Reference Document 2010

WENDEL

“Investing for the long term is a rewarding enterprise”

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WENDEL

Reference Document 2010

This Reference Document contains the entire contents of the Annual Financial Report.

Profil

The **Wendel** Group is a professional shareholder and investor that fosters sector-leading companies in their long-term development.

Committed to a long-term relationship, Wendel helps design and implement ambitious and innovative development strategies that create significant value over time.

AUTORITÉ DES MARCHÉS FINANCIERS
AMF

The original French version of this report was registered with the French stock exchange authorities ("Autorité des Marchés Financiers" - AMF) on April 7, 2011, pursuant to Article 212-13 of the AMF General Regulation.

Only the original French version can be used to support a financial transaction, provided it is accompanied by a prospectus (note d'opération) duly certified by the Autorité des Marchés Financiers. This document was produced by the issuer, and the signatories to it are responsible for its contents.

Copies of this Reference Document may be obtained free of charge at **www.wendelgroup.com**.

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1.1 Key Figures

The Group's financial indicators.

2010 in figures

In 2010, the Wendel Group got back on track notably by improving its financial structure, reducing debt and extending its debt maturities. The initial outcomes of its efforts and the return to growth of the Group's companies are reflected in these financial indicators.

Consolidated sales

In millions of euros	2010	2009	2008*
	5,491	4,673	5,038

* *Including Stallergenes.*

Net income from business sectors

In millions of euros	2010	2009	2008
TOTAL	**443**	**153**	**519**
of which Group share	255	6	395

Net income (loss)

In millions of euros	2010	2009	2008
TOTAL	**1,144**	**-809**	**227**
of which Group share	1,002	- 918	158

Net asset value

In euros per share	12.31.2010	12.31.2009	12.31.2008
	97.4	52.9	28

Gross assets managed

In millions of euros	12.31.2010	12.31.2009
	11,138	9,496

Changes in Wendel's debt*

In billions of euros*	2010	2009	2008
	6.3	7.3	8.3

* *Wendel's debt is the sum of the Wendel's bond debt and the debt that finances Wendel's investment in Saint-Gobain, including accrued interest.*

Ratings

Standard & Poor's rating:

Long term: BB- stable outlook

Short term: B

since July 19, 2010

1.2 Corporate History

The Wendel Group was founded in the Lorraine region in 1704. For 270 years, it developed its business in diverse activities, mainly within the steel industry, before focusing on long-term investing.

A central force in the development of the French steel industry, the Wendel Group diversified at the end of the 1970s. Today the company is dedicated to the success of diversified international leaders (in the electricity, electronics and aerospace industries, certification, materials and specialty chemicals for construction, energy and high-performance coatings).

From 1704 to 1870, the Group took advantage of the major inventions that spurred on the expansion of its iron and steel activities: coke iron, widespread use of blast furnaces and rolling mills, the development of railroads, etc.

In the 20th century, hard hit by two world wars that bled the Lorraine production facilities white, the Group recovered and began to grow again. The creation of the Sollac production cooperatives in 1948, followed by Solmer in 1969, helped meet the growing demand for sheet steel. Between 1950 and 1973, it was at the height of its power. In 1975, it produced 72% of French crude steel.

The sudden rise in oil prices in 1974 led to a widespread economic crisis. The French steel industry was faced with a serious downturn. Fixed steel prices and investment in modernization drained the industry's financial lifeblood.

Marine-Wendel was formed in 1975 when the Wendel Group took control of the Marine-Firminy holding company. The coexistence of the Group's steel industry assets (Sacilor, Forges et Acieries de Dilling, etc.), alongside its diversified activities (Carnaud, Forges de Gueugnon, Oranje-Nassau, Cimenteries de l'Est, several mechanical engineering companies, etc.) came to an end during the European steel crisis of 1977, and the Group was broken up into two entities. By transferring all of its non-steel industry assets in November 1977, Marine-Wendel created Compagnie Générale d'Industrie et de Participations (CGIP), in which it retained only a 20% equity interest.

In June 2002, Marine-Wendel and CGIP merged, and the new entity took the name of WENDEL Investissement. The industry approach and focus of our management team on long-term corporate development has helped give our Group a strong, clearly-identified image. This solid positioning as a professional shareholder that understands investments from the industry's point of view prompted us to propose, at your June 4, 2007 Shareholders' Meeting, that the legal name of the Company be simplified from "WENDEL Investissement" to "Wendel", so as to emphasize our centuries-old industry values.

1.3 Business and Strategy

Wendel is one of Europe's leading investment companies in size, with more than €11 billion in assets under management. The investment team is composed of around 20 experienced professionals. The team members have varied and complementary profiles and include former consultants, company executives, investment bankers, financial analysts, public service managers and operations managers from a broad array of industrial and service sectors. As such, they capitalize on their experience and the network of contacts they have developed during their professional career. The team thus has both in-depth industry knowledge and recognized financial expertise. Its business approach and strategy aim to foster the emergence of companies that are leaders in their sector and to accompany their development in the medium or long term, particularly by encouraging innovation and boosting productivity. First, an analytical team reviews each investment proposal and the enterprise's growth prospects. It then either rejects the proposal or undertakes a more in-depth study and presents it to the Investment Committee consisting of five Managing Directors and the two members of the Executive Board. Wendel is both a shareholder and an active partner. It supports the management of the companies in which it invests, gives them responsibility and works with them over time to achieve ambitious growth and shareholder value objectives. Wendel invests in leading companies and in companies with the potential to become leaders.

Wendel also has the special characteristic that it is a long-term investor with permanent capital and access to the capital markets. It is supported and controlled by Wendel-Participations, a stable family shareholder structure with more than 300 years of history in industry and more than 30 years of investment experience.

1.4 Message from the Chairman of the supervisory Board

"Our Group is back on track. The year's earnings demonstrate that Wendel has once again succeeded in resolving challenges and preparing for the future."

Ernest-Antoine SEILLIÈRE – Chairman of the Supervisory Board

As we all know, our company was hit hard by the downturn, during which we endured a collapse in the value of our assets, the reorganization of our Executive Board and conflicts among shareholders. We remedied the situation in all three of these areas in 2010. Each Wendel group companies has demonstrated resilience and a quickness to act in response to the challenges of the past years. Our earnings – those of the Group's companies and Wendel itself – have significantly improved. Wendel is back on track.

The Supervisory Board would like to especially acknowledge the impressive job done by Executive Board, its team and the directors of Wendel's companies. They faced down the consequences of an abrupt fall in sales and boosted operating earnings despite the adverse environment. The competitiveness of our companies translated into organic growth, even as they took advantage of acquisition opportunities. Our companies were particularly active in acquiring new positions in emerging markets, which is a strategic priority. They are expected to further increase their footprint in the new economy this year.

Wendel has increased its financial flexibility. We have pursued our debt restructuring and were able to significantly reduce our debt. Our group companies have also diminished their debt and scaled back costs to restore their financial health.

Without going into the details of this year's results, I would like to highlight the special significance of the turnaround performance of Saint-Gobain, where our position as the leading shareholder has been firmly established. Legrand and Bureau Veritas improved their margins and income through particularly efficient management. We gave Materis, Deutsch and Stahl, our unlisted investments, the means to regain their footing and seize opportunities brought by the recovery of their markets for a fresh start. We decided to sell Stallergenes, which achieved remarkable growth during our time together, but needed a shareholder in its sector to fuel international expansion.

Wendel was also active in the governance arena this year. The Supervisory Board worked efficiently with the Executive Board, to which it provides its full support, in a climate of mutual trust. To our regret, Grégoire Olivier was obliged to leave the Board to take over the helm of Peugeot-Citroën in Asia. Subject to the Shareholders' approval, he will be replaced by Gérard Buffière, who headed the Imerys group for a number of years. If the Shareholders also agree, we will welcome a new family shareholder, Humbert de Wendel, to replace Guy de Wouters. We are deeply grateful for the valuable contributions that Guy de Wouters has made to the Board's work during his many years of service. We are also pleased to note that two Board appointments last year have given us a head start with respect to any legal timetable for gender equality on corporate boards.

Wendel also demonstrated its commitment to society in 2010 by becoming the founding sponsor of the Centre Pompidou-Metz, an initiative supported by our shareholding family. We are happy and proud to show our attachment to our historical roots in the Lorraine region by participating in this inspiring and modern artistic project.

It is an undeniable fact that through these past few years we have achieved, albeit with some tumult, the transformation of our company, which now comprises three global leaders in which we are the principal shareholder and a portfolio of promising unlisted investments. We are ready to resume investing, although our level of debt, still high, calls for some moderation. The Executive Board is looking at new opportunities with this in mind.

As many of the shareholders of our three-century-old group know, with the support and unbroken trust of its eponymous family, Wendel has repeatedly proven its ability to overcome obstacles and move forward. This was the case in 2010: our share price rose significantly and a dividend increase was again proposed. Having undergone this year of recovery, I think we can expect more growth in 2011.

1.5 Interview with the Chairman of the Executive Board

"With renewed ability to create value, Wendel chose to step up its development with calm resolve, amid a changing global economy."

Frédéric LEMOINE – Chairman of the Executive Board

Did the global economy continue to experience major structural change in 2010?

Yes, the shifting weight of the world's economy from Europe and the United States to Asia, South America and Africa, which began before the global economic crisis, accelerated in 2010, and in my view this period is a turning point in the history of the world's economy. The decoupling of world markets, which I have consistently emphasized in my two years at the helm of Wendel, will continue. It will bring a wealth of opportunities for our Group, which generated 27% of its business in fast-growth countries in 2010. Nevertheless, one must not underestimate the growth potential in France, Europe and North America, where the economic crisis is abating. Although significant imbalances continue to require the active supervision of regulatory authorities, high-quality companies can already find fertile ground in these regions for renewed, solid growth.

How do these fast-growing countries create opportunities for Wendel?

We conferred with the executive teams of our investments, one company at a time, and decided to significantly expand their presence in high-growth countries, using the entire spectrum of available tools: industrial investment, acquisitions, partnerships, development of products and services designed specifically for these markets, sales development and local recruitment. Our attention was focused on Brazil, China and India because opportunities currently exist to acquire positions in these markets.

The Group's companies will not be starting from scratch; far from it. In 2011, Bureau Veritas is expected to generate 50% of its sales in fast-growth regions. Legrand has set itself the goal to exceed 50% by 2015, while Saint-Gobain's innovative materials and construction products business in this market should be close to 40%. Stahl, smaller and with a strong presence in China, leads the pack with 63% of its sales in these countries in 2010.

The world's poorest regions are growing at breathtaking pace, an inspiring phenomenon in today's era for those of us who desire harmony and equity. But such a dramatic change will not happen without major economic, political and social turbulence, so it is essential to keep a clear head. Risk diversification remains an important goal.

Are we to understand that Wendel will abandon the French and European markets?

No, of course not. As a long-term investor, it is our responsibility to anticipate major trends, but also to maintain a balanced footing. Europe is the world's biggest market. It is our home base and it is in Europe – France, Benelux, Germany – that we will seek out new companies to invest in. With our strong positioning in construction, we will capture profits in highly developed economies, where the sustainable habitat concept and energy savings are important. More generally, the long-term, ongoing innovation policy that we support in all of our companies means we can take the lead on trends and market needs in Europe and the United States and stay a step ahead in new markets.

So a long-term commitment is truly the common denominator in your investment strategy?

Absolutely. Putting long-term interests first is one of our distinctive traits. It is also one of the most crying needs of today's global economy, which has paid the price of short-termism in financial markets. The Davos Forum published a study* showing that long-term investors – pension funds, insurance companies, banks, universities and foundations – have generally changed their policies since the downturn and are increasingly seeking short-term investments with greater liquidity. Sovereign wealth funds, family investors and listed investment companies can fulfill a particularly vital role in the economy by maintaining a long-term investment horizon. Thanks to a strong, long-term shareholding structure and the full support of our Supervisory Board, its Chairman, Ernest-Antoine Seillière, and the Chairman of Wendel-Participations, François de Wendel, our team can focus on value creation year after year as well as the long-term growth of our investments and our Group.

* *The Future of Long-term Investing - World Economic Forum Report - 2011*

Is this why you claim to be a "shareholder of choice"?

In mid-2009, when I launched our ambition to be the shareholder of choice for our companies, I never imagined that so many executives and entrepreneurs would come to me and say how much they would like to join the Wendel Group and be a part of our long-term approach. With our made-to-measure investment approach that supports the company's development and our willingness to invest in people and in industrial projects, we quickly win their trust. Our track record is also reassuring: I am pleased that the 17 years we spent alongside Stallergenes culminated in such outstanding industrial performance and a smooth passing of the baton, in the best interests of the biopharmaceutical company. However, we are rigorous in our financial analyses. We are very selective and resist the temptation to engage in attractive, but probably not so profitable, deals. When the stars are aligned, so to speak – when mutual trust has been established and a growth and profit strategy in a promising sector suggests a potentially rewarding long-term investment – we can invest. We recently did so, wholeheartedly, in Parcours, which enabled us to reenter the professional service sector and structure our Oranje-Nassau Développement division.

Besides this acquisition, what were the other highlights in 2010 for the Wendel Group?

2010 was overwhelmingly the year of the return to organic growth. All of our companies resumed growth, surpassing and raising their growth targets during the year: Stahl, Legrand and Materis and Deutsch as of Q1; Saint-Gobain and Bureau Veritas in Q2. I would like to applaud the excellent work of all their teams. Our companies also emerged from the downturn with stronger business models and improved profitability, as shown by Legrand's exemplary earnings. Nineteen acquisitions accompanied this rebound. The most emblematic example is probably the purchase of Inspectorate by Bureau Veritas, who collaborated closely with Wendel for this transaction. The £450 million investment ranks Bureau Veritas as global co-leader in energy and agricultural commodities testing.

We also continued our in-depth work with the executives of Saint-Gobain. We staunchly support the strategy devised by Pierre-André de Chalendar in mid-November 2010 and are delighted to have increased our exposure to variations in Saint-Gobain's share price before its stock market value began to climb.

How much of your work in 2010 involved financial stabilization?

In 2010, we naturally carried on with the debt restructuring and cost reduction programs that were initiated when I joined the group. Early in the year, we completed the recapitalization and restructuring of our unlisted subsidiaries: their subsequent growth in value is both the consequence and justification of our efforts. For Wendel, we continued to significantly reduce our debt by transferring bank debt to bond debt, extending our repayment schedule and hedging the Group against a rise in interest rates. Thanks to these steps and the strong performances of our companies, Wendel's net asset value increased by €2.25 billion between January 1 and December 31, 2010, an 84% leap.

Why did you decide to become the founding sponsor of Centre Pompidou -Metz this year?

We chose Centre Pompidou -Metz as a natural outgrowth of the Group's family and industrial roots and a way to look to the future. It is a wonderful structure offering top-quality cultural programming and is a great success. Concomitantly, we reinforced our partnership with INSEAD and the Wendel International Center for Family Enterprise. This alliance with an institution of worldwide renown aptly conveys the importance of a long-term vision, shareholder commitment and an entrepreneurial spirit. I am personally involved in both projects as a member of the Board of Directors of each institution.

How do you envision the Wendel Group's future?

Since I took up the leadership of the Group in April 2009, the environment has improved and Bernard Gautier and I have been able to generate highly tangible results. I cannot promise that the figures will always be so spectacular, but I am convinced that we have sound fundamentals, high-quality assets, a solid team and loyal shareholders. Our five value creation drivers have all been activated. While remaining faithful to our principle of long-term, committed shareholding and prudently managing all short-term risks, we have a firm grasp on our future. Wendel therefore chose to step up its development in 2011 with calm resolve, amid a changing global economy, but one that I consider to have generally overcome the downturn.

1.6 Corporate governance

Wendel's corporate governance is guided by the same principles as those upheld by the Group as principal shareholder: transparent dialogue, the recognition that managers and shareholders are independent and fulfill different roles, shared responsibility, and individual engagement.

Since 2005, Wendel has been a société anonyme with an Executive Board and a Supervisory Board.

1.6.1 The Supervisory Board and its committees

1.6.1.1 The Supervisory Board

The Supervisory Board exercises permanent oversight of the Executive Board's management of the company. At December 31, 2010, the Company's Supervisory Board had 10 members serving four-year terms. Two Works Council representatives also attend board meetings in a consultative role.

In 2010, women were represented in Group's Supervisory Board following the appointment of two independent directors, Guylaine Saucier and Dominique Hériard Dubreuil.

The Board also defined how it would conduct its business and adopted internal regulations setting forth the rights and obligations of Board members. Following the departure of Grégoire Olivier, who was posted to Shanghai as the first PSA Managing Board member to be based in China, and the decision made by Guy de Wouters not to seek renewal of his office, the Shareholders will be asked to approve the appointments of Humbert de Wendel and Gérard Buffière at the Annual Shareholders' Meeting on May 30, 2011.

The Supervisory Board members are:

Ernest-Antoine Seillière (2013)*
Chairman

Guy de Wouters (2011)
Vice-Chairman

Nicolas Celier (2014)

Didier Cherpitel (2011)
Independent director

Dominique Hériard Dubreuil (2014)
Independent director

Jean-Marc Janodet (2012)

Edouard de l'Espée (2013)

François de Mitry (2012)

Guylaine Saucier (2014)
Independent director

François de Wendel (2012)
Secretary of the Supervisory Board:

David Darmon
Managing Director

In 2010, the Supervisory Board met 12 times.

