directors, which last redefined these at its meeting on 28 July 2004, and which came into effect on 1 January 2005.

3.1.2 The Executive Committee constitutes UCB's top management. It directs the Group in its widest context and ensures sound operation of general Group management.

It ensures implementation, checking and coordination of the Group's strategic plans in the areas of operations, research and development, financial, administrative and judicial issues, human resources and investment.

It may delegate part of its functions to the Chairman of the Executive Committee.

3.1.3 The Executive Committee, in particular, is charged with the following functions by the Board of Directors:

1. Daily management of UCB. The daily management of UCB subsidiaries or companies linked to UCB is nevertheless entrusted to directors appointed by the Board of Directors from each entity, which may in turn be composed of all or some members of the Executive Committee;
2. It submits all matters for which it is responsible to the Board of Directors;
3. It implements the strategies and decisions of the Board of Directors;
4. It draws up a report on the execution of its functions for the Board of Directors;
5. In matters not relating to Human Resources, it proposes the following to the Board of Directors via the Chairman of the Executive Committee:
 - a. the general strategies (their preparation and implementation)
 - b. R & D programme and investment budgets
 - c. long term financial operations
 - d. the consolidated Group accounts and UCB accounts, on a yearly and half-yearly basis
 - e. the creation, establishment, closure, settlement or transfer of subsidiaries, branches, large divisions or production sites
 - f. allotment, merger, division, purchase, sale or pledging of shares to a value exceeding 1 million euros

- g. purchase, sale or pledging of tangible or intangible fixed assets to a value exceeding 1 million euros and leases over a period exceeding 9 years
- h. charitable donations
6. In matters concerning Human Resources, it proposes the following to the Board of Directors:
- general organisation of the Group and of UCB
 - proposed appointments of senior executives
 - candidates from outside UCB for the post of UCB representative in certain organisations or for directorship posts at subsidiaries, whose appointment requires the approval of the Board of Directors
7. It approves the Group's operating budget and the 5-year plans it submits for the opinion of the Board of Directors
8. It takes decisions with regard to the following:
- major short term operations, and cash and banking operations
 - allotment or transfer of Group shareholdings and similar operations not reserved for the Board of Directors
 - operations in relation to real estate, not reserved for the Board of Directors
 - major engagements not covered in the three points above, the duration of which exceeds one year, or which may only be terminated by over one year's notice, to a value exceeding 250,000 euros
9. With regard to appointments:
- It draws up a classification of the existing posts at UCB
 - It decides appointments, modifications of function and revocations of those holding senior management posts, and draws up a list of these
 - It delegates the task of appointments of UCB staff to members of the Executive Committee and other senior Group VPs, with the exception of appointments to senior management
- It authorises the managers referred to in the point above to delegate the responsibility for staff appointments to certain members of their staff, except in the case of management and other senior posts
- It pronounces on the candidature of members of Group staff for directorship functions or as managers of subsidiaries or associate companies
- It approves the candidates for auditor's functions at subsidiaries or associate companies on the recommendation of the CFO (Chief Financial Officer).
10. With regard to remuneration, on a yearly basis it sets out its remuneration policy and the rules concerning adaptation of fixed and variable remuneration of UCB staff not reserved for the Remuneration and Appointments Committee or the Board of Directors.

3.1.4. Following a decision by the Board of Directors, the activities of the Surface Specialities company and its subsidiaries ceased to be run by the UCB Executive Committee as of 1 January 2005. The Board of Directors at Surface Specialities has undertaken the general management of its activities since this date. This change in Group organisation follows the decision taken by UCB's Board of Directors in September 2004 to transfer the Surface Specialities activities. The Group strategy is to make the UCB Group an absolute leader in the biopharmaceutical sector.

In accordance with this strategy, following the non-hostile takeover of Celltech Group PLC in July 2004, Films activities were transferred at the end of September 2004, and transfer of Surface Specialities activities was completed by March 2005.