* *In parentheses: year in which term ends.*

1.6.1.2 The committees

To fulfill its mission as effectively as possible, the Supervisory Board relies on two committees: the Audit Committee and the Governance Committee. Each member of the Supervisory Board is a member of a committee.

The Audit Committee

The Wendel Audit Committee audits the financial reporting process, ensures that internal control and risk management are effective and monitors the proper application of the accounting methods used in drawing up parent company and consolidated accounts. It verifies the independence of the statutory auditors and mandates an independent auditor to regularly appraise net asset value.

The Audit Committee has four members:

Guylaine Saucier (since June 4, 2010;
Chairman since March 22, 2011)

Jean-Marc Janodet
(Chairman until March 22, 2011)

Nicolas Celier

Edouard de l'Espée

Grégoire Olivier (until August 31, 2010)

Secretary of the Audit Committee:

Patrick Bendahan
Director (investment)

In 2010, the Audit Committee met 6 times.

The Governance Committee

Among the tasks of Wendel's Governance Committee are to propose or recommend procedures for compensating Executive Board members and to express a view on any issue pertaining to Company governance or the operation of its statutory bodies and, at the Board's request, to address any ethical issues.

The Governance Committee, which includes the functions of a Compensation Committee and an Appointments Committee, has five members:

Didier Cherpitel
Chairman

Dominique Hériard Dubreuil

(since June 4, 2010)

François de Mitry

François de Wendel

Guy de Wouters

Secretary of the Governance Committee:

David Darmon
Managing Director

In 2010, the Governance Committee met 6 times.

1.6.2 The Executive Board

The Supervisory Board appoints members of the Executive Board to four-year terms on the recommendation of its Chairman. The Executive Board is appointed for four-year renewable terms. The age limit for Executive Board members is 65.

The Executive Board has two members:

Frédéric Lemoine
Chairman since April 7, 2009,

and **Bernard Gautier**
member since May 31, 2005.

Secretary of the Executive Board:

Bruno Fritsch
Investment Manager

The terms of the Executive Board members will expire on April 7, 2013.

In 2010, the Executive Board met 27 times.

1.7 The management team

Led by the Executive Board, Wendel's management team is composed of men and women with diverse and complementary career paths. Decisions are made in a collegial manner through weekly meetings of an Operations Coordination Committee and through free-flowing communication among the team of around 70 people. The team is articulated around two key committees: the Investment Committee and the Management Committee.

1.7.1 The Investment Committee ■

Composed of the Executive Board and five Managing Directors, the Investment Committee meets every week to select and prepare candidates for the Group's investments. It examines plans to divest assets and regularly reviews the position of the Group's principal investments.

1.7.2 The Management Committee ■

The Management Committee meets once every two weeks. It is composed of the members of the Executive Board, the Chief Financial Officer, the General Counsel, the Managing Director in charge of operating resources, and the Director of Communication and Sustainable Development. It makes decisions regarding the organization and the Group's day-to-day operations.

1.7.3 International presence □

Wendel has international offices in Europe and Asia (Netherlands, Luxembourg, Germany, Japan).

1.7.4 The team

Main members of the management team

Frédéric Lemoine ■ ■

Chairman of the Executive Board

Frédéric Lemoine joined Wendel in 2009. He previously served as Chairman of the Areva Supervisory Board and Senior Advisor at McKinsey. Prior to that, he was Group VP in charge of Finance for Capgemini and then deputy General Secretary to French President Jacques Chirac. He began his career as a finance inspector before directing a hospital in Vietnam and participating in hospital reform in two government ministries. He is a graduate of HEC, IEP Paris and ENA (1991) and holds a law degree.

Bernard Gautier ■ ■

Member of the Executive Board

Bernard Gautier joined Wendel in 2003. Previously, he was General Partner for the Atlas Venture funds, heading their Paris office. He began his career by creating a media company. He then spent 20 years in organization and strategy consulting, first employed as a consultant by Accenture, in the media and services sector, and then by Bain & Co., where he became a Senior Partner. He is a graduate of the École Supérieure d'Electricité.

Stéphane Bacquaert ■

Managing Director, Secretary of the Investment Committee

Stéphane Bacquaert joined Wendel in 2005. He held previous positions as a Partner of Atlas Venture, a consultant for Bain & Co and the CEO of NetsCapital, a merchant bank specializing in Technology, Media and Telecommunications. He is a graduate of École Centrale Paris and IEP Paris and holds an MBA from Harvard Business School.

Anne-Lise Bapst ■

Director of Communications and Sustainable Development

Anne-Lise Bapst joined Wendel in 2008. Previously, she served as director of communications for the ABN-Amro France Group (Commercial and Merchant Banking and Neuflize OBC private bank) and for the Commission des Opérations de Bourse. She is a graduate of IEP, holds an advanced degree (DEA) in finance and also holds a SFAF degree.

Caroline Bertin Delacour ■

General Counsel

Before joining Wendel in 2009, Caroline Bertin Delacour practiced law for over 20 years, specializing in tax and business law at the law firms of Cleary Gottlieb and August & Debouzy. She holds a master's degree in business law from Université de Paris II Panthéon-Assas (1984), a postgraduate degree in applied tax law from Université de Paris V René Descartes (1985) and an LLM from New York University (1987).

Olivier Chambriard ■

Managing Director

Olivier Chambriard joined Wendel eight years ago. Previously, he worked in corporate finance in London with CSFB and Deutsche Morgan Grenfell, specializing in the advanced technologies sector. Prior to that, he held executive positions in two SMEs. He is a graduate of Essec and holds a postgraduate degree in tax and business law. He also obtained an MBA from Harvard Business School.

David Darmon ■

Managing Director, Secretary of the Supervisory Board

David Darmon joined Wendel in 2005. He was previously a Principal of Apax Partners, where he specialized in LBOs, particularly in the TMT and distribution sectors. He began his career in M&A at Goldman Sachs in London. He is a graduate of Essec and holds an MBA from Insead.

Makoto Kawada □

Managing Director, in charge of business development in Japan, CEO of Wendel Japan

Makoto Kawada has been with Wendel for three years. He gained experience in cross-border M&A and project finance with Fuji Bank (now Mizuho) in Japan, where he began his career in 1984. After a period at the IFC, he joined Basic Capital Management in 2003, taking over as Chairman and CEO from 2005 to 2008. He holds an MBA from Wharton and a degree in Economics from Waseda University.

Roland Lienau ■ □

Managing Director, in charge of business development in Germany, CEO of Helikos

Roland Lienau has been with Wendel for three years. He acquired over 20 years of experience in primary and secondary capital markets in Germany. Previously, he was in charge of capital markets for Deutsche Bank in Frankfurt after holding positions at Enskilda Securities, Enskilda Effekten and, later, Paribas, where he was in charge of equity and bond markets. He is a graduate of ESCP Europe.

Jean-Michel Ropert ■

Chief Financial Officer

Jean Michel Ropert has been with Wendel for over 20 years. He holds a degree in finance and accounting. Previously in charge of accounting and the production of consolidated financial statements, Jean-Michel Ropert took over as CFO in 2002, when Marine-Wendel merged with CGIP. He is currently a member of several audit committees and boards in Wendel Group subsidiaries and associates.

Patrick Tanguy ■ ■

Managing Director, in charge of operational resources

Before joining Wendel in 2007, Patrick Tanguy was a senior executive in several industrial groups, serving consecutively as Head of Sales and Marketing for Steelcase-Strafor; CEO of Airborne, a subsidiary of that group; CEO and then Chairman of DAFSA; head of Technal, Monné-Decroix and Prezioso Technilor. He began his career at Bain & Co. in 1984, where he was appointed Partner in 1990. He is a graduate of HEC (1983).

Dirk-Jan Van Ommeren □

Managing Director, in charge of international development, CEO of Oranje-Nassau

After a 30-year career in Dutch banking (AMRO Bank, Westland/Utrecht Hypotheekbank, Amsterdamse Investeringsbank), Dirk-Jan Van Ommeren currently serves on the board of a large number of companies and organizations, mainly Dutch. He is the Chairman of Helikos and a member of the VGG Board of Directors.

1.8 Creating medium- and long-term value

Wendel's know-how consists in selecting leaders, making a long-term investment and helping to define ambitious strategies, while upholding clear, explicit shareholder values.

1.8.1 Investment model

The Wendel Group invests for the long term as the majority or leading shareholder in listed or unlisted companies that are leaders in their markets, in order to boost their growth and development. Its investment model chiefly focuses on companies with a majority of the following characteristics:

- Based mainly in France, Germany or the Benelux countries;
- International exposure;
- A high-quality managerial team;
- First or second in its market;
- In a sector with high barriers to entry;
- Solid fundamentals;
- Predictable, recurrent cash flow;
- High potential for profitable growth: through organic growth, accretive acquisitions and significant exposure to markets undergoing rapid growth and/or major, long-term economic trends.

As a long-term shareholder, Wendel particularly favors certain circumstances, such as:

- Control or joint control immediately or in phases;
- A need for a long-term, principal shareholder;
- Opportunities for further reinvestment over time to accompany organic or external growth.

Wendel's individual investments in 2011 ranged from €100 to €300 million, with moderate use of debt, the smaller investment amounts being made through Oranje-Nassau Développement.

1.8.2 An active presence in its investments

Wendel's investment and business development strategy is based on close communications with the managers of the companies it invests in. This partnership is at the heart of the value-creation process. Wendel provides constant and active support, shares risks and contributes its experience and financial and technical expertise.

The Wendel Group is represented in the Boards of Directors and key committees – audit, governance, and strategy – of its investments, in proportion to its stake. It can therefore take part in the strategic decisions made by each company without taking the place of its management.

1.8.3 Shareholder's charter

Wendel upholds the shareholder's charter it established in 2009, which has five major principles.

- Active involvement in designing and implementing company strategies through our participation on the boards of directors and key committees of the companies in which we have invested.
- Solid, long-term commitment to our partner companies by supporting their development, fostering their exposure to strong-growth regions, and allocating time and resources to the innovation cycle.
- A constructive, transparent and stimulating dialogue with management while constantly questioning ingrained habits and rethinking models against the yardstick of global best practices.
- Everyday loyalty through relationships built on trust that recognize the respective roles of shareholders and managers.
- A guarantee of shareholder stability and the common cause of a long-term partner who is willing to make a financial commitment during tough times.

1.9 Long-term strategy, responsible strategy

1.9.1 Making a mark as a sustainable value creator

As the heir to three centuries of entrepreneurial and family history, Wendel has been implementing an environmentally and socially responsible (ESR) approach for many years. Today, Wendel crystallizes its commitment by being a responsible employer, by encouraging the companies that make up the Group to do the same and by giving back to the community.

1.9.2 Wendel: a responsible principal shareholder

The Wendel Group considers sustainable development to be an intrinsic component of its business as a long-term investor. When analyzing investment opportunities in companies, Wendel systematically conducts in-depth environmental and social due diligence audits. In each of the companies in which Wendel is a shareholder, the management teams bear the full responsibility for its sustainable development policies. However, Wendel is aware that it can multiply the impact of its social responsibility via the companies in which it invests; it therefore ensures that they adopt a sustainable development approach and supports their initiatives in this area.

All of the companies in the Group engage in activities whose social and environmental impact significantly exceeds that of Wendel's own business. Each company defines goals and action plans that are appropriate, taking into account the maturity of their ESR policy and other specific characteristics.

Our listed companies, Saint-Gobain, Legrand and Bureau Veritas, publish exhaustive ESR data in their annual activity or sustainable development reports. For Bureau Veritas, Deutsch, Materis and Stahl, of which Wendel is the majority shareholder, highlights of their sustainable development policies are presented in the Group's Reference Document. All of the Group's companies incorporate environmental considerations into the design of their products or services. Its industrial companies have all taken steps in the past few years to develop innovative, energy-efficient and environmentally friendly products. In 2010, Wendel signed a charter produced by AFIC, the French association of private equity firms. It is a public commitment to support sustainable development in a number of ways and serves as a set of guidelines for Wendel in its business.

1.9.3 Wendel: a responsible company

Wendel's commitment to the community is reflected in its support of projects in the higher education and cultural spheres. In addition to multiyear financing, Wendel works actively alongside partner institutions on development projects. Frédéric Lemoine represents the Group on the board of directors of INSEAD and the board of directors of Centre Pompidou-Metz.

A partner of INSEAD since 1996

In 1996, INSEAD created a teaching chair for family-owned businesses; Wendel has been a partner from the start. In 2005, INSEAD inaugurated its International Center for Family Enterprise, which organizes events and teaching programs for family businesses around the world.

www.insead.edu/facultyresearch/ centres/wicfe/index.cfm

The Henri Cartier-Bresson Foundation

Since 2007, Wendel has been a sponsor of the Henri Cartier-Bresson Foundation and the Grand Prix International Henri Cartier-Bresson, awarded every two years to support the creation and promotion of contemporary photographic works. David Goldblatt won the HCB award in 2009 for his project entitled "TJ," a study of Transvaal Johannesburg.

www.henricartierbresson.org

Founding sponsor of Centre Pompidou-Metz

Wendel is writing a new chapter in its long history with the Lorraine region, where the Group was founded in 1704, in Hayange. Through this renewable five-year commitment to work side by side with Centre Pompidou-Metz, Wendel wished to support an emblem of the region's long-lasting cultural influence and economic rebirth.

www.centrepompidou-metz.fr

ParisTech Review

Wendel is one of the founding shareholders of ParisTech Review, published by ParisTech, a research and higher education cluster of excellence composed of HEC Paris and eleven other French Grandes Ecoles. ParisTech Review is an online magazine in English that aims to be a non-political, non-ideological forum to debate the major issues in our world affected by technological innovations.

www.paristechreview.com

1.10 Outlook for development

Pulling all value creation levers

Quality teams and quality assets are critical drivers of value creation. One particularity of Wendel's business model is that it relies on permanent financing to enable the Group to perform its job as a long-term shareholder. This ability was weakened by the financial crisis. Today, Wendel's financial structure once again enables it to use all of its available value creation levers.

1.10.1 Five value creation levers

Higher net income from subsidiaries and associates

Ongoing cost control programs began to pay off as of the end of 2009 and drive higher net income from subsidiaries and associates. All Group companies returned to organic growth in 2010.

Combined with operating leverage and efforts to raise productivity, this renewed business growth is expected to give a further boost to the bottom line.

Potential growth in value of unlisted subsidiaries

The Group's privately-owned companies were the hardest hit by the downturn. Thanks to financial restructuring, following Wendel's €160 million injection into its subsidiaries, and the optimization of operating units, a potential €1 to €2 billion in value may be gained from end-2009 to end-2013.

Between November 2009 and March 2011, the value of unlisted assets grew from €299 million to €963 million. The value creation potential of unlisted subsidiaries is therefore still high.

Leverage effect on net asset value

Wendel's leverage, while being gradually reduced, magnifies the impact on net asset value of the growth in value of our subsidiaries. Wendel has gradually diminished its gross debt by about €2.5 billion since the beginning of 2009. As a result, the Group has benefited from a leverage effect related to the market recovery on the one hand, while reducing the risk attached to its debt on the other. Wendel will continue to use leverage, but to a lesser extent than in the past.

Acquisitions made by group companies to boost their growth potential, especially in emerging market countries

Acquisitions are an integral component of the business development model of Group companies. Our companies made 19 acquisitions in 2010, and all of them plan to achieve a non-negligible share of their growth through acquisitions, focusing on small or medium purchases, which are the most accretive.

New investments by Wendel

Wendel will make new investments ranging in value from €100 to €300 million with the aim to take advantage of opportunities created by the crisis, diversify the sectors to which it is exposed and pave the way for value creation in 2015-2025.

1.10.2 Wendel has resumed new investment and created Oranje-Nassau Développement

Wendel has resumed its activity as a long-term investor. It began by focusing on its unlisted subsidiaries, in which it injected €160 million.

Investments via Oranje-Nassau Développement

Wendel created Oranje-Nassau Développement in early 2011 to seize opportunities in growth, innovation or diversification. The individual amounts invested through this structure will be small. Oranje-Nassau Développement made Wendel's first new investment in an unlisted company since 2006 with the acquisition of 95% of Parcours, the independent French specialist in operational leasing, for €107 million at the end of March 2011.

Traditional investment by Wendel

initially, Wendel will concentrate its new acquisitions on medium-sized, primarily unlisted companies. The size of its investments will also depend on the balance of financial fundamentals. Wendel initiated a turnaround in early 2009, notably through portfolio turnover.

Wendel's goal is to refocus on the investment model that has given rise to its high-quality portfolio concentrating on unlisted assets and to improve its sector diversification.

1.11 Group companies

A balanced, diversified portfolio

The companies under the Wendel Group umbrella have three strengths in common: they are leaders in their industry; they use innovation as the cornerstone of their development; and they overcame the downturn, while seizing new opportunities for growth.

Bureau Veritas	
Share of equity owned by the Wendel Group at December 31, 2010.	51.5%
Business	Compliance and certification services
Capital invested:	€446 million
Date of first investment	January 1995
Legrand	
Share of equity owned by the Wendel Group at December 31, 2010.	11.1%*
Business	Equipment and services for low-voltage installations
Capital invested:	€219 million
Date of first investment	December 2002
Saint-Gobain	
Share of equity owned by the Wendel Group at December 31, 2010.	17.5%
Business	Production, transformation and distribution of materials
Capital invested:	€2.3 billion
Date of first investment	September 2007
Deutsch	
Share of equity owned by the Wendel Group at December 31, 2010.	89 %
Business	High-performance connector solutions
Capital invested:	$470 million
Date of first investment	April 2006
Materis	
Share of equity owned by the Wendel Group at December 31, 2010.	76%
Business	Specialty chemicals for construction
Capital invested:	€341 million
Date of first investment	February 2006
Stahl	
Share of equity owned by the Wendel Group at December 31, 2010.	92%
Business	High-performance coatings and leather-finishing products
Capital invested:	€137 million
Date of first investment	June 2006

* *For Legrand, share of equity as of March 4, 2011.*

** *All information regarding the competitive positioning and market shares of the subsidiaries and associates in which we have invested, as well as certain financial information, derives from the companies themselves and has not been verified by Wendel.*

1.11.1 Bureau Veritas

Bureau Veritas reinforces its global leadership strategy

Bureau Veritas is the world's second-largest provider of compliance and certification services in the areas of quality, health, safety, environment and social responsibility (QHSE-SR). The acquisition of Inspectorate positions the group among the top three global leaders in commodities inspection.

Bureau Veritas in brief

Present in 140 countries	1,260 offices and laboratories	48,000 employees	400,000 clients
2010 revenue €2.93 billion	Adjusted net income €315.2 million	Stake held by Wendel 52%	Amount invested by Wendel €446 million since 1995

Why did we invest in Bureau Veritas?

Bureau Veritas is ideally positioned in markets driven by long-term, structural trends, such as the proliferation and toughening of QHSE regulations and standards, the privatization of certification and inspection activities, increasingly stringent health and environmental protection standards, and the globalization of trade. The market that Bureau Veritas addresses has numerous barriers to entry, including mandatory operating certification and approval in each country, as well as the need to offer dense geographical coverage both locally and internationally, a wide range of inspection services (in particular for major clients), high-value solutions through first-rate technical expertise and a reputation of independence and integrity.

What were the highlights of 2010?

Amid the general economic recovery following a global crisis of unprecedented proportions in the post-war period, Bureau Veritas continued to demonstrate its operational quality and ability to pursue growth. Despite a slight decline early in the year, full-year revenue grew 10.6% (2.8% in organic terms) to €2.9 billion. Organic growth became positive again in the first half of 2010 and then rose more significantly in the second half. Attributable adjusted net income increased by 15.2%.

In this environment, Bureau Veritas' businesses performed well overall, supported by recurring revenue and continued expansion in high-growth economies, where the group now generates 45% of its sales.

Its operating margin, which has risen steadily for 16 years, reached a record 16.7%. Thanks to high cash flow generation, net debt totaled less than two years of EBITDA, despite the £450 million Inspectorate acquisition.

In June 2010, Bureau Veritas announced the purchase of Inspectorate, a major step forward in its leadership strategy.

This transformative deal positions Bureau Veritas among the top three global leaders of commodities inspection and testing, an estimated potential market of over €5 billion offering solid growth opportunities. The acquisition, accretive the first year, offers promising potential for growth and margin improvement. It is an excellent complementary fit, in terms of businesses and geographical coverage, and steps up the group's presence in high-growth regions.

What is the outlook for development?

For 2011, Bureau Veritas expects the trends observed in the majority of its markets to improve. The group should benefit from its increased exposure in high-growth regions and from the incorporation of Inspectorate.

The group's strategy is to invest in high-potential market segments, such as commodities testing, nuclear energy, offshore energy and building efficiency, and to keep operational performance high.

In 2011, the Group expects strong growth in its revenue and adjusted operating income, thanks to the impact of the full-year consolidation of the acquisitions made year-to-date and organic growth exceeding that of 2010 and consistent with H2 2010.

In millions of euros	2009	2010	Δ
Revenue	2,647.8	2,929.7	+10.6%
Adjusted operating income	433.2	490.5	+13.2%
as a % of revenue	*16.4%*	*16.7%*	+30 bps
Attributable adjusted net income	273.5	315.2	+15.2%
Adjusted net financial debt	693.0	1,051.8	+51.8%

Wendel's involvement

Board of Directors: Frédéric Lemoine (Vice-Chairman), Ernest-Antoine Seillière, Jean-Michel Ropert, Stéphane Bacquaert

Strategic Committee: Frédéric Lemoine (Chairman)

Appointments and Compensation Committee: Frédéric Lemoine

Audit and Risk Committee: Jean-Michel Ropert, Stéphane Bacquaert

For more information: bureauveritas.fr

1.11.2 Legrand

Legrand strengthens its profitable growth profile

Legrand is a global specialist in electrical and digital building infrastructures. It derives its growth from innovation, regularly introducing new high-value-added products to the market and acquiring promising companies in its industry. As the world leader in electrical devices and cable routers, Legrand enjoys a number of local leadership positions that provide it with a solid footing.

Legrand in brief

Present in over 70 countries	Sales in close to180 countries	34,400 employees, including 1,860 in R&D	Over 4,000 active patents
2010 sales €3.89 billion	Net income (group share) €418 million	Stake held by Wendel 11%	Amount invested by Wendel €219 million since 2002

Why did we invest in Legrand?

As a world leader in products and systems for electrical installations, with 20% market share, Legrand offers 178,000 product references and a portfolio of nationally and globally known brands. Driven by its strong capacity for innovation, with more than 60% of its investments dedicated to new products in 2010, Legrand covers both the mass-market and the high-value segments. Whether in its sophisticated systems for digital connection and transmission, safety, design, user-comfort or environmental protection, Legrand stays one step ahead of market trends while developing innovative solutions for home systems and for managing lighting and energy efficiency. Legrand operates on a highly fragmented market with high barriers to entry, which means that it must offer a full range of multi-feature products and systems meeting various national electrical standards. Local standards and regulations raise the initial investment cost for any market entrant. The nature of the market also requires establishing relationships of trust with distributors, electrical installers and end-users.

What were the highlights of 2010?

Legrand's 2010 sales saw growth of 8.7% to €3,890.5 million, up 3.6% on 2009 at constant scope of consolidation and exchange rates. Adjusted operating income rose 35.5% from 2009, to €784.1 million. Adjusted operating margin was boosted by operating leverage from sales growth and the full impact of reorganization programs already deployed. Despite the seasonality of fourth-quarter margins and the gradual rise in raw-material costs, Legrand reached its new 2010 target for adjusted operating margin of 20.2% versus 16.2% in 2009, setting a new profitability record.

This business and profitability rebound illustrates the positive trend in Legrand's growth profile with:

- 1/3 of sales now in new economies, where the group saw a 24% rise in 2010;
- nearly 20% of revenues now in new business segments (digital infrastructures, energy efficiency, residential systems, etc.), where group sales increased by 13% in 2010.

With R&D spending equaling between 4% and 5% of the group's sales each year, innovation and new product launches continue to be essential growth drivers. These innovations meet strong market expectations in terms of optimizing electricity consumption or expanding access to electricity in new economies.

Growth is also fueled by acquiring promising companies in order to access new markets or widen the product range. As of the second half of 2010, the group seized three opportunities, acquiring Inform, the leader for UPS* in Turkey, the switchgear unit of Indo Asian Fusegear, a major Indian electrical protection player, and Meta System Energy, an Italian company specialized in modular UPS.

What is the outlook for development?

Legrand's targets for 2011 are:

- 5% organic growth rounded out with acquisitions[(1)];
- adjusted operating margin equaling or exceeding 20%, including the impact of acquisitions[(1)].

The group has set itself the following medium-term objectives:

- 10% total annual average growth in sales[(2)], driven by increasing exposure to new economies, which are expected to account for 50% of consolidated sales five years from now compared with one third today; expansion on new business segments that already account for nearly 20% of sales; and pursuit of targeted, self-financed acquisitions,
- 20% average adjusted operating margin, including acquisitions[(1)].

In millions of euros	2009	2010	Δ
Sales	3,578	3,891	+8.7%
Adjusted operating income [(1)]	579	784	+35.5%
as a % of sales	*16.2%*	*20.2%*	-
Net income excluding minorities	290	418	+44.3%
Net financial debt	1,340	1,198	-10.6%

(1) Figures restated for accounting entries relating to the acquisition of Legrand France in 2002, which consisted of additional depreciation of revalued assets, with no cash impact, of €26.5 million and €38.1 million for 2010 and 2009, respectively, and amortization of goodwill of €16.6 million for 2009.

Wendel's involvement

Board of Directors: Frédéric Lemoine, Ernest-Antoine Seillière, Patrick Tanguy

Appointments and Compensation Committee: Frédéric Lemoine (Chairman), Patrick Tanguy

Audit Committee: Patrick Tanguy

Strategic Committee: Frédéric Lemoine

For more information: legrandgroup.com

(1) Small to mid-size "bolt-on" acquisitions.

(2) Including like-for-like and acquisition-driven growth, excluding exchange-rate effects or major economic downturns.

** Uninterruptible Power Supply.*

1.11.3 Saint-Gobain

Saint-Gobain is building our future

Saint-Gobain is the European or global leader in each of its businesses. It designs, manufactures and distributes construction materials with the ambition of offering innovative solutions to the basic challenges of our time—growth, energy savings and environmental protection.

Saint-Gobain in brief

Present in 64 countries	190,000 employees	No. 1 worldwide in high-performance materials and insulation	No. 2 worldwide in flat glass and packaging
2010 sales €40.1 billion	Net income €1.33 billion	Stake held by Wendel 17.5%	Amount invested by Wendel €2.3 billion since 2007

Why did we invest in Saint-Gobain?

Saint-Gobain focuses on the housing market and aims to be the world leader through high-performance solutions and materials that meet the industrial challenges of tomorrow. As the European or global leader in all its activities, with very strong local positions, Saint-Gobain boasts a strong capacity for innovation in developing high-value building materials. The Group bases its development on three pillars: building products, innovative materials and specialized distribution. Each of these segments has specific growth drivers with their common denominators being energy efficiency and expansion in emerging markets.

What were the highlights of 2010?

Saint-Gobain's consolidated sales for 2010 came in at €40,119 million, versus €37,786 million for 2009, representing a 6.2% rise on a reported basis and 1.9% like-for-like. Second-half performance, based on a constant number of working days, confirmed the upswing in sales volumes observed in the second quarter. The upward trend in prices, which also began in the second quarter, continued, reflecting the price increases implemented in all of Saint-Gobain's sectors and divisions over the past few months.

Saint-Gobain continued to pursue its action plan priorities in 2010, amid a broadly improving but still fragile economic climate with persistently strong disparities from one country to the next.

The Innovative Materials business sector delivered the group's best organic growth performance, surging 12.3% from 2009. In general, the sector continued to benefit from robust momentum in emerging market countries and Asia, where 37.6% of the year's sales were made, and vigorous trading in industrial markets in both North America and Western Europe.

Like-for-like sales for Construction Products remained stable over the year as a whole and in the second half, with improved second-half trading conditions in Western and Eastern Europe offset by the fall in sales in the United States (due to inventory run-downs by distributors in the third quarter). However, Construction Products sales improved further in the fourth quarter (up 3.7%) across all regions, and particularly Eastern Europe.

Building Distribution saw a 1.5% decline in year-on-year trading, but got back on the growth track in the second half of 2010 (up 1.0%). This upbeat trend was chiefly fueled by a gradual recovery in Germany, the UK and Scandinavia as from March. Packaging continued to report robust trading conditions and virtually stable earnings. Volumes and prices maintained their healthy 2009 levels.

Operating income also rose sharply to €3,117 million, a margin of 7.8% versus 5.9% in 2009.This marked improvement in profitability enabled the group to generate free cash flow[1] of €1.5 billion, despite the increase in its capital expenditure.

What is the outlook for development?

2010 saw the Group emerge from the downturn and gradually return to growth. Overall in 2011, the Group expects more upbeat trading conditions in its main markets. However, trends will continue to vary widely from one region to the next.

The group's targets for 2011 are:

- robust organic growth, with a bullish first quarter thanks chiefly to very weak comparative figures;
- double-digit growth in operating income (at constant exchange rates[2]), despite the rise in energy and raw material costs;
- free cash flow of €1.3 billion, after the €500 million increase in capex;
- a persistently solid financial structure.

(1) Excluding the tax effect of capital gains and losses on disposals, asset write-downs and material non-recurring provisions.

(2) Based on average exchange rates for 2010.

Leveraging its very robust financial structure and significantly leaner cost base, the group intends to pursue a profitable growth and expansion strategy over the next few years, with the aim of becoming the reference in Sustainable Habitat. By 2015, the group expects sales to reach €55 billion and anticipates operating income of €5.5 billion.

In millions of euros	2009	2010	Δ
Sales	37,786	40,119	+6.2%
Operating income	2,216	3,117	+40.7%
as a % of sales	*5.9%*	*7.8%*	-
Net income (1)	617	1,335	+116.4%
Net financial debt	8,554	7,168	-16.2%

(1) Excluding capital gains and losses on disposals, asset write-downs and material non-recurring provisions.

Wendel's involvement

Board of Directors: Frédéric Lemoine, Bernard Gautier, Gilles Schnepp (Chairman and CEO of Legrand)

Strategic Committee: Frédéric Lemoine

Financial Statements Committee: Frédéric Lemoine

Appointments and Compensation Committee: Bernard Gautier

For more information: saint-gobain.com

1.11.4 Deutsch

Deutsch custom makes close to 80% of its connectors

Deutsch is the global specialist in high-performance connectors, with leadership positions in aerospace, construction equipment and heavy vehicles. Approximately 80% of its connectors are custom-made, in order to meet its clients' unique quality standards.

Deutsch in brief

Present in over 25 countries	9 factories worldwide	3,334 employees	N°. 1 worldwide in industrial vehicles
2010 net sales $559.7 million	Net income from business sectors $63.1 million	Stake held by Wendel 89%	Amount invested by Wendel $470 million since 2006

Why did we invest in Deutsch?

Deutsch designs and manufactures innovative connector solutions in close tandem with its clients' R&D departments. Its products are highly innovative and perform exceptionally well while standing up to very harsh operating environments. All its products meet the most stringent quality standards. Deutsch is among the world leaders on its markets and benefits from high barriers to entry, such as the long client-accreditation procedures, the long life-cycle of platforms, notably in aerospace and industrial equipment, as well as the high level of skills and experience it has gained in research and development. Deutsch has also developed numerous original solutions, such as aluminum cabling systems for the Airbus A380.The Group's growth is based on developing markets, such as aerospace, and targeted acquisitions.

What were the highlights of 2010?

Deutsch recorded sales of $559.7 million in 2010, up 25.3% on 2009 (up 27.2% in organic terms) on 2009.

The pick-up in growth over the second quarter continued in the rest of the year.

This sales growth was driven largely by very robust business at LADD, the exclusive distributor of the group's products in the United States (up 43.1%) and a two-fold increase in the Industrial division (up 92.1% in organic terms), representing 53% of the group's sales. Both are benefiting from extremely high demand on all end markets for high-performance connectors. This demand was especially strong in HGVs and construction engines. Overall, growth nonetheless slowed at the end of the year, as end clients completed their inventory rebuilding.

The stabilization of the Aerospace division (44% of sales) is the result of growth on the US market, which partially offsets the relative weakness observed in certain end markets such as civil and military aerospace or rail. The Offshore division, which accounts for 3% of the group's sales, achieved lower sales than in 2009, as new orders continued to be postponed. The entire offshore drilling industry remains impacted by the Deepwater Horizon catastrophe off the coast of Louisiana in April 2010. Deutsch's business recovery also had positive repercussions on employment and the company's workforce returned to pre-crisis levels. Nearly 400 employees joined the group in the past 18 months. As expected, Deutsch's operating margin also returned to its pre-crisis level and stood at 20.1% of sales. The efforts made by the group to increase operational efficiency during the downturn translated into a sharp rise in profitability and boosted operating income from $51.4 million to $112.6 million.

What is the outlook for development?

After experiencing the worst downturn in its history, Deutsch was able to quickly redeploy its production facilities to meet new demand, especially from India and China. The group expanded its production units in Bangalore and Shanghai, where over 7% of the group's employees are now based. As the economy continues to recover, Deutsch anticipates a further 5% to 10% growth of sales, continued robust performance in the industrial division and strengthened recovery in civil aerospace. In light of the above, the company expects a stable or increased operating margin and a further reduction in debt. In the longer term, Deutsch plans to reach $1 billion in sales, by 2015.

in millions of dollars	**2009**	**2010**	**Δ**
Net sales	446.6	559.7	25.3%
Operating income(1)	51.4	112.6	+119.1%
as a % of net sales	*11.5%*	*20.1%*	-
Net income from business sectors	(11.3)	63.1	NS
Net financial debt	696		-14%

(1) Adjusted operating income before accounting entries on goodwill allocation, management *fees and non-recurring items*

Wendel's involvement

Management Board: Bernard Gautier, David Darmon, Patrick Tanguy, Jean-Michel Ropert

Appointments and Compensation Committee: Bernard Gautier (Chairman), David Darmon

Audit Committee: Jean-Michel Ropert (Chairman), David Darmon, Patrick Tanguy

Strategic Committee: Bernard Gautier, David Darmon, Patrick Tanguy

For more information: deutsch.net

1.11.5 Materis

Materis drives growth through innovation

Materis is one of the world leaders in specialty chemicals for construction, operating in four business segments: admixtures (Chryso), aluminates (Kerneos), mortars (Parex Group) and paints (Materis Paints). It encompasses over 100 brands, well-known in their local markets.