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3.2 Functioning

3.2.1 The Executive Committee meets every two weeks. The Chairman of the Executive Committee sets the agenda for meetings, particularly in accordance with decisions to be proposed to the Board of Directors, and also in relation to proposals from other members of the Executive Committee or other senior executives in areas reserved for it. The agenda also takes due consideration of a programme, drawn up annually by the Committee as a review of strategy in the field of R & D, operations, financial management, management of human resources and of the main risks and challenges facing the Group.

3.2.2 The documentation required for meetings of the Executive Committee is sent to members through the Committee secretary, three days before the meeting. Copies of the minutes of meetings are sent to the members of the Committee, to the Chairman and Vice-Chairman of the Board of Directors. Decisions are notified to be followed up by the persons concerned within the Group.

3.2.3 Decisions of the Executive Committee are taken by consensus. In the event of diverging opinions between a majority of the members of the Executive Committee and its Chairman, the Board of Directors pronounces at the request of the Chairman of the Executive Committee.

3.3 Composition

3.3.1 Composition

Since 1 January 2005, the Executive Committee has been composed of 4 members, as follows:

- Dr. Roch Doliveux, Chairman of the Executive Committee and CEO
- Dr. Melanie Lee, member of the Executive Committee and Executive Vice-President R & D
- Mr. Jean-Pierre Pradier, member of

the Executive Committee Executive Vice-President, Human Resources

- Mr. Luc Missorten, member of the Executive Committee and Executive Vice-President of Finance (CFO).

Within the current composition of the Executive Committee, only the CEO is a member of the Board of Directors.

In 2004, the Executive Committee was composed as follows:

- Baron Jacobs, Chairman of the Executive Committee and CEO (also Executive Director)
- Dr. Roch Doliveux, Vice-Chairman of the Executive Committee and Director-General of the Pharma Sector (also Executive Director)
- Mr. Ben Van Assche, member of the Executive Committee and Director-General of the Surface Specialties Sector

The title of honorary Chairman of the Executive Committee has also been conferred:

- on Mr. Paul Etienne Maes
- on Baron Daniel Janssen
- on Baron Jacobs

3.3.2 Duration of mandates and age limit

No specific duration has been set for the term of a member of the Executive Committee. The age limit has been set as the age of retirement.

3.3.3 Criteria for designation and assessment

The Board of Directors has not set any specific criteria as to appointment of members of the Executive Committee. Using rigorous selection procedures carried out under the supervision of the Remuneration and Appointments Committee and in consultation with the Chairman of the Executive Committee with respect to colleagues, it ensures that its composition and powers provide a response

to the need for implementation of its strategy and the management of UCB at the time of appointment and over the entire organisation.

The performance of members of the Executive Committee is assessed on an annual basis by the Remuneration and Appointments Committee.

3.3.4 Procedure for appointment and renewal

The Chairman of the Executive Committee is appointed by the Board of Directors on the proposal of the Remuneration and Appointments Committee.

The other members of the Executive Committee are appointed by the Board of Directors, on the recommendation of the Chairman of the Executive Committee and on the proposal of the Remuneration and Appointments Committee.

3.4 The Chairman of the Executive Committee

The principal functions of the Chairman of the Executive Committee are as follows:

1. With regard to appointments and dismissal:
 - he recommends to the Remuneration and Appointments Committee, following consultation with its Chairman, the appointment and dismissal of members of the Executive Committee;
 - he recommends appointment or dismissal of senior executives to the Board of Directors
2. He presides over, organises and directs the Executive Committee. In this capacity, in particular he decides the agenda and the proposals to be discussed by the Committee. He holds the casting vote in the event of a tie;
3. He submits reports to the Board of Directors where there is divergence of opinion among a majority of members of the Executive Committee and the Chairman of the Executive Committee;
4. He reports to the Board of Directors on behalf of the Executive Committee;
5. He is responsible for preparing, executing and supervising decisions concerning development of the company, allocation of financial resources and purchase or transfer of know-how, patents and trade marks;
6. He may be entrusted, by the members of the Executive Committee, with the exercise of all or part of daily management at UCB and the organisation and supervision of subsidiaries and companies linked to the Group;
7. With regard to remuneration:
 - He proposes to the Remuneration and Appointments Committee, in conjunction with its Chairman, the conditions, salaries, bonuses and shareholdings to be agreed for the other members of the Executive Committee
 - With respect to the structure and form approved by the Board of Directors, and in conjunction with the Chairman of the Remuneration and Appointments Committee, he sets the remuneration for directors and auditors at subsidiaries or associated companies where these posts are remunerated
 - He proposes to the Remuneration and Appointments Committee, in conjunction with its Chairman, the criteria for grant of free UCB stock or stock options, which may be awarded by the General Meeting of Shareholders or the Board of Directors to UCB staff or groups of staff
8. He sets the conditions, salaries and bonuses to be awarded to senior executives;
9. He may delegate a number of his tasks with regard to remuneration to other members of the Executive Committee