Materis in brief

9,500 employees	400 sales outlets for decorative paints in Europe	Stake held by Wendel 76%	N°. 1 worldwide in aluminates N°. 4 worldwide in admixtures N°. 4 worldwide in mortars N°. 4 In Europe in paints
Sales in 2010 €1.86 billion	Net income from business sectors €19.6 million	Amount invested by Wendel €341 million since 2006	

Why did we invest in Materis?

Materis is one of the world leaders in specialty materials for construction, with leadership positions in aluminates, admixtures, mortars and paints. Materis has high barriers to entry born of global coverage (aluminates), high-value-added products and close relationships with its clients (admixtures, mortars and paints), high-end brands and an integrated distribution network with more than 360 sales outlets in Europe (paints). With 28% of its net sales in high-growth markets (Asia, Latin America and the Mediterranean rim) and more than 50% in renovation markets, Materis has demonstrated its qualities of resistance and offers significant growth prospects.

What were the highlights of 2010?

After the major economic slowdown in 2009, Materis achieved positive sales growth in 2010, up 8.9% to €1,855 million. Throughout the year the group developed steadily through organic growth, which was 4.9% over all of 2010.Several factors contributed to this performance: robust growth in both emerging and mature markets; an upswing in certain business segments such as steel, continuing healthy sales linked to renovation projects; and ongoing efforts to innovate, which led to price increases and an improved product range. Materis also pursued its external growth policy, notably with the acquisition of a.b.e., a South African admixture company. For 2010, operating income came in at €191 million, up 3.3%, representing a margin of 10.3% (versus 10.9% in 2009). Higher raw material costs were successfully absorbed by raising prices, developing new formulations and optimizing procurement. Over the same period, Materis also raised capital expenditure to support growth, which temporarily impacted its margin.

Materis' financial debt rose slightly to €1,803 million as a result of the acquisitions made in 2010.

What is the outlook for development?

In a global economy showing varying stages of recovery, Materis intends to pursue its biggest source of development—organic growth—over the next five years. Sales are expected to improve by over 5% in 2011. The group will continue to focus on developing innovative products and concepts, which will be an important growth driver in the years to come. The successful financial restructuring completed in 2009 also enhanced the group's financial flexibility, enabling it to resume external growth operations and expand its product range and geographic coverage. In 2011, Materis will take measures to gradually improve its operating margin as a percentage of sales by boosting sales while also optimizing related costs. In the medium term, the group will continue to be driven by strong structural demand for new housing (due to an increase in the number of homeowners, favorable demographics and housing shortages in mature and emerging markets), steady growth in housing requiring renovation and new energy efficiency standards.

In millions of euros	2009	2010	Δ
Net sales	1,704	1,855	+8.9%
Operating income (1)	184.9	191.0	+3.3%
as a % of net sales	*10.9%*	*10.3%*	-
Net income from business sectors	0.1	19.6	NS
Net financial debt	1,757	1,803	+2.6%

(1) Adjusted operating income before accounting entries on goodwill allocation, management fees and non-recurring items.

Wendel's involvement

Management Board: Bernard Gautier, Jean-Michel Ropert, Stéphane Bacquaert, Patrick Bendahan,

Appointments and Compensation Committee: Bernard Gautier (Chairman), Stéphane Bacquaert,

Audit Committee: Jean-Michel Ropert (Chairman), Stéphane Bacquaert, Patrick Bendahan

For more information: materis.com

1.11.6 Stahl

Stahl leverages its strong presence in emerging markets

Stahl is the world leader in high-performance coatings and leather-finishing products. These products are used in the clothing, leather goods, shoes, automotive, furnishing and other industries. Stahl also sells chemicals and dyes used in the early stages of the leather processing chain.

Stahl in brief

Present in over 28 countries	35 laboratories and production facilities	1,200 employees including 470 marketing experts	N°. 1 worldwide in leather-finishing products
Sales in 2010 €330.1 billion	Net income from business sectors €15.6 million	Stake held by Wendel 92%	Amount invested by Wendel €137 million since 2006

Why did we invest in Stahl?

Stahl is the world leader in leather finishing products. The group enjoys high barriers to entry on its market through its expertise, its long-term relations with its main clients, as well as the very high level of qualification of its "golden hands" technicians. With global market share over 20% on a fragmented market, Stahl has achieved high recurring profitability over the last 20 years. Beyond the cyclical fluctuations of 2009 and 2010, Stahl offers prospects for sustained growth generated by Asian markets, China in particular, and the development of niche markets for high-performance coatings. A sector ripe for consolidation, rigorous financial discipline and significant financial flexibility should allow Stahl to further its expansion and strengthen its market leadership.

What were the highlights of 2010?

In 2010, Stahl recorded a sharp 30.2% rise in sales to €330 million, following a 14.2% slide in 2009. In the first half, organic growth soared 48%, driven by a strong surge in activity, notably in sales volumes in all divisions, which was accentuated by the effect of restocking across all business sectors (automobile, furnishing, shoes and leather goods), before returning to a more normal level in the second half. The exceptional first-half rise was all the more striking compared to the 33.2% fall in organic growth over the same period in 2009.

Operating income for 2010 came in at €46.2 million, up 53%, representing a margin of 14% (versus 11.9% in 2009). The sharp margin growth was driven by robust sales which directly impacted the gross margin as well as the effect of reductions in fixed costs implemented during the downturn (selective streamlining of industrial capacity). With Wendel's support in completing the group's financial restructuring, begun in the summer of 2009, which involved a €60 million injection in February 2010 and a €155 million reduction in gross debt, Stahl's net financial debt contracted to €181 million at the end of 2010, down 46% from €335 million one year earlier.

What is the outlook for development?

Amid a generally more stable global economy that nevertheless continues to be volatile, Stahl will continue to target growth and increased market share. To do so, it will focus on constant product innovation and step up marketing efforts in the Permuthane, Picassian and Pielcolor businesses, building on the positions it has acquired in high-growth regions (63% of sales). Stahl also intends to develop its activities in the earlier stages of leather processing, in order to expand its scope of business and gain greater market share. The Group continues to be driven by strong long-term trends, such as the gradual shift toward emerging markets, average annual growth of 2% to 3% in meat consumption, which supplies the market for hide processing, and the gradual disappearance of certain competitors, a trend that has been accentuated by the recession. For 2011, therefore, Stahl anticipates a return to organic growth of over 5%, despite the unfavorable base effect, driven by emerging markets and the emphasis placed on selling prices. Margin improvement will hinge on sales growth and rigorous fixed cost management. It will also depend on raw material price trends. From a more long-term perspective, Stahl is on the right path to surpassing the 5% mark for average organic growth, driven by market share gains in leather finishing and a refocus on high-growth divisions and regions.

In millions of euros	**2009**	**2010**	**Δ**
Net sales	253.5	330.1	+30.2%
Operating income(1)	30.1	46.2	+53.5%
as a % of net sales	*11.9%*	*14.0%*	
Net income from business sectors	0	15.6	NS
Net financial debt	335	181	-46%

(1) Adjusted operating income before accounting entries on goodwill allocation, management fees and non-recurring items

Wendel's involvement

Board of Directors: Dirk-Jan Van Ommeren (Chairman), Bernard Gautier, Olivier Chambriard, Bruno Fritsch, Jean-Michel Ropert

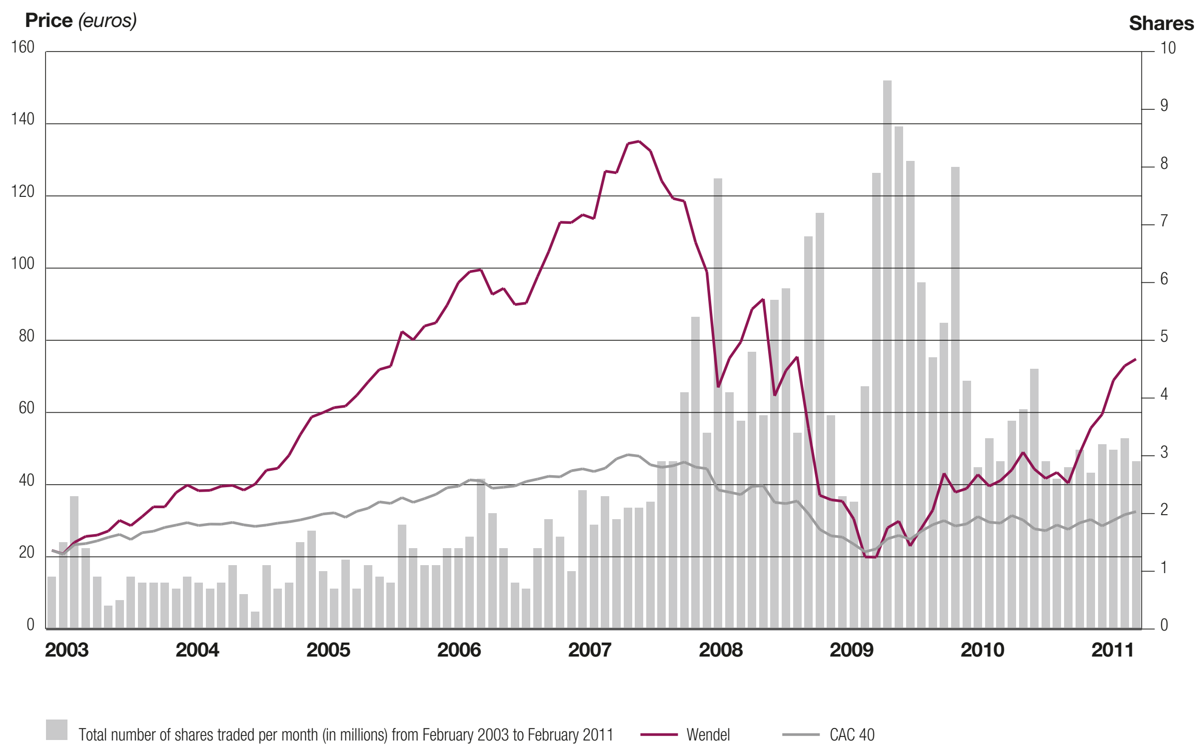
Compensation Committee: Dirk-Jan Van Ommeren, Bernard Gautier

Audit Committee: Dirk-Jan Van Ommeren, Olivier Chambriard, Jean-Michel Ropert

For more information: stahl.com

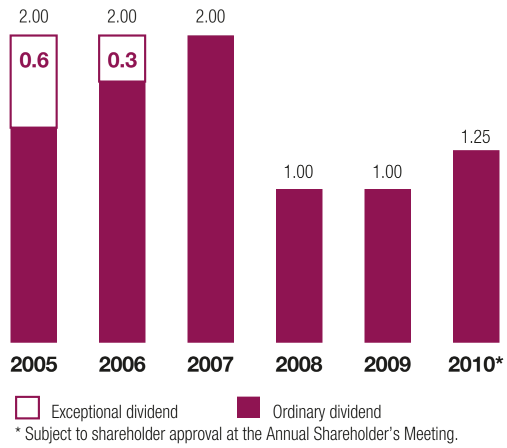
1.12 Shareholder information

1.12.1 Market data

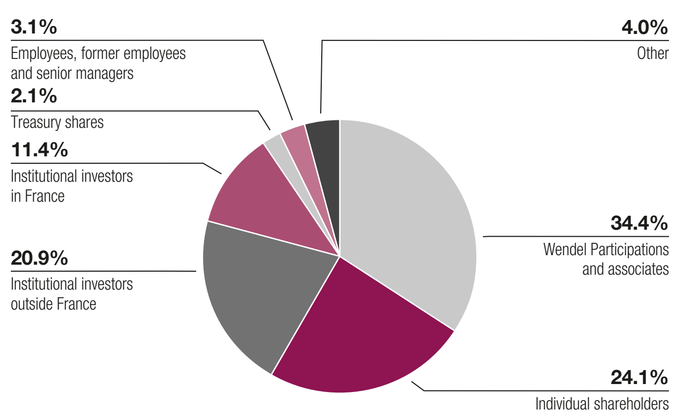


Listing market: EUROLIST SRD, A Board (Blue Chips) / ISIN code: FR0000121204 / Bloomberg: MF FP / Reuters ticket: MWDP.PA. Abbreviation: MF / Indices: CAC AllShares, CAC Mid Small 190, CAC Mid100, Next 150, SBF120, SBF80 / Quota: 1 share / PEA: Eligible. SRD: Eligible / Par value: 4 euros / Number of shares outstanding: 50,501,779 at December 31, 2010.

1.12.2 Dividend (in euros)



1.12.3 Shareholders (at December 31, 2010)



1.12.4 Shareholder relations

Wendel's constant and in-depth dialogue with all of its shareholders is an intrinsic component of our value-creation approach. A number of initiatives have been taken to meet the evolving needs of individual and institutional investors.

In 2010, the Wendel Group took additional steps to strengthen communication with its nearly 40,000 individual shareholders. For the first time, the Group took part in Actionaria, a trade show bringing companies and shareholders face to face, held in Paris on November 19-20, 2010. For this event, Wendel developed its Shareholder's Guide. It provides all the information that a shareholder should know before making an investment decision. It describes Wendel's business model, the Group's growth outlook, the rights and responsibilities of every shareholder and practical information on how shareholders can exercise their rights. It is available on Wendel's website or by request from the Group Communications department.

This guide is the last item in a series of recently-updated shareholder information services, including a section of the company's website dedicated to shareholders, quarterly newsletters, a toll-free telephone number for information and an annual management report incorporated into the Reference Document submitted to the AMF. The Shareholders Advisory Committee, set up in 2009, met four times in 2010 and was consulted regarding all communications addressed to shareholders. Wendel values the Committee's recommendations and advice highly, as they help to educate shareholders about our business and provide an attractive, simplified presentation of our activities.

Wendel also organizes two major road-show campaigns for institutional investors each year. The first takes place after the full-year earnings release, in early April, and the second is scheduled in the first weeks of September, just after the publication of the half-year results. During these campaign periods, the Executive Committee members travel to the world's major financial centers to meet prominent investors and asset managers, shareholders and non-shareholders alike, who are interested in the Wendel Group. The rest of the year, Wendel takes part in various events organized by brokers who cover Wendel. We attended a total of nearly 400 meetings, one-on-one or in a group, in 2010.

Since 2009, we have also organized twice-yearly road shows geared specifically to the bond community. The Investor Relations team and the Chief Financial Officer met with almost 200 bond investors in 2010.

2011 Calendar

March 23: Net sales and 2010 annual results (pre-market release) – Publication of net asset value

May 5: Publication of first quarter 2011 net sales (post-market release)

May 30: Annual Meeting of Shareholders – Publication of net asset value

August 31: Net sales and 2011 interim results (pre-market release) – Publication of net asset value

November 9: Publication of third quarter 2011 net sales (post-market release)

December 2: Investors' Day – Publication of net asset value

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wendelgroup.com

2

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2.1 The Group's governing and supervisory bodies

The Corporate Governance section includes the report of the Chairman of the Supervisory Board on the Board's composition, on the balanced representation of women and men, on how it prepares and organizes its work, on the principles and rules of compensation of Board members and on internal controls as prepared in accordance with Article L. 225-68 paragraph 7 of the French Commercial Code.

The sections pertaining to Annual Meeting procedures and information, as provided for under Article L. 225-100-3 of the French Commercial Code, are located in section 6, "Information on the Company and share capital". This report was approved by the Supervisory Board at its meeting of March 22, 2011, after review by the Audit and Governance Committees.

2.1.1 The Executive Board and its operations

2.1.1.1 Composition

Pursuant to Article 17 of the Company's by-laws, the Executive Board may be composed of a minimum of two and a maximum of seven members.

Upon its Chairman's proposal, the Supervisory Board appoints Executive Board members, and the term of their appointment is four years. The upper age limit for Executive Board members is 65 years.

The Executive Board is composed of two members, who since April 7, 2009, are Frédéric Lemoine and Bernard Gautier. The Executive Board's term expires on April 7, 2013.

2.1.1.2 Operations

The Executive Board met 27 times in 2010.

During each of its meetings, it discussed the following issues:

- the Group's financial situation;
- updates on subsidiaries and other investments;
- updates on ongoing financial operations, which in 2010 included:
  - the Helikos IPO,
  - the finalization of the debt restructuring of Deutsch and Stahl,
  - the divestment of blocks of shares in Legrand,
  - bond transactions,
  - the divestment of Wendel's stake in Stallergenes.

The following issues were addressed on a regular basis during the year:

- new investment opportunities;
- financial communication issues:
  - net asset value (NAV),
  - roadshows,
  - Investor Day;
- internal organization and labor issues:
  - organization of teams,
  - ethics,
  - training plan,
  - compensation policy,
  - insurance and pension plans;
- Group governance;
- disputes and litigation in progress;
- support of Centre Pompidou-Metz as a Founding Sponsor;
- and, depending on the regulatory and labor agenda, the preparation of the Annual Meeting and the closing of financial statements.

The by-law provisions relating to the Executive Board are described in section 6.2.3.

Bruno Fritsch, Investment Manager and member of the investment team since 2007, is the Secretary of the Executive Board.

No conviction for fraud, formal accusation and/or public sanction or liability for bankruptcy during the previous five years

To the best of the Company's knowledge, as of the date of issue of this document, no member of the Executive Board has in the past five years: (i) been convicted for fraud or formally accused or publicly sanctioned by the judiciary or government agencies (including designated professional associations); (ii) been involved in bankruptcy, the sequestration of assets or liquidation; (iii) been prevented by a court from acting as a member of a corporate, executive or supervisory body of an issuer or being involved in the management or the running of the business of an issuer.

Conflicts of interest – family ties – service contracts

Frédéric Lemoine and Bernard Gautier hold directorships in some of the Group's subsidiaries or other investments.

No Executive Board member has been selected as a Wendel client or supplier.

Supervisory Board members have no family ties with the Executive Board members.

Frédéric LEMOINE

Chairman of the Executive Board

Date first appointed to the Executive Board: April 7, 2009

Current term ends: April 7, 2013

Born on June 27, 1965

Business address:
Wendel
89, rue Taitbout
75009 Paris
France

Career path:

Frederic Lemoine is a graduate of the HEC business school (1986) and of the Institut d'Etudes Politiques de Paris (1987). He is an alumnus of the Ecole Nationale d'Administration ("Victor Hugo" class) and an Inspecteur des finances. In 1992-1993, he headed up the Institut du Cœur of Ho Chi Minh-City, Vietnam, for one year, and in 2004 he became General Secretary of the Fondation Alain Carpentier, which supports this hospital. From 1995 to 1997, he was deputy chief of staff of the Minister of Labor and Social Affairs (Jacques Barrot), in charge of coordinating reform of the national health insurance system and hospital reform. At the same time he was a charge de mission with the Secretary of State for Healthcare and the National Health Insurance system (Hervé Gaymard). From 1997 to 2002, he was Delegated CEO, then CFO under Serge Kampf and the Executive Board of Capgemini, before being named Group VP in charge of finance of Capgemini Ernst & Young. From May 2002 to June 2004, he was the deputy General Secretary of French President Jacques Chirac, in charge of economic and financial affairs and other areas.

From October 2004 to May 2008, he *was a* Senior Advisor at McKinsey. From March 2005 to April 2009, he was Chairman of the Supervisory Board of Areva.

He is also a member of the Board of Directors of INSEAD and a member of the Board of Directors of Centre Pompidou-Metz.

He is a Knight of the National Order of Merit and a Knight of the National Order of the Legion of Honor.

Directorships at December 31, 2010:

Wendel Group:

Vice Chairman of the Board of Directors of Bureau Veritas

Director of Legrand

Director of Saint-Gobain

Chairman of the Supervisory Board of Oranje-Nassau Groep BV

Chairman of the Board of Directors of Trief Corporation SA

Chairman of Winbond SAS

Other directorships and positions:

Director of Groupama

Director of Flamel Technologies

Directorships expired in the last five years:

Chairman of the Supervisory Board of Areva (2005-2009)

Member of the Supervisory Board, then non-voting Board member of Générale de Santé (2006-2009)

Member of the Wendel Supervisory Board (2008-2009)

Manager of LCE SARL (2004-2009)

Number of Wendel shares held at December 31, 2010: 11,000

Bernard GAUTIER

Member of the Executive Board

Date first appointed to the Executive Board: May 31, 2005

Current term expires: April 7, 2013

Born on June 6, 1959

Business address: Wendel
89, rue Taitbout
75009 Paris
France

Career path:

Graduate of the Ecole Supérieure d'Electricité.

After serving as Chairman in 1981 of the National Confederation of Junior Companies, he began his career by creating a media company, AG Euromedia. From 1983 to 1989, he was a consultant and then a director of studies at Arthur Andersen (which later became Accenture) in the industry media-press and services sectors. He joined Bain & Co. strategy consultants, where he became a Partner in 1995 and then a Senior Partner in 1999, responsible for Telecom, Technologies and Media in Europe and a member of the International Board of Directors, with major industrial groups and the largest investors in Europe as clients. He acquired direct investment experience with the Atlas Venture fund, where he was Senior Partner and manager of their Paris office from 2000 to 2003. He joined Wendel in 2003 and was appointed a member of the Executive Board in 2005.

Directorships at December 31, 2010:

Wendel Group:

Director of Saint-Gobain

Member of the Executive Committee of Deutsch

Director of Stahl Holding BV, Winvest Part BV, Winvest Part 4 SA, Stahl Lux 2 SA, Stichting Administratiekantoor II Stahl Groep II, Stahl Group BV and Trief Corporation.

Management Board Member of Materis Parent

Director and Chairman of Winvest International SA. SICAR

Manager and Chairman of Winvest Conseil SARL

Member of the Supervisory Board of Legron BV (until July 2, 2010)

Director of Wendel Japan KK.

Other directorships and positions:

Member of the Supervisory Board of Altineis (since 2004)

Director of Communication, Media Partner (since 2000)

Manager of BJPG Participations, BJPG Assets, Sweet Investment, BJPG Conseil.

Directorships expired in the last five years:

Vice-Chairman of the Supervisory Board of Editis Holding (2004-2008)

Director of Wheelabrator Allevard and TFM (2004-2006)

Number of Wendel shares held at December 31, 2010: 310,582

2.1.2 The Supervisory Board and its operations

2.1.2.1 Composition

Pursuant to Article 12 of the by-laws, the Supervisory Board has no fewer than three members and no more than 18 members.

At December 31, 2010, the Supervisory Board had 10 members.

Grégoire Olivier, an independent member of the Supervisory Board since May 27, 2003, stepped down from his position on August 31, 2010, for professional reasons: he will be relocating to Shanghai, China, to head the Asian operations of PSA Peugeot Citroën.

Ernest-Antoine Seillière is the Chairman of the Supervisory Board. Guy de Wouters is the Vice-Chairman of the Board.

Supervisory Board members are appointed to four-year terms by shareholders at their Ordinary Annual Meeting. However, to avoid having to reappoint the entire Supervisory Board at once, reappointments were staggered beginning in 2005, following the switchover to a dual governance structure and in accordance with AFEP-MEDEF recommendation 12. As a result, the following members' terms shall end on the following dates, effective December 31, 2010:

- 2011 (Annual Meeting to approve 2010 financial statements):
  - Didier Cherpitel,
  - Guy de Wouters.
- 2012 (Annual Meeting to approve 2011 financial statements):
  - Jean-Marc Janodet,
  - François de Mitry,
  - François de Wendel.
- 2013 (Annual Meeting to approve 2012 financial statements):
  - Ernest-Antoine Seillière,
  - Edouard de l'Espée.
- 2014 (Annual Meeting to approve 2013 financial statements):
  - Dominique Hériard Dubreuil,
  - Guylaine Saucier,
  - Nicolas Celier.

The number of Supervisory Board members more than 70 years old may not, after each year's Ordinary Annual Meeting, exceed one-third of current Board members.

Since the Supervisory Board meeting of June 9, 2008, two representatives of the *comité d'entreprise* (works council, which represents labor interests) have attended Board meetings in an advisory role.

An AFEP-MEDEF recommendation issued in April 2010 sets targets for the percentage of women that should be represented on corporate boards: at least 20% in 2013 and at least 40% in 2016. In addition, a French law enacted on January 27, 2011, on the balanced representation of women and men in corporate boards and on workplace equality, stipulates that these same percentages be attained by the Ordinary Annual Meetings held on or after January 1, 2014, and on or after January 1, 2017, respectively. To prepare for compliance with the AFEP-MEDEF recommendation and the January 27, 2011 law, and taking into account the fact that Béatrice Dautresme did not wish, for personal reasons, to seek the renewal of her office, two women directors were appointed to the Company's Supervisory Board at the Annual Shareholders' Meeting on June 4, 2010.

2.1.2.1.1 Company management expertise and experience of Supervisory Board members and directorships held during the previous five years

Ernest-Antoine SEILLIÈRE

Chairman of the Wendel Supervisory Board

Date appointed to first term: June 2, 1981

Current term ends: 2013 Annual Meeting

Born on December 20, 1937

Business address: Wendel
89, rue Taitbout
75009 Paris
France

Career path:

Graduate of the Institut d'Etudes Politiques de Paris and a law graduate. Alumnus of the Ecole Nationale d'Administration and the Harvard Center for International Affairs.

After serving as foreign affairs adviser and technical adviser to several government ministers, he joined the Wendel Group in 1976, where he has held several positions, including those of CEO and Board member (1978-1987), then Chairman and CEO (1987-2002) of CGIP, and Deputy CEO, then Chairman of Marine-Wendel (1992-2002). After the merger of the two companies he was Chairman and CEO of WENDEL Investissement, before becoming Chairman of the Supervisory Board in 2005.

He was President of the MEDEF (French Employers' Federation) from 1997 to 2005 and then President of Businesseurope from 2005 to 2009.

He is a Commander of the National Order of the Legion of Honor, an Officer of the National Order of Merit, and a Commander of the Order of Oranje-Nassau (Netherlands) and of the Order of Leopold I (Belgium).

Directorships and positions held at December 31, 2010:

Wendel Group:

Director of Bureau Veritas

Director of Legrand

Honorary Chairman of the Board of Directors and Director of Wendel-Participations

Director of Sofisamc

Other directorships and positions:

Member of the Supervisory Board of Peugeot SA

Member of the Supervisory Board of Hermès International

Directorships expired in the last five years:

Chairman of the Board of Directors of Company Lorraine de Participations Siderurgiques – SLPS (2003-2008)

Chairman of the Supervisory Board of Oranje-Nassau Groep BV (2001-2009)

Chairman of the Board of Directors of Legrand Holding (2002-2006)

Chairman of the Board of Directors of Lumina Parent (2003-2006)

Member of the Supervisory Board of Editis Holding (2004-2008)

Member of the Supervisory Board of Gras Savoye (2003-2009)

Number of Wendel shares held at December 31, 2010: 807,939

Guy DE WOUTERS

Vice-Chairman of the Wendel Supervisory Board

Member of the Governance Committee

Date appointed to first term: June 11, 1986

Current term ends: 2011 Annual Meeting

Born on October 1, 1930

Business address: Wendel
89, rue Taitbout
75009 Paris
France

Career path:

Guy de Wouters is a Belgian citizen and holds a doctorate in law and economics.

Throughout a long career with the Royal Dutch/Shell group he held various executive positions in the energy and petrochemical sectors. He was successively legal director of Shell France, then Director, Shell Chemicals, and Chairman, Cie Chimique de la Méditerranée. He was appointed Chairman of Belgian Shell in 1974 and Director, Strategic Planning at the Group's London head office until 1984. From 1985 to 1995 he was a member of the Executive Committee and then the Board of Directors of Société Générale de Belgique. He has chaired the Executive Committee of Tractebel and was the Société Générale de Belgique board appointee to several boards such as those of Electrafina, Sofina, Petrofina, Havas, RTL, and others. He has been with the Wendel Group since 1985. He was Chairman of Oranje-Nassau up to 2000 and Director of various subsidiaries including CarnaudMetalbox, Valeo, Capgemini and Stallergenes. Since 2009 he has been part of the European Advisory Committee of two companies in London (Ondra and Sardis). In addition, he was also Chairman of Uniapac (International Union of Christian Business Executives) from 1993 to 1997, and a member of the Board of the Fondation Médecins sans Frontières. (1989-2009). (1989-2009).

He is a Knight of the Order of the Legion of Honor, the Order of the Crown (Belgium) and an Officer of the Order of Leopold (Belgium).

Directorships and positions held at December 31, 2010:

Wendel Group:

Non-voting Board member of Wendel-Participations

Other directorships and positions:

He is on the Boards of Directors of various cultural patronage associations, including:

- Association pour le développement du Centre Georges-Pompidou
- Art et Spiritualité
- Festival d'Automne
- Collection Lambert (Avignon, France)

Number of Wendel shares held at December 31, 2010: 342

Nicolas CELIER

Member of the Wendel Supervisory Board

Member of the Audit Committee

Date appointed to first term: May 29, 2006

Current term ends: 2014 Annual Meeting

Born on August 31, 1943

Business address:
FKO Invest bv
37, rue de l'Université
75007 Paris
France

Career path:

Engineering graduate from the Polytechnic Institute, Zurich.

After working at Sacilor as head of rolling and then as product head, he was Managing Director of Air Conditionné Airwell from 1980 to 1983, delegated CEO at Lyonnaise des Eaux, Chairman and CEO of Unidel-Sécurité. From 1987 to 1993, he headed up the French activities of the ABB Flakt group (Flakt, Ventilation Industrielle and Minière, Solyvent-Ventec, etc.). Beginning 1994, he was CEO of Sulzer-Infra SA, then Director of development of Cofixel, and manager of various companies in the Fabricom group in Germany and the UK, and, until 2004, he headed up the European companies of Axima Refrigeration.

Directorships and positions held at December 31, 2010:

Wendel Group:

Non-voting Board member of Wendel-Participations

Other directorships and positions:

Chairman of the Supervisory Board of Optimprocess SA

Member of the Board of Directors of SOFOC SA

Chairman of Cherche-Midi Participations SAS

Chairman of Messine Investissements SAS

Board Member of Financière de Mussy SAS

Board Member of Pakers Mussy SAS

Board Member of Lamibois SAS

Board Member of I-ces SAS

Board Member of Olivier Partners SAS

Board Member of I xeo SAS

Manager of FKO Invest BV (The Hague)

Director of RSO SpA (Milan)

Manager of Optical Square Investors SC

Directorships expired in the last five years:

Member of the Supervisory Board of Solving Efeso International SA

Member of the Supervisory Board of Oslo Software SA

Board Member of Oslo Partners Investment SAS

Number of Wendel shares held at December 31, 2010: 91,739

Didier CHERPITEL

Member of the Wendel Supervisory Board

Chairman of the Governance Committee

Date appointed to first term: June 13, 1998

Current term ends: 2011 Annual Meeting

Born on December 24, 1944

Business address: Wendel
89, rue Taitbout
75009 Paris
France

Career path:

Postgraduate degree of economic sciences and from the Institut d'Etudes Politiques de Paris.

He worked from 1970 to 1998 at J.P. Morgan in New York, Paris, Singapore, Brussels and London. He has been Managing Director of J.P. Morgan Guaranty Ltd in London, Chairman and CEO of J.P. Morgan France and Managing Director with responsibility for private banking activities in Europe. After two years as Manager Director with responsibility for capital markets activities at Security Capital Group in London, he spent four years as General Secretary of the International Federation of Red Cross and Red Crescent Societies in Geneva.

Directorships and positions held at December 31, 2010:

Other directorships and positions:

Director of ProLogis European Properties (PEPR) (Luxembourg)

Director of Fidelity International (Luxembourg)

Founder and Director of Managers Sans Frontières (an NGO based in Quebec, Canada)

Director of Swiss Philanthropic Foundation (a Geneva-based NGO)

Director and treasurer of François-Xavier Bagnoud International (Sion)

Director and treasurer of the Fondation Mérieux

Director of IFFIm/GAVI Alliance (UK Charity), a global organization specializing in vaccination campaigns in the poorest countries.

Director of Fédéractive

Directorships expired in the last five years:

Chairman of the Supervisory Board of Atos Origin from June 2004 to June 2008

Member of the Fondation MSF France from 2003 to 2009

Number of Wendel shares held at December 31, 2010: 4,000

Édouard de L'ESPÉE

Member of the Wendel Supervisory Board

Member of the Audit Committee

Date appointed to first term: September 6, 2004

Current term ends: 2013 Annual Meeting

Born on September 5, 1948

Business address:
Compagnie Financière Aval
6, route de Malagnou
Geneva – 1208
Switzerland

Career path:

Graduate of the Ecole Supérieure de Commerce de Paris.

He began his career as a financial analyst and portfolio manager in Geneva, London and Paris. In 1988 he was appointed manager of Praetor Global Bond, an international bond fund, and he established Concorde Bank Ltd (Barbados) the same year. An independent manager in Geneva since 1999, he created Calypso Asset Management in 1999. He has been an Executive Director Compagnie Financière Aval since its merger with CFA in 2008. He is a member of the Swiss Financial Analysts Association and has been Chairman of Praetor Sicav and Praetor Global Fund (Groupe Martin Maurel) and Director of Wendel-Participations.

Directorships and positions held at December 31, 2010:

Wendel Group:

Director of Wendel-Participations

Other directorships and positions:

Chairman of Praetor Sicav (Luxembourg)

Chairman of Praetor Global Fund (Luxembourg)

Director of Praetor Advisory Company (Luxembourg)

Directorships expired in the last five years:

Director of Concorde Asset Management (2009)

Number of Wendel shares held at December 31, 2010: 3,706

Dominique HÉRIARD DUBREUIL

Member of the Wendel Supervisory Board

Member of the Governance Committee

Date appointed to first term: June 4, 2010

Current term ends: 2014 Annual Meeting

Born on July 6, 1946

Business address: Remy Cointreau
21, boulevard Haussmann
75009 Paris
France

Career path:

Assas law school (Paris); Institut des Relations Publiques.