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3.5 Remuneration

Remuneration Policy

The policy of remuneration for members of the Executive Committee is set by the Board of Directors on the basis of recommendations by the Remuneration and Appointments Committee. Individual remuneration for members of the Executive Committee is delegated to be set by the Remuneration and Appointments Committee.

The remuneration package is broken down into a fixed part and a variable part, and also a long term incentive plan. The plan includes a free share plan and a stock options plan. Free share awards are subject to employment conditions within UCB. Members of the Executive Committee are also entitled to an extra-legal pension plan.

Fixed remuneration of members of the Executive Committee is reviewed on an annual basis in accordance with recommendations by the Remuneration and Appointments Committee. The amount of fixed remuneration is determined in consideration of the nature and extent of the responsibilities of each member of the Executive Committee, with reference to the market for comparable posts of responsibility.

An assessment of the individual performance of the Chairman of the Executive Committee and members of the Executive Committee is subject to deliberation by the Remuneration and Appointments Committee.

The reference market used to gauge the competitiveness of each post is composed of European companies in the biopharmaceutical sector, and other multinational biopharmaceutical companies.

The variable part is based on criteria of individual performance and Group performance. The objectives relating to the Group part and the individual part are set at the beginning of the year by the Remuneration and Appointments Committee, and approved by the Board of Directors.

Once a year, members of the Executive

Committee are awarded a number of UCB shares and options, as per the rules of plans approved by the Board. For each member, the Remuneration Committee proposes the number of shares and options to be awarded, and this number may vary in accordance with individual performance.

They benefit, as do a considerable number of UCB employees, from an extra-legal pension plan in addition to legal pension plans, which aims to reduce as much as possible the difference in resources before and after retirement. This additional pension is financed by personal contributions by the beneficiaries, by collective UCB contributions to pension funds and by the income generated by the funds.

3.5.1 Level of fixed and variable remuneration

In 2004, the fixed part of the gross remuneration of members of the Executive Committee at that time was 2.3 million euros. The variable part, essentially linked to Group results, was 1.9 million euros in the same year.

Two members of the Executive Committee whose executive role at UCB is ending, have benefited from pension contributions of 2.4 million euros besides their regular pension contributions.

3.5.2 Stock options

In 2004, 52,000 UCB stock purchase options were awarded to the members of the Executive Committee. The options may be exercised from 15 February 2008 to 31 August 2014 (with the exception of the periods from 1 January to 15 February and the month of July each year), at the price of 40.10 euros, the average price for August 2004. The total number of UCB stock options awarded to members and former members of the Executive Committee not yet exercised at 31 December 2004 was 236,000.

3.6 Rules of conduct

The Executive Committee observes the same rules of conduct as the Board of Directors.

These rules are, in any case, enhanced on an individual basis in relation to periods of abstention from any direct or indirect operations on UCB stock.

4 External audit

The Auditors («College of Commissaires») for the UCB Group and UCB S.A. are Mr. Daniel Goossens and Mrs. Emmanuèle Attout. They are appointed for three years by the General Meeting of Shareholders, which sets their emoluments in accordance with the law, and their terms may be renewed. The mandate of Mrs. Emmanuèle Attout, first appointed in 2003, will expire in 2006. Mr. Daniel Goossens' term was last renewed in 2004, and will expire in 2007.

Neither the auditors, nor the companies with which they are associated, carry out any activities other than external auditing.

5 UCB shares and shareholders

5.1 Capital and Stock

5.1.1 Capital

5.1.1.1 At 31 December 2004, UCB capital was 437,799,000 euros, in 145,933,000 ordinary shares with no par value.

5.1.1.2 Share capital may be increased following a decision by the General Meeting of Shareholders.

The last increase in share capital was carried out on 1 January 1999. The increase was linked to expression of share capital in euros, and intended to set the par value of each share at 3 euros.

5.1.1.3 In 1999 and 2000, the company implemented two stock option programmes for management of the UCB Group, allowing them to subscribe new UCB shares (see

point 5.1.3.1). To date, 500 of these stock options have been exercised, but this has not yet led to an increase in share capital.

Between 2001 and 2004, annual stock option programmes have taken the form of awarding options on existing shares, which have not been exercised to date.

5.1.1.4 In 2003, UCB also issued defensive warrants (see point 5.1.3.2). These have not been exercised to date.

5.1.2 Shares

5.1.2.1 At 31 December 2004 share capital consisted of 145,933,000 shares, of which 53,905,597 were registered shares, and 92,027,403 bearer shares. Shares are registered or bearer shares at the request of the shareholder. Until they are fully paid up, shares are registered, and may only be transferred after prior agreement by the Board of Directors. Registered shares are recorded in a special register.

5.1.2.2 All shares are ordinary and confer equal rights.

Each share gives the right to one vote.

In any increase of share capital for cash, existing shareholders have preferential rights pro rata with the number of their shares, to new shares to be subscribed in accordance with the law. The preferential rights, however, may be limited or removed by the General Meeting of Shareholders in the interests of the company.

The shares held by UCB FIPAR S.A. covering the option plans issued in favour of UCB staff do not have voting rights throughout the holding period. At 31 December 2004 this was 2,183,404 UCB shares.

5.1.2.3 UCB shares are quoted on the first Euronext Brussels market.

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5.1.3 Other stock

5.1.3.1 In 1999 and 2000 respectively, UCB issued 145,200 and 236,700 subscription rights (warrants):

- The 145,200 warrants issued in 1999 each confer the right to subscribe one ordinary share: 63,400 warrants may be exercised between 1 January 2003 and 31 May 2009, and 81,800 warrants may be exercised between 1 January 2003 and 31 May 2012.
- The 236,700 warrants issued in 2000 each confer the right to subscribe/acquire one ordinary share: 20,400 warrants may be exercised between 1 January 2004 and 28 February 2010, and 116,300 warrants may be exercised between 1 January 2004 and 28 February 2013.

It follows from the above that, if all the rights attached to these warrants were exercised, UCB capital would be 438,944.700 € and the number of shares issued by UCB would be 146,314.900.

5.1.3.2 A defensive warrant was also issued following a decision by the General Meeting of Shareholders in 2003, excluding preferential rights. The loan of 600,000 € to which 1,000 warrants were attached, conferring the right to the joint subscription of 30,000,000 ordinary shares, was subscribed by Financière d'Obourg S.A., the main UCB shareholder.

An ad hoc Committee was created at the same General Meeting of Shareholders, and the Meeting also appointed the members of this Committee. This Committee concerns itself with deciding, in pre-defined circumstances, of implementation of this defensive measure, and with approving all transfers of such warrants. The holders of warrants enter an agreement with UCB ensuring compliance with the conditions of issue and exercise of the

warrants. The duration of the warrants and the agreements is 5 years.

The warrants may only be exercised following a decision by the ad hoc Committee, stating realisation of one of

the pre-defined circumstances, linked to the following hostile takeover bids:

- launch of a takeover bid by a third party judged to be hostile by the UCB Board of Directors;
- modification of UCB control due to transactions relating to UCB stock by one or more third parties, carried out either on or off the stock market, in isolation or in a concerted fashion;
- the threat of a takeover bid or, an operation involving modification of UCB control.