Media contact at Havas Conseil (1969-1972); Founder of public relations department at Ogilvy & Mather (1972); Head of programs at Hill & Knowlton (1973-1975); Founder of the public relations department at McCann-Erickson France (1975-1977); Founder (1978) and Chairman-CEO (1984-1987) of the Infoplan agency; CEO (1988-1990), Chairman (since 1990) of E. Remy Martin & Cie in Cognac, France; Chairman and CEO (1998-2000), Chairman of the Executive Board (2001-2004) then of the Board of Directors (since 2004) of the Remy Cointreau group; Chairman (1992-1994), Director of the Federation of Wine and Spirit Exporters of France (FEVS); Chairman (1992 to 1994), Director of the Comite Colbert.

Directorships and positions held at December 31, 2010:

Main position:

Chairman of the Board of Directors of Remy Cointreau

Other directorships and positions:

Chairman of Vinexpo Overseas and member of the Supervisory Board of Vinexpo SAS

Member of the MEDEF Executive Council and Director of AFEP

Director of Baccarat

Director of INRA

Member of the Supervisory Board of Vivendi

Director of the Fondation de la 2e chance

Director of the Fondation de France

Number of Wendel shares held at December 31, 2010: 1,500

Jean-Marc JANODET

Member of the Wendel Supervisory Board

Chairman of the Audit Committee until March 22, 2011

Date appointed to first term: November 20, 1997

Current term ends: 2012 Annual Meeting

Born on June 29, 1934

Business address: Wendel
89, rue Taitbout
75009 Paris
France

Career path:

Graduate of the Ecole Supérieure de Commerce de Paris. He has spent his entire career at the Wendel Group: he has been a Director and CEO of Marine-Wendel and Director and member of the Executive Committee responsible for finance at CGIP.

He is an officer of the National Order of Merit.

Directorships and positions held at December 31, 2010:

Wendel Group:

Chairman of the Board of Directors of Sofisamc

Director of Trief Corporation (Luxembourg)

Directorships expired in the last five years:

Chairman of Trief Corporation (expired in 2009)

Member of the Supervisory Board of Banque Neuflize OBC (expired in 2008)

Director of Solfur (expired in 2006)

Permanent representative of the Compagnie Financière de la Trinité on the Board of Directors of Stallergenes (expired in 2010)

Number of Wendel shares held at December 31, 2010: 22,935

François de MITRY

Member of the Wendel Supervisory Board

Member of the Governance Committee

Date appointed to first term: September 6, 2004

Current term ends: 2012 Annual Meeting

Born on January 27, 1966

Business address:
Intermediate Capital Group PLC-ICG
20, Old Broad Street
London EC2N 1DP
United Kingdom

Career path:

Graduate of the Institut d'Etudes Politiques de Paris. Alumnus of Université de Paris-Dauphine (masters degree in management and post-graduate diploma in Finance) and Yale University.

He began his career at HSBC and then at Société Générale. He joined Intermediate Capital Group PLC in 1997 and was appointed CEO and a member of the Board in 2003.

Directorships and positions held at December 31, 2010:

Main position:

CEO and Director of Intermediate Capital Group PLC

Wendel Group:

Non-voting Board member of Wendel-Participations

Other directorships and positions:

Director of Parken and of Gerflor

Representative of ICG on the Boards of Directors of Nocibé and Medi-Partenaires. Chairman of the Supervisory Board of Eisman GmbH

Number of Wendel shares held at December 31, 2010: 285

Guylaine SAUCIER

Member of the Wendel Supervisory Board

Chairman of the Audit Committee since March 22, 2011

Date appointed to first term: June 4, 2010

Current term ends: 2014 Annual Meeting

Born on June 10, 1946

Business address:
1000 rue de la Gauchetière Ouest
Bureau 2500
Montreal, QC H3B OA2
Canada

Career path:

Graduate, with a baccalaureat es arts, from the College Marguerite-Bourgeois and a licence degree in business from the Ecole des Hautes Etudes Commerciales de Montreal.

Fellow of the Order of Certified Public Accountants of Quebec. Chairman and CEO of Gerard Saucier Ltée, a major group specializing in forestry products, from 1975 to 1989. She is also an institute-certified Director of the Institute of Corporate Directors.

As a company Director, she sits on the Board of Directors of several major companies, including Bank of Montreal, Axa Assurances Inc., Danone and Areva.

She was Chairman of the Joint Committee of Corporate Governance (ICCA, CDNX, TSX) (2000-2001), Chairman of the Board of Directors of CBC/Radio-Canada (1995 to 2000), Chairman of the Board of Directors of the Canadian Institute of Chartered Accountants (1999 to 2000), Member of the Board of Directors of the Bank of Canada (1987 to 1991), member of the Commission of Inquiry on Unemployment Insurance (1986) and Member of the Ministerial Task Force on Social Security Reform (1994). First woman appointed President of the Quebec Chamber of Commerce. She has played a very active role in the community as a Board member of various institutions, including the University of Montreal, the Montreal Symphony Orchestra and the Hôtel-Dieu de Montreal.

She was recognized as a member of the Order of Canada in 1989 for her exceptional civic-mindedness and significant contribution to the business world.

On May 18, 2004, she was named a "Fellow" of the Institute of Corporate Directors, and on February 4, 2005, received the 25th McGill University Management Achievement Award. On September 2010, she was made Honorary Corporate Director by the Collège des Administrateurs de Sociétés.

Directorships and positions held at December 31, 2010:

Other directorships and positions:

Member of the Board of Directors of the Bank of Montreal (since 1992), member of the Audit Committee and member of the Risk Management Committee

Member of the Board of Directors of Danone (since 2009) and Chairman of the Audit Committee

Member of the Board of Directors of Axa Assurances Inc. (since 1987) and member of the Audit Committee

Member of the Areva Supervisory Board (since 2006) and Chairman of the Audit Committee

Directorships expired in the last five years:

Member of the Board of Directors of Petro-Canada (1991-2009)

Member of the Board of Directors of CHC Helicopter Corp. (2005-2008)

Member of the Board of Directors of Altran Technologies (2003-2007)

Number of Wendel shares held at December 31, 2010: 100

François de WENDEL

Member of the Wendel Supervisory Board

Member of the Governance Committee

Date appointed to first term: May 31, 2005

Current term ends: 2012 Annual Meeting

Born on January 13, 1949

Business address: Wendel-Participations
89, rue Taitbout
75009 Paris
France

Career path:

Graduate of the Institut d'Etudes Politiques in Paris, master's degree in economics from the University of Paris and an MBA from Harvard University.

He began his career with a number of senior management roles at Carnaud and CarnaudMetalbox. In 1992, he joined the Pechiney Group where he was CEO of Aluminium de Grèce. From 1998 to 2005, he held executive management roles at Crown Cork, firstly as *Senior Vice-President* in charge of procurement for Europe, then as Executive Vice-President in charge of the "Food Europe Africa & Middle East" division.

Directorships and positions held at December 31, 2010:

Wendel Group:

Chairman and CEO of Wendel-Participations

Other directorships and positions:

Director of Burelle SA

Member of the Supervisory Board of Massilly Holding (since 2007)

Directorships expired in the last five years:

Chairman and CEO of Carnaud Maroc

Chairman and CEO of Éole

Chairman and CEO of Crown Nahrungsmitteldosen Deutschland GmbH

Chairman of Crown Emballage France (SAS)

Vice-Chairman of Crown Food Europe

Co-Manager of Crown Europe Group Service

Director of FaBa Sirma SpA

Director of FaBa Sud SpA

Manager of Crown & Seal de Portugal Embalagens SA (Portugal)

Manager of Crown Packaging UK Plc

Member of the Supervisory Board de Crown Magyarorszag Cosmagoloipari KFT (Hungary)

Member of the Supervisory Board of Crown Netherlands Investment BV

Member of the Supervisory Board of Crown Cork Kuban (Russia)

Member of the Supervisory Board of Crown Packaging Slovakia, SRO (Slovakia)

Member of Crown Cork Kuban (Russia)

Number of Wendel shares held at December 31, 2010: 77,693

Information on Humbert de Wendel and Gérard Buffière, whose appointments as Members of the Supervisory Board will be submitted for shareholder approval at the Annual Meeting of May 30, 2011.

It is specified that if Gérard Buffière's appointment as a member of the Supervisory Board is approved at the Annual Shareholders' Meeting of May 30, 2011, he will be considered an independent director, based on the criteria of the AFEP-MEDEF Code (see "Independence of Supervisory Board members" below).

It is specified that Humbert de Wendel is a member of the Wendel family and is a director of Wendel-Participations.

Humbert de WENDEL

New Member of the Supervisory Board whose appointment will be submitted for shareholder approval at the Annual Meeting of May 30, 2011

Born on April 20, 1956

Business address:
Total
2, place Jean Millier
La Défense 6
92400 Courbevoie
France

Career path:

Graduate of the Institut d'Etudes Politiques de Paris and ESSEC.

Humbert de Wendel has spent his entire career with the Total Group, which he joined in 1982, mainly holding positions in Finance, first heading trading floor operations and then financial operations, successively, for each of the Group's divisions. He also spent several years in London heading the finance division of one of Total's joint ventures. He is currently Director of Acquisitions and Divestments and the head of the Group's Corporate Business Development.

Directorships and positions held at December 31, 2010:

Main position:

Total – Director of Acquisitions and Divestments (since September 2006)

Director of Cia Española de Petroleos SA – CEPSA

Chairman and CEO of ODIVAL SAS

Director of Eurotradia SA

Wendel Group:

Director of Wendel-Participations

Other directorships and positions:

Manager of Financière Berlioz SC

Manager of Omnium Lorrain SC

Manager of SCI Invalides-Constantine

Directorships expired in the last five years:

Vice-President of Total Finance International

Chairman of DAJA 51

Chairman of DAJA 52

Number of Wendel shares held at December 31, 2010: 267,226

GÉRARD BUFFIÈRE

New Member of the Supervisory Board whose appointment will be submitted for shareholder approval at the Annual Meeting of May 30, 2011

Born on March 28, 1945

Business address: Imerys
154, rue de l'Université
75007 Paris
France

Career path:

Graduate of École Polytechnique de Paris and Stanford University (United States), where he obtained a Master of Science.

Gérard Buffière began his career in 1969 with the French group Banexi. After holding a range of positions with the US-based Otis Elevator, he joined the international group Schlumberger in 1979, where he held several management positions before taking over the Electronic Transactions branch in 1989. He moved on to become Chief Executive Officer, Industrial Equipment division, for the French group Cegelec in 1996. He joined the Imerys group in March 1998 as a member of the Executive Board and the head of the Building Materials division. In 1999, he took over the management of Ceramics & Specialties as well, and was also in charge of Pigments & Additives from 2000 to 2002. Gérard Buffière was Chairman of the Executive Board from January 1, 2003, to May 3, 2005, on which date he was appointed as a member of the Board of Directors and the Chief Executive Officer of Imerys, coinciding with the change in the company's governance structure.

Directorships and positions held at December 31, 2010:

Main position:

Member of the Board of Directors and Chief Executive Officer: Imerys

Other directorships and positions:

Chairman of the Board of Directors: Financière du Parc Duquesne (France)

Manager: Société Immobilière Buffière (France)

2.1.2.1.2 No conviction for fraud, formal accusation and/or public sanction or liability for bankruptcy during the previous five years

To the best of the Company's knowledge, as of the date of issue of this document, no member of the Supervisory Board has in the past five years (i) been convicted for fraud or formally accused or publicly sanctioned by the judiciary or government agencies (including designated professional associations); (ii) been involved in bankruptcy, the sequestration of assets or liquidation; (iii) been prevented by a court from acting as a member of a corporate, executive or supervisory body of an issuer or being involved in the management or the running of the business of an issuer.

2.1.2.1.3 Conflicts of interest – family ties – service contracts

Ernest-Antoine Seillière, François de Wendel, François de Mitry, Édouard de l'Espée, Nicolas Celier and Guy de Wouters are members of the Wendel family.

Ernest-Antoine Seillière (as Director and Honorary Chairman), François de Wendel (as Chairman and CEO) and Edouard de l'Espée (as a Director) are Directors of Wendel-Participations, the Company's main shareholder, which represents the interests of Wendel family members. Guy de Wouters, Nicolas Celier and François de Mitry are non-voting Board members of Wendel-Participations.

François de Mitry is a member of the Board and the Chief Executive Officer of ICG, an investment firm with an interest in the financing of certain subsidiaries.

Ernest-Antoine Seillière and Jean-Marc Janodet hold directorships in some of the Group's subsidiaries or other investments.

To the Company's knowledge, no Supervisory Board member has been selected as a Wendel client or supplier.

Executive Board members have no family ties with the Supervisory Board members.

2.1.2.1.4 Independence of Supervisory Board members

The Supervisory Board ensures that its composition guarantees the impartiality of its discussions and the presence of qualified independent members.

The Supervisory Board uses the AFEP-MEDEF report's definition of "independent member": "A director is independent when he or she has no relationship of any kind with the Company, its group or its management, which could compromise his or her judgment."

At its meeting of February 10, 2011, the Supervisory Board reviewed the independence situation of its members based on the following criteria, in accordance with recommendation 8.4 of the AFEP-MEDEF Code to ensure that they:

- were not employees or corporate officers of the Company, employees or directors of the parent company or of a company consolidated by it, either currently or at any time in the five previous years;
- were not corporate officers of a company in which the Company holds, directly or indirectly, a directorship, or in which an employee designated as such or a corporate officer of the company (current or in the last five years) holds a directorship;
- were not customers, suppliers, investment bankers or corporate bankers:
  - of the Company or the Group to a significant extent,
  - or for which the Company or the Group accounts for a significant portion of business activity;

did not have close family ties with a corporate officer;

- have not been a Statutory Auditor of the Company during the previous five years;
- have not been members of the Board for more than 12 years (the loss of independent director status under this criterion does not occur until the end of the term during which seniority exceeded 12 years).

The Supervisory Board applies the proposed independence criteria. However, it adds its own interpretation to the criterion limiting the length of the successive terms of an independent director to 12 years. It is of the opinion that, in light of his extensive experience on and outside of the Board, his compliance with all other criteria in the AFEP-MEDEF Code and his personal qualities, Didier Cherpitel should be considered as an independent director despite his initial appointment in June 1998.

Given Wendel's business as a medium- and long-term investor, the Supervisory Board believes that experience acquired in this area is an essential criterion in assessing the skills of the Company's Supervisory Board members. The Supervisory Board therefore considered that as of February 10, 2011, three members met the independence criteria set forth in the AFEP-MEDEF Code: Dominique Hériard Dubreuil, Guylaine Saucier and Didier Cherpitel (whose term will be proposed for renewal at the Annual Shareholders' Meeting of May 30, 2011).

The number of independent members on the Supervisory Board is expected to rise to four after the Annual Meeting of May 30, 2011. Grégoire Olivier has stepped down from his position and Guy de Wouters is not seeking the renewal of his office. The appointments of Humbert de Wendel and Gérard Buffière will be submitted for shareholder approval at the May 30, 2011 Annual Meeting. At its February 9, 2011 meeting, the Governance Committee deemed that Gérard Buffière would be considered independent. If the shareholders approve these two appointments at their Annual Meeting of May 30, 2011, more than one-third (four out of eleven members) of the Supervisory Board will be considered independent, in compliance with recommendation 8.2 of the AFEP-MEDEF Code, which advocates that at least one-third of directors of controlled companies be independent.

2.1.2.2 Preparation and organization of the Board's proceedings

At its meeting on December 1, 2010, the Supervisory Board adopted a set of internal regulations, which replaced the Code of Conduct for Supervisory Board members established in 2006. These new internal regulations set forth the rights and responsibilities of its members and the minimum number of shares that each member must own. It specifies the rules for trading shares of Wendel or its listed subsidiaries or investments (see section 2.1.6, "Compliance issues involving the Group's governing and supervisory bodies").

The Board's Internal Regulations are available for viewing at the Company's head office, located at 89, rue Taitbout, 75009 Paris, France.

2.1.2.2.1 The Supervisory Board's meetings

The Supervisory Board meets as often as the interests of the Company require and at least once a quarter, as convened by its Chairman.

The Chairman of the Supervisory Board is responsible for convening the Board and chairing its discussions. In the event the Chairman is unable to attend, this task is the responsibility of the Deputy Chairman. Notices of meeting are sent by post or email and, whenever possible, one week in advance. In cases of emergency, the Supervisory Board may be convened without notice and be held by telephone or other means of telecommunication. The Supervisory Board's internal regulations allow Directors to attend Board meetings by telephone or videoconference. Given the large number of meetings and geographic dispersal of Board members, the use of secure telephone conferences was quite frequent in 2010 and took place according to the legal provisions in force.

The Statutory Auditors are invited to all meetings of the Supervisory Board at which the annual or semi-annual financial statements are examined and attend that part of the meeting during which the financial statements are on the agenda.

The Supervisory Board meets regularly. In 2010, it met 12 times (versus 15 times in the previous year). Average attendance was almost 90% for meetings of the Supervisory Board, and the average length of Supervisory Board meetings was around two and a half hours.