Shares arising from exercise of warrants will be issued with reference to the market price over a period prior to issue.

5.1.3.3 In 2001, 2002, 2003 and 2004 respectively, UCB issued 346,800, 450,000, 450,000 and 650,000 options on existing shares, allowing Group management, directors or similar staff to acquire an equivalent number of UCB shares at a pre-determined price within the framework of stock option plan. Celltech staff who have been part of the UCB Group since July 2004 have been able to convert their Celltech Group PLC share options into UCB share options under the conditions set by the takeover bid. This operation led UCB to issue 310,845 extra options in 2004 for these employees.

These options have not yet been exercised.

5.1.4 Dividend policy

Without prejudice to the final decision taken by the General Meeting of Shareholders, the policy followed to date

by the Board of Directors is to propose the distribution of around 35% of consolidated results in the form of dividends.

5.2 Structure of shareholders

5.2.1 Main shareholder

5.2.1.1 UCB's main shareholder is Financière d'Obourg S.A., which, on 31 December 2004, held 58,860,000 shares, or 40.33 % of company share capital.

Financière d'Obourg S.A. has made statements of transparency in compliance with the law of 2 March 1989 in relation to declarations of major shareholdings in companies quoted on the stock exchange and regulations for takeover bids.

At 31 December 2004, 70.45% of Financière d'Obourg S.A. was held by Financière de Tubize S.A., 74.59% of which was in turn held by the Janssen family.

5.2.2 UCB shareholders

At 31 December 2004, in accordance with the statements of transparency in compliance with the law of 2 March 1989 made on this date, the structure of UCB shareholders was as follows:

- Financière d'Obourg S.A: 40.33%
- Europacific Growth Fund: 3.03 %
- New Perspective Fund Inc: 3.50 %

The balance of UCB shares is open to the public.

With regard to 145,933,000 shares (1) With regard to 146,314,900 shares (2)

Financière d'Obourg SA Allée de la Recherche, 60 1070 Brussels	58,860,000	40.33 %	40.22 %
EuroPacific Growth Fund 333 South Hope Street Los Angeles, Ca.90071-USA	4,416,518	3.03 %	3.02 %
New Perspective Fund Inc. 333 South Hope Street Los Angeles, CA.90071 USA	5,112,124	3.50 %	3.49 %

The first column (1) sets out the holdings of shareholders, with the number of current company shares - 145,933,000 shares.

The second column (2) sets out the holdings which shareholders would have in the company if all subscription rights issued within the framework of stock option programmes in 1999 and 2000 were exercised.

5.3 General Meetings of Shareholders

5.3.1 Venue and date

The Ordinary General Meeting of Shareholders is held on the 2nd Tuesday in June at 11:30 h., 60 Allée de la Recherche, 1070 Anderlecht.

A General Meeting of Shareholders may also be called in special or extraordinary circumstances, whenever company interests dictate. Moreover, any shareholder holding at least 20% of share capital may call a General Meeting of Shareholders.

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5.3.2 Agenda of the General Meeting of Shareholders

The agenda of the General Meeting of Shareholders is basically as follows:

- Management report and report by auditors
- Approval of the annual accounts and distribution of company results
- Discharge of directors and auditors for the year
- Re-election or substitution of outgoing auditor(s) or directors

This may include special sections submitting information on specific subjects or proposals for consideration not stated above which do not require a quorum or special voting

Special or Extraordinary General Meetings of Shareholders may be called at any other time or date. Extraordinary general meetings contain proposals for consideration which require the presence of a quorum or special voting, or which must be recorded in an authentic fashion, particularly proposals for modifications to company statutes.

5.3.3 Procedure for calling meetings

The General Meeting of Shareholders, ordinary, special or extraordinary, meets when called to do so by the Board of Directors or Auditor(s).

Calls to any General Meeting of Shareholders mention, in particular, the venue, date and time of the meeting, the agenda with a list of the matters to be dealt with, reports, and proposed resolutions for each point to be subjected to voting, and also the procedure for taking part in the meeting or to provide representation.