The Supervisory Board has a Secretary: David Darmon, a Managing Director who has been on the investment team since 2005.

Considerable care is taken to provide Supervisory Board members with comprehensive, high-quality information in preparation for meetings and to transmit these information packages promptly. Meeting minutes are prepared by the Secretary of the Supervisory Board and are sent to members about four weeks after the meeting. Any changes are sent subsequently. Minutes of a Supervisory Board meeting are approved at the start of the Supervisory Board's following meeting before being put on file. Board members also receive all information published by the Company at the time of its release. The main analyst studies and the most significant press articles are forwarded to them, whenever necessary, at the following Board meeting or by e-mail where priority is essential. A record of attendance is also kept.

At least once every quarter, the Executive Board presents to the Supervisory Board a report on the Company's highlights and main activities. After the end of each fiscal year, the Executive Board submits the annual and semi-annual financial statements, as well as the management and financial report to the Supervisory Board for verification and approval.

The main items discussed at Supervisory Board meetings during 2010 were as follows:

- earnings projections;
- situation of subsidiaries;
- strategic objectives for 2010 and 2011;
- share price and NAV;
- methodology for calculating NAV and publication dates;
- financial communication;
- parent company and consolidated financial statements at December 31, 2009 and June 30, 2010 and Statutory Auditors' reports;
- management forecast reports;
- regulated agreements;
- reports of the Audit and Governance Committees;
- resolutions submitted by the Executive Board to shareholders at their June 4, 2010, Annual Meeting;
- report of the Chairman of the Supervisory Board on governance and internal controls;
- governance and compensation;
- changes to the composition of the Committees;
- internal regulations of the Supervisory Board;
- quarterly reports of the Executive Board on the situation of the Company and the Group;
- awarding of stock options and performance shares;
- co-investment policy;
- capital increase reserved for members of the Group savings plan;
- financing and bond issue;
- investment opportunities;
- divestment of financial holdings;
- restructuring the financing of subsidiaries (Deutsch and Stahl);
- modification of thresholds requiring the prior consent of the Board;
- review of litigation;
- share buyback.

2.1.2.3 Evaluation of the Supervisory Board and its committees

Recommendation 9 of the AFEP-MEDEF Code advocates carrying out "the evaluation of its capacity to meet shareholder expectations […] by periodically reviewing its composition, organization and operations […]". It is therefore recommended:

- that each year the Board have one agenda item devoted to a discussion about its operations;
- that a formal evaluation be carried out at least every three years.

The Governance Committee has an agenda item every year on how its work is to be prepared and organized and reports its findings to the Supervisory Board. A formal evaluation was carried out under the authority of the Chairman of the Governance Committee, based on interviews with individual members and responses to a questionnaire sent to all Board members. The conclusions drawn from the interviews and questionnaire were reviewed at the November 30, 2010, meeting of the Governance Committee and the December 1, 2010, meeting of the Board.

The main conclusions were as follows:

- All Board members agree that the composition of the Supervisory Board is appropriate with respect to the composition of the shareholder base and the Company's business activities;
- Regarding the information provided to Supervisory Board members, no major shortcoming was revealed in the questionnaire;
- The amount of the Director's fees paid to members of the Supervisory Board was judged to be appropriate;
- The Board members observed that the operations of the Supervisory Board had been significantly improved during recent months. For example, they found that the strategic review conducted with Executive Board members during the Supervisory Board meeting of November 15, 2010, was particularly useful and would like to be able to discuss strategy with the Executive Board on a regular basis, at least once a year. They also found that important issues are effectively addressed during the Supervisory Board's meetings and that the minutes accurately reflect the meeting's discussions.

2.1.3 Corporate governance statement

As decided by the Supervisory Board at its meeting of December 1, 2008, and by virtue of Article L. 225-68 of the French Commercial Code, the Company refers to the AFEP-MEDEF Corporate Governance Code for listed companies and to the recommendations provided therein. This Code is available on the MEDEF website: www.medef.fr/main/core.php.

At its meeting of February 10, 2011, the Supervisory Board examined the Company's situation with regard to the AFEP-MEDEF Code and found that it complied with all its recommendations, with the exception of those pertaining to:

- the proportion of independent members on the Supervisory Board and its committees;
- the setting of Director's fees on the basis of attendance rates at Supervisory Board meetings;
- the succession plan for corporate officers;
- the conditions attached to termination benefits paid to Executive Board members;
- the conditions attached to the grant of stock options and performance shares to Executive Board members.

The percentage of independent members on the Supervisory Board will again comply with the AFEP-MEDEF Code after the Annual Meeting of May 30, 2011, provided that the shareholders approve the appointment of a new independent director, Gérard Buffière, at that meeting.

Pursuant to Article L. 225-68 of the French Commercial Code, the reasons why the abovementioned provisions of the AFEP-MEDEF Code have not been met are detailed in the relevant sections of this Reference Document.

2.1.4 Supervisory Board committees

To discharge its responsibilities under optimal conditions, the Board's internal regulations stipulate that discussions on certain topics should be prepared in advance by standing Committees. There are two such committees: the Audit Committee and the Governance Committee.

The committees' responsibilities and procedures are detailed in the Supervisory Board's Internal Regulations.

2.1.4.1 Audit Committee

Composition

Up to June 4, 2010, the Audit Committee was composed of four members. Then, following the appointment of Guylaine Saucier at the Annual Shareholders' Meeting of June 4, 2010; the Audit Committee had five members. Since the resignation of Grégoire Olivier on August 31, 2010, the Audit Committee has again been composed of four members.

- Jean-Marc Janodet (Chairman until March 22, 2011);
- Nicolas Celier;
- Édouard de l'Espée;
- Grégoire Olivier (until August 31, 2010);
- Guylaine Saucier (since June 4, 2010 and Chairman since March 22, 2011).

Guylaine Saucier, an independent director, became Chairman of the Audit Committee at the close of the Supervisory Board meeting of March 22, 2011, replacing Jean-Marc Janodet (Chairman). This appointment strengthened compliance with the AFEP-MEDEF Code.

The Chairman of the Governance Committee, Didier Cherpitel, was invited to attend each Audit Committee meeting.

All members of the Audit Committee have the financial and accounting expertise necessary to be a member of the Committee, insofar as they occupy or have occupied senior executive positions in several industrial or financial companies.

Grégoire Olivier (until August 31, 2010) and Guylaine Saucier (since June 4, 2010) are the only Committee members considered to be independent. As a result, the Committee's composition does not strictly comply with AFEP-MEDEF recommendation 14.1, which advocates that at least two-thirds of the members be independent.

It is nevertheless the Board's opinion that other aspects—the fact that the Chairmanship is held by an independent member, the Committee's members' in-depth involvement and knowledge of the Company, the regular recourse to external experts and the frequency of meetings—outweigh a purely arithmetic approach to the composition of the Audit Committee.

Responsibilities

Pursuant to recommendation 14.2 of the AFEP-MEDEF Code, decree no. 2008-1278 of December 8, 2008, pertaining to the Statutory Auditors and the AMF's final report on the Audit Committee published in July 2010, Wendel's Audit Committee is responsible for monitoring:

- the process for preparing financial information;
- the effectiveness of internal control and risk management systems;

- the audit of parent company and consolidated financial statements by the Statutory Auditors;
- the independence of the Statutory Auditors.

More specifically, the Audit Committee's main tasks are to:

- ensure that accounting policies are appropriate and properly applied in the preparation of parent company and consolidated financial statements;
- verify the accounting treatment of any significant transaction realized by the Company;
- ensure that the processes used to produce financial information are rigorous enough to guarantee the sincerity of this information;
- ensure that a procedure exists to identify and analyze risks that may have material impact on accounting and financial information, notably the Company's assets;
- serve as liaison with the Statutory Auditors;
- review the main accounting and financial documents issued by the Company before they are published (in particular the periodic calculation of NAV);
- inform the Supervisory Board of any observations it considers relevant from an accounting and financial point of view, in particular when the semi-annual and annual parent company and consolidated financial statements are submitted for approval;
- oversee the Statutory Auditor selection process and submit its findings to the Supervisory Board, and issue a recommendation on the Statutory Auditors for shareholder approval at the Annual Meeting;
- review the audit and consulting fees paid by the Group and Group-controlled companies to the Statutory Auditors and their networks and submit a report to the Supervisory Board.

Organization and procedures

The Audit Committee meets as frequently as it deems necessary, and at least twice a year, prior to the Supervisory Board's review of the annual and semi-annual financial statements. The Committee may hold meetings using videoconferencing or other telecommunications tools. In conducting its work, it may address any issue that it considers to be useful and necessary, and it has access to all the resources it needs to discharge its responsibilities. To the greatest extent possible, its meetings are held sufficiently in advance of Board meetings to allow for an in-depth examination of any subject requiring the Committee's attention. Accordingly, documents are addressed to Committee members sufficiently in advance of the meeting. The Audit Committee may interview the accounting staff as well as the Statutory Auditors in the absence of the Company's management. Information on specific aspects of the Company's accounting, financial and operating processes are provided to Audit Committee members on request. The Committee may also hire experts to perform specific tasks falling within the scope of its responsibilities.

The Committee used this power to appoint a recognized independent expert (Ricol Lasteyrie et Associés since January 1, 2010) to evaluate the Company's net asset value (NAV). At the end of each Audit Committee meetings, its members confer privately in the absence of the Company's management. A report is made by the Chairman of the Audit Committee at the following meeting of the Supervisory Board.

The Audit Committee met six times in 2010 (versus seven times in 2009). The attendance rate was 88%, and meetings lasted on average more than three hours.

Patrick Bendahan, Investment Manager and a member of the Company's investment team since 2006, is the Secretary of the Audit Committee.

The main items discussed in 2010 at Audit Committee meetings were as follows:

- review of parent company and consolidated financial statements at December 31, 2009;
- review of consolidated financial statements at June 30, 2010;
- audience with Statutory Auditors and review of their reports;
- review of impairment tests;
- review of accounting treatment of certain transactions;
- review of the liquidity and debt situation of Wendel and its subsidiaries;
- review of NAV;
- review of the Supervisory Board Chairman's report on internal controls;
- risk monitoring;
- the independence of the Statutory Auditors;
- review of the Audit Committee's internal regulations.

2.1.4.2 Governance Committee

Composition

The Governance Committee, including the functions of compensation and appointments Committees, comprises five members:

- Didier Cherpitel (Chairman);
- Béatrice Dautresme (until June 4, 2010);
- Dominique Hériard Dubreuil (since June 4, 2010);
- François de Mitry;
- François de Wendel;
- Guy de Wouters.

The Chairman of the Supervisory Board, Ernest-Antoine Seillière, and the Chairman of the Audit Committee, Jean-Marc Janodet, were invited to attend each Governance Committee meeting.

The Governance Committee includes two independent members, as defined by the AFEP-MEDEF Code, Beatrice Dautresme up to June 4, 2010, succeeded by Dominique Hériard Dubreuil after June 4, 2010, and Didier Cherpitel, its Chairman. It therefore does not comply with AFEP-MEDEF recommendation 15.1, which advocates a majority of independent Directors.

It is nevertheless the Board's opinion that the Chairmanship held by an independent member, the involvement of its members, the regular recourse to external experts and the frequency of meetings are enough to ensure that the Committee functions in an independent and professional manner.

Responsibilities

- Propose candidates for Supervisory Board appointment after reviewing all factors that must be taken into account such as the desired balance of the Board's composition in accordance with the composition of, and changes in, the Company's shareholding, in particular, the desirable number of independent members and the fostering of gender equality;
- Propose the current and deferred (in the case of termination benefits) compensation of Executive Board members, whether fixed or variable, including benefits in kind and the grant of stock options, performance shares and pension benefits;
- Examine Executive Board proposals involving stock options, the award of bonus shares, and other profit-sharing programs for Company employees;
- Propose to the Supervisory Board the general principles of the co-investment policy for Executive Board members and the management team, for decision by the Board, and examine the terms and conditions proposed by the Executive Board;
- Propose the compensation of the Chairman of the Supervisory Board;
- Review the methods for apportionment of Director's fees among the members of the Supervisory Board;
- Express an opinion on any question related to the governance of the Company or the functioning of its governing bodies;
- Review any question concerning business ethics raised by the Supervisory Board.

Organization and procedures

The Governance Committee met six times in 2010 (versus 9 times in 2009). The meeting attendance rate was over 97%, and meetings lasted an average of two and a quarter hours.

The Committee may appoint recognized independent experts to assist it in its tasks. With this aim, it hired two firms for several assignments in 2010. Documents and reports are sent to Committee members about one week prior to each Committee meeting. Agendas and minutes of previous meetings are usually sent to Committee members within a period of three to four weeks.

The Secretary of the Governance Committee is David Darmon, who is also the Supervisory Board Secretary.

Meetings in 2010 involved the following items:

- compensation of the Executive Board and choice of consultant (Towers Watson);
- Company compliance with the AFEP-MEDEF Code;
- review of the Supervisory Board Chairman's report on corporate governance;
- termination benefits paid to Executive Board members;
- update on the awards of stock options and performance shares;
- co-investment policy;
- Group savings plan and profit-sharing plan;
- update on Supervisory Board evaluation;
- update on the composition and process for reappointing Board members;
- review and interviews of Board member candidates;
- internal regulations of the Board;
- Executive Board objectives for 2010.

2.1.5 Division of powers between the Executive and Supervisory Boards

At the close of the Annual Shareholder's Meeting of May 31, 2005, Wendel adopted a dual governance structure with an Executive Board and a Supervisory Board.

The Company made this change with the aim to improve its governance, by setting out a clear division of responsibilities between the executives and the shareholders and between the company's management and its supervision.

The Executive Board "ensures collegial management of the Company". To do so, it possesses the broadest management and decision-making remit to act on the Company's behalf under all circumstances, subject to the powers expressly granted by law to the Supervisory Board and to Annual Shareholders' Meetings. It conducts its work and makes decisions in the manner set forth in the by-laws.

As for the Supervisory Board, it exercises ongoing oversight of the Executive Board's management of the Company, in accordance with legislation and the Company's by-laws. Throughout the year, it performs the checks and controls that it deems appropriate and may request any document that it considers necessary to fulfill its duties.

The by-law provisions are described in section 6.2 of this document.

The members of the Supervisory Board individually and collectively represent all shareholders. It must conduct its business in the shared interest of the company. The Supervisory Board is a collegial body; its members make decisions collectively.

The Executive Board ensures that the draft resolutions submitted to the Annual Shareholders' Meeting regarding the composition or the operations of the Board accurately reflect the Supervisory Board's decisions.

At least once every quarter, the Executive Board presents to the Supervisory Board a detailed report on the Company's situation and outlook. In particular, it reports on the performance and the development strategy of the companies in its portfolio (including their sales and financial situation), financial transactions that are being planned or have been completed and any other transactions likely to impact the Company.

After the close of each fiscal year and within a period of three months, the Executive Board submits the parent company and consolidated financial statements for the year to the Supervisory Board for checks and controls, along with the management report presented to the shareholders at their Annual Meeting. The Supervisory Board reports to the shareholders on its opinion of the Executive Board's report and the annual parent company and consolidated financial statements. Forecast management reports are also submitted to the Supervisory Board along with a report analyzing the data they contain. The Executive Board also presents the semi-annual financial statements to the Supervisory Board.

The Executive Board informs the Supervisory Board each quarter of the change in net asset value (NAV) per share, which measures the Company's creation of value (see section 3.3). As often as required, it also reports to the Supervisory Board on the Company's balance sheet and the type and maturity of its bank and bond debt.

The Supervisory Board is kept regularly informed of the risks undertaken by the Company and the measures taken by the Executive Board to address them (see section 2.4). It is also regularly informed about changes in the share capital and voting rights and the Company's proposed acquisitions or divestments.

In particular, the prior approval of the Supervisory Board is required for certain transactions, specified in Article 15 of the Company's by-laws:

a) under current legal and regulatory provisions for:
- divestment of real property;
- divestment of financial investments;
- granting of security interests, guarantees, endorsements and collateral.

b) under Wendel's by-laws for:
- any transaction, including the acquisition or divestment by the Company (or an intermediate holding company) amounting to more than €100 million, as well as any decision binding the Company or its subsidiaries for the long term;
- any proposal to Shareholders to change the by-laws;
- any transaction that may lead, immediately or at a later date, to a capital increase or reduction of capital through the issue of securities or cancellation of shares;
- any proposal to Shareholders regarding the appropriation of earnings or the distribution of dividends, as well as any interim dividend;
- any merger or spin-off that the Company is party to;
- any proposal to Shareholders regarding a share buyback program;
- any proposal to Shareholders regarding the appointment or re-appointment of the Statutory Auditors.

c) any contract subject to Article L. 225-86 of the French Commercial Code.

At its December 1, 2010, meeting, the Supervisory Board clarified the meaning of "any decision having a significant impact on the future of the Company or its subsidiaries" referred to the Company's by-laws. It interprets this to be a decision that significantly modifies the Wendel Group's strategy or image.

Also at its meeting of December 1, 2010, the Supervisory Board set the thresholds below which its prior approval is not necessary for the provision of endorsements or guarantees, the sale of real estate, the divestment of financial investments and the granting of security interests.

The Supervisory Board therefore authorized, for one year, the Executive Board to provide endorsements and guarantees on the Company's behalf, up to an annual overall ceiling of €100 million.

It also authorized the Executive Board to:

(i) sell real estate up to a limit of €10 million per transaction;

(ii) sell financial investments up to a limit of €100 million per transaction;

(iii) grant security interests up to a limit of €100 million per transaction.

The Board is involved in financial communication policy and plays a role in preparing the Company's key messages, in accordance with recommendation 2.1 of the AFEP-MEDEF Code.

The Supervisory Board defines the terms and conditions of the Executive Board Chairman's compensation. Based on the Governance Committee's proposals (see section 2.1.4), it defines or approves the current and deferred compensation of Executive Board members, whether fixed or variable, including benefits in kind, and the grant of stock options and performance shares, as well as the relevant performance and holding conditions. However, it is the Executive Board's responsibility to determine the grants of stock options and performance shares to individual employees, the grant dates and the plan rules.

After consideration of the Governance Committee's proposal, the Supervisory Board determines the general principles of the co-investment policy for Executive Board members and the management team. The Executive Board consults the Supervisory Board in defining the terms and conditions of this co-investment policy.

2.1.6 Compliance issues involving the Group's governing and supervisory bodies

Recommendation 17 of the AFEP-MEDEF Code sets out a series of obligations applicable to members of governing bodies.

To fulfill these obligations, the Company created a Market Confidentiality and Ethics Code and the Supervisory Board adopted a new set of internal regulations.

The Company's Market Confidentiality and Ethics Code was approved by the Executive Board at its meeting of December 1, 2009; and is applicable to members Executive Board members and all staff since January 18, 2010. The Charter also applies to Supervisory Board members, who adopted it at their March 29, 2010, meeting.

The Supervisory Board approved its new internal regulations at its meeting on December 1, 2010.

2.1.6.1 Ethics rules applicable to Executive Board and Supervisory Board members

Agreements entered into directly or via an intermediary between the Company and any member of the Executive Board or the Supervisory Board must first be approved by the Supervisory Board; the Supervisory Board Chairman then informs the Statutory Auditors of all authorized agreements and presents them to the shareholders for approval at their Annual Meeting; the Statutory Auditors also present a special report to the shareholders, who vote whether to approve the report. This procedure does not apply to ordinary agreements entered into in the normal course of business.

Shares or any other securities issued by the Company or its listed subsidiaries or investments, which are held or may be held by members of the Executive Board or the Supervisory Board, their spouses or their dependent children, must be held in registered form.

Executive Board and Supervisory Board members are bound by strict confidentiality rules regarding non-public information that could have a material impact on the price of shares or of any other listed security of the Company. This information is considered to be privileged.

The confidentiality requirement also applies to any privileged information that the members may have about a company in which Wendel is considering an investment.

Consequently, when members of governing bodies are in possession of privileged information, they must refrain from carrying out, directly or indirectly, on their own behalf or on behalf of another party, any transaction involving the Company's shares or any other of its listed securities.

This same restriction on trading is required during certain so-called "blackout" periods during which the Company publishes its annual and semi-annual financial statements, issues quarterly reports or announces net asset value (NAV, see section 3.3). The blackout periods are as follows: for annual and semi-annual financial statements, from 30 days before to two days after their publication; for quarterly reports and NAV, from 15 days before to two days after their publication.

Trading is also restricted during any other period communicated by the Company's Compliance Officer.

Unless specified to the contrary, these blackout periods shall end upon the publication of the information in question, in an official notice and/or a press release that is effectively and fully disseminated.

Members of management bodies must also refrain from trading in the securities of Wendel Group subsidiaries and listed equity investments. This restriction does not apply to shares held in their capacity as director, to fulfill obligations imposed by legislation or the by-laws or in accordance with any recommendations issued by the companies in which they serve as director. Holders of securities in listed subsidiaries or investments of the Wendel Group acquired prior to July 15, 2007, may keep them or sell them, as long as they comply with the Company's Market Confidentiality and Ethics Code.

In the interest of transparency, Executive Board and Supervisory Board members and parties related to them under applicable regulations are required to report to the AMF, electronically and within five trading days of execution, all acquisitions, disposals, subscriptions or exchanges of shares of the Company as well as all transactions in related instruments. This notification is also addressed to the Company's Ethics Officer. Since 2006, the Company has published all of these transactions on its website.

To prevent illegal insider trading, members of the Company's governing and supervisory bodies are included on the list of permanent insiders drawn up by the Company's Ethics Officer. This list is made available to the AMF and kept for at least five years from the date it was drawn up or updated.

2.1.6.2 Ethics rules specific to Executive Board members

Executive Board members, pursuant to Articles L. 225-185 and L. 225-197-1 of the French Commercial Code, are required to hold a significant portion of the shares obtained by exercising options and performance shares.

For 2009 and 2010, the Supervisory Board on June 4, 2010, decided that the percentage of shares acquired by exercising options and performance shares that Executive Board members would be required to hold in registered form until the termination of their office would be 25%.

In addition, in accordance with the Supervisory Board's decision of June 4, 2010, which complies with recommendation 20.2 of the AFEP-MEDEF Code, Executive Board members may not exercise their options during the 30-day period preceding the publication of annual or semi-annual financial statements.

Each Executive Board member is required to disclose to the Board any situation of conflict of interest, even potential situations, and refrain from participating in related votes or discussions (see "Conflicts of interest – family ties – service contracts" in section 2.1.1.2).

2.1.6.3 Ethics rules specific to Supervisory Board members

As specified in the Board's internal regulations, the members of the Supervisory Board individually and collectively represent all shareholders. It must conduct its business in the shared interest of the company.

The members of the Supervisory Board stay informed of laws and regulations, the Company's by-laws, the Board's internal regulations and the Market Confidentiality and Ethics Code and agree to fulfill the resulting requirements.

Members must be committed and attend all meetings of the Board and of the Committees to which they belong, as well as Annual Shareholders' Meetings. Members of the Supervisory Board have an obligation to stay informed. Every member is given the opportunity to undertake training considered to be essential to fulfill his or her duties. Any Supervisory Board member may request a meeting with the Company's management team.

The Supervisory Board assesses the independence of its members each year after examination by and proposals from the Governance Committee (see section 2.1.2.1.4, "Independence of Supervisory Board members").

Each Supervisory Board member is required to disclose to the Board any situation of conflict of interest, even potential situations, and refrain from participating in related votes or discussions (for more information on conflicts of interest, see section 2.1.2.1.3, "Conflicts of interest – family ties – service contracts").

Lastly, the Company's by-laws stipulate that each member of the Supervisory Board must hold 100 fully paid-up shares. However, at its December 1, 2010, meeting, the Supervisory Board proposed that each of its members hold approximately 500 shares.

Restriction on sales of Wendel shares by Supervisory and Executive Board members

To the Company's knowledge, members of the Supervisory or Executive Boards have not accepted any restrictions on the divestment of their shareholdings in the Company other than those described above. However, collective lock-up commitments have been entered into by certain corporate officers under Article 885 I *bis* and 787 B of the French Tax Code, described in section 6.10.1 of this Reference Document.

2.1.7 Compensation of corporate officers

The following information is presented in accordance with AFEP-MEDEF recommendations and the AMF's recommendation of December 22, 2008.

2.1.7.1 Summary of compensation, stock options and performance shares granted to each executive corporate officer

Table 1

	2009	2010
Frédéric Lemoine Chairman of the Executive Board (effective April 7, 2009)		
Compensation due in relation to the year (detailed in table 2)	1,483,218	1,984,899
Valuation of options (1) granted during the year (detailed in table 4)	172,800	773,850
Valuation of performance shares (2) awarded during the year (detailed in table 6)	-	164,430
TOTAL	**1,656,018**	**2,923,179**
Bernard Gautier Member of the Executive Board		
Compensation due in relation to the year (detailed in table 2)	1,100,000	1,172,292
Valuation of options (3) granted during the year (detailed in table 4)	115,200	515,900
Valuation of performance shares (4) awarded during the year (detailed in table 6)	-	109,620
TOTAL	**1,215,200**	**1,797,812**

(1) The number of options granted in 2010 decreased compared with 2009: 105,000 options were granted in 2010 versus 120,000 options granted in 2009. The valuation of these options has increased: €7.37 in 2010 versus €1.44 in 2009 (see table 4).
(2) In 2010, 13,500 performance shares were awarded, valued at €12.18 each (see table 6).
(3) The number of options granted in 2010 decreased compared with 2009: 70,000 options were granted in 2010 versus 80,000 options granted in 2009. The valuation of these options has increased: €7.37 in 2010 versus €1.44 in 2009 (see table 4).
(4) In 2010, 9,000 performance shares were awarded, valued at €12.18 each (see table 6).

Fixed and variable compensation for Executive Board members, supplemented by the grant of stock options and performance shares, is structured to ensure that it is:

- competitive compared with rival European investment companies;
- consistent with the long-term investment strategy of Wendel;
- aligned with the interests of shareholders;
- subject to strict performance conditions.

Executive Board members do not receive any deferred bonuses or supplementary pension benefits.

2.1.7.2 Summary of the compensation of each executive corporate officer

Table 2: Summary of the compensation of each executive corporate officer

	2009		2010	
	Amounts due	**Amounts paid**	**Amounts due**	**Amounts paid**
Frédéric Lemoine Chairman of the Executive Board				
Fixed compensation, excluding Director's fees	732,840 (1)	862,337	964,834	1,037,003
Director's fees (2)	147,160	17,663	235,166	162,997
TOTAL FIXED COMPENSATION	**880,000 (1)**	**880,000**	**1,200,000**	**1,200,000**
Variable compensation	600,000	600,000	600,000	
Exceptional compensation tied to the achievement of 2010 objectives	-	-	150,000	-
Other compensation (3)	-	-	22,292	17,562
Benefits in kind (4)	3,218	3,218	12,607	12,607
TOTAL	**1,483,218**	**883,218**	**1,984,899**	**1,830,169**

(1) Compensation due for the period from Frédéric Lemoine's appointment on April 7, 2009, to December 31, 2009.
(2) Director's fees received from Bureau Veritas, Legrand, Saint-Gobain and Trief Corporation.
(3) Other compensation in relation to the profit-sharing plan for all Wendel employees and matching contributions for investments in the Group savings plan.
(4) Unemployment insurance taken out with GSC (a specialized provider of unemployment insurance for business owners and corporate officers).

	2009		2010	
	Amounts due	**Amounts paid**	**Amounts due**	**Amounts paid**
Bernard Gautier Member of the Executive Board				
Fixed compensation, excluding Director's fees	626,655	637,158	537,834	541,655
Director's fees (1)	73,345	62,842	162,166	158,345
TOTAL FIXED COMPENSATION	**700,000**	**700,000**	**700,000**	**700,000**
Variable compensation	350,000	350,000 (2)	350,000	350,000
Exceptional compensation relating to the achievement of objectives	50,000	-	100,000	50,000
Other compensation (3)	-	-	22,292	22,136
Benefits in kind	-	-	-	-
TOTAL	**1,100,000**	**1,050,000**	**1,172,292**	**1,122,136**

(1) Director's fees received from Saint-Gobain, Trief Corporation, Winvest Conseil and Winvest International SICAR SA.
(2) Bonus paid in 2009 in relation to 2008, reduced by 60% on the initiative of Bernard Gautier.
(3) Other compensation in relation to the profit-sharing plan for all Wendel employees and matching contributions for investments in the Group savings plan.

The amounts paid in relation to a given year are the amounts actually received by each corporate officer. The amounts due, in accordance with the definition provided by the AMF, correspond to compensation granted to the executive corporate officer during the year, irrespective of the date of payment. In practical terms, since variable compensation granted in relation to one year is paid in the first quarter of the following year, the total amount due is the sum of (i) fixed compensation, Director's fees and benefits in kind paid during the year and (ii) variable compensation due for the year (but paid the following year).

These amounts include all compensation paid by Group companies during the year.

Determination of fixed compensation

The fixed compensation of Frédéric Lemoine is approved by the Supervisory Board on the recommendation of the Governance Committee. The Supervisory Board also approves the fixed compensation (salary) of Bernard Gautier on the recommendation from the Governance Committee. The Governance Committee makes its recommendations based on market practice for listed companies and European investment companies, which it determines, since December 2008, using sector benchmarks provided by an independent expert. For example, early in 2011, it appointed an independent firm to establish an overall benchmark for Executive Board member compensation.

Determination of variable compensation

Based on Governance Committee proposals, the Supervisory Board sets the targets to be attained during the year and measures the extent to which they have been attained early in the following year, at which time the variable compensation is paid.

Variable compensation is generally an agenda item of the Supervisory Board meeting held in February or March, once the Governance Committee has made its recommendation.

The amount of variable compensation paid in 2011 in relation to 2010 performance was calculated based on objective criteria set by the Supervisory Board on February 11, 2010, on the recommendation of the Governance Committee. These criteria are both quantitative (40% of the objectives set) and qualitative (60% of the objectives).

At its meeting of February 9, 2011, the Governance Committee deemed that the objectives of the two Executive Board members had been met and exceeded in 2010, particularly with respect to the strengthened performance of unlisted subsidiaries and the rise in net income from business sectors, Group share. Accordingly, it submitted a proposal to the Supervisory Board on February 10, 2011, which was accepted, that Frédéric Lemoine receive the full amount of his target variable remuneration in respect of 2010, equal to 50% of his fixed compensation, i.e. €600,000, and an exceptional bonus of €150,000.

After having heard the Governance Committee's recommendation, the Chairman of the Executive Board proposed that Bernard Gautier receive the full amount of his target variable remuneration in respect of 2010, i.e. €350,000, and an exceptional bonus of €100,000, which was authorized by the Supervisory Board.

Other benefits

Frédéric Lemoine benefits from various agreements in force at Wendel, including the profit-sharing agreement and Group savings and pension plans, in the same manner as any Wendell employee.

- He received a profit-sharing bonus set at half of the annual reference amount determined by French Social Security *(plafond annuel de la sécurité sociale)* for the gross amount and applied pro rata to his time in office in 2009, i.e. €12,580.
- In connection with his subscription to the 2010 capital increase reserved for employees in the Group savings plan, he benefited from an increased matching contribution of €4,981.92.

Since April 7, 2009, Frédéric Lemoine has benefited from the use of a Company car exclusively for business purposes. Since he does not have an employment contract, as of October 1, 2009, unemployment insurance has been taken out in his name with GSC (a specialized provider of unemployment insurance for business owners and corporate officers). He also has access to health and death & disability insurance under the same terms and conditions as Wendel management employees.

2.1.7.3 Director's fees and other compensation received by non-executive corporate officers

The annual amount of Director's fees was set at €750,000 by the shareholders at their Annual Meeting of June 4, 2010. The breakdown on an annual basis is as follows:

- basic Director's fee: €35,000;
- additional fee for committee membership: €15,000;
- fee paid to the Chairman of each committee: €60,000;
- Director's fee for the Chairman of the Supervisory Board: €70,000.

The annual compensation paid to the Chairman of the Supervisory Board for his work as Chairman, pursuant to Article L. 225-81 of the French Commercial Code, was set by the Board at €105,000 on July 7, 2010. The Chairman also receives a payment equal to twice the basic Director's fee.

As proposed by the Governance Committee, the Supervisory Board raised the fee paid to the Chairman of each committee to €70,000 at its March 22, 2011, meeting.

Contrary to the AFEP-MEDEF recommendation, the Supervisory Board has not considered it necessary, given the high attendance indicated in section 2.1.2.2.1, to make Director's fees contingent on attendance.

Members of the Board may be reimbursed for their travel expenses. The expense reimbursement policy for Supervisory Board members was approved by the Supervisory Board at its December 1, 2010, meeting, on the recommendation of the Governance Committee.

The Director's fees and other compensation received by the non-executive corporate officers in relation to their positions at Wendel and all companies in the Group are presented in the following table.

Table 3: Director's fees and other compensation received by non-executive corporate officers

Non-executive corporate officers	Amounts paid in 2009	Amounts paid in 2010
Ernest-Antoine Seillière (1)		
Wendel Director's fees	70,000	70,000
Wendel-Participations Director's fees	8,333	8,333
Other Director's fees (2)	53,636	41,219
Compensation as Chairman of the Supervisory Board	105,000	105,000
Compensation as Chairman of Oranje-Nassau	127,750	-
Benefits in kind	4,996	4,905
TOTAL	**369,715**	**229,457**
Guy de Wouters (1)		
Director's fees	50,000	50,000
Other compensation	-	-
Nicolas Celier		
Director's fees	50,000	50,000
Other compensation	-	-
Didier Cherpitel		
Director's fees	60,000	60,000
Other compensation	-	-
Béatrice Dautresme (until June 4, 2010)		
Director's fees	50,000	20,833
Other compensation	-	-
Jean-Marc Janodet (1)		
Director's fees	60,000	60,000
Other director's fees (3)	42,540	37,274
TOTAL	**102,540**	**97,274**
Frédéric Lemoine (member of the Supervisory Board until April 6, 2009)		
Director's fees	12,500	-
Other compensation until April 6, 2009		-
Édouard de l'Espée		
Director's fees	50,000	50,000
Wendel-