Holders of bearer shares are called to meetings by advertisements in *Le Moniteur Belge* (Official Belgian Journal) and in the Belgian French-speaking and Dutch-speaking financial press (*l'Echo* and *De Tijd*)

as per legal and statutory requirements. At the next General Meeting of Shareholders in June 2005, a proposal will be made to modify the statutes to set the calling period, through advertisements in *Le Moniteur Belge* and in a national newspaper, at least twenty-four hours prior to the meeting, but to proceed only once with this measure, in practice in the Belgian Official Gazette (*Le Moniteur Belge*), in *l'Echo* (in French) and in the *De Tijd* (in Dutch). The documents are personally sent to the shareholders prior to the General Meeting of Shareholders, although there is no need for justification of the accomplishment of these arrangements.

5.3.4 Blockage of shares and authorisation

5.3.4.1 According to Belgian law and the statutes of the company, the holders of bearer shares have to deposit these shares for the purpose of identifying shareholders authorised to vote at the General Meeting of Shareholders.

Holders of registered shares are admitted to the meeting if they are listed in the registered shareholder records at least five clear days prior to the date of the meeting.

Holders of bearer shares must, five clear days prior to the meeting, deposit their certificates at one of the locations indicated in the call to the meeting.

Shareholders may give authorisation to be represented at the General Meeting of Shareholders to a nominee who must also be a UCB shareholder. However, each spouse may be represented by the other spouse, and children under age and banned individuals may be represented by their tutors and guardians. The shareholder granting a power of attorney must ensure acceptance of the mandate by the representative; in the event that a shareholder gives power of attorney to the Chairman or another director, with instructions to vote against this or that point

on the agenda; the Chairman or the director concerned are not bound to accept the mandate. It is the shareholder's task, not the company's, to find a person to represent him.

Authorisations must be deposited at headquarters at least three clear days prior to the date of the General Meeting of Shareholders. However, by unanimous and general decision, the General Meeting of Shareholders' bureau may accept derogations from the term stipulated for the deposit authorisations.

5.3.5 Procedure

5.3.5.1 The General Meeting of Shareholders is presided over by the Chairman of the Board of Directors or, in his absence, by the Vice-Chairman and, where both are prevented from doing so, by another director or shareholder appointed by the General Meeting of Shareholders.

5.3.5.2 The Chairman appoints a secretary, who cannot be a shareholder, and chooses two scrutineers from among the shareholders. The Chairman directs debates using the practices applicable in Belgium to assemblies of deliberation.

Observing the agenda, he ensures that questions at the meeting receive a response. In this he strives in particular to ensure that the answer to questions does not cause any serious prejudice to the company, to its shareholders, or to its employees.

5.3.5.3 Except in cases stipulated in law or by the statutes, the General Meeting rules validly whatever the number of shares represented, and on a simple majority of votes.

5.3.5.4 To validate the deliberations of certain Extraordinary General Meetings of Shareholders, the law stipulates a quorum of 50% of shareholders present or represented. Failing this, a new General

Meeting of Shareholders must be called to deliberate validly without the need for any quorum. In accordance with the subject matter, votes for resolutions require a qualified majority as laid down in law.

5.3.5.5 Voting is by a show of hands.

5.3.5.6 The minutes of General Meetings are signed by the Chairman, and by shareholders who wish to do so. Copies or extracts from the minutes are signed either by the Chairman of the Board of Directors, or by two directors.

5.4 Information for shareholders

Calls to meetings, agendas and information which must be provided for the General Meeting of Shareholders are available to investors before the Meeting at the UCB web site www.ucb-group.com.

UCB Contacts

Headquarters

UCB S.A.

Allée de la Recherche 60

1070 Brussels (Belgium)

Tel: +32 2 559 9999

Fax: +32 2 559 9900

www.ucb-group.com

Investor Relations:

<http://ir.ucb-group.com>

E-mail: investor-relations@ucb-group.com

Tel: +32 2 559 9333

Fax: +32 2 559 9571

Media:

<http://media.ucb-group.com>

Tel: +32 2 559 9588

Fax: +32 2 559 9571

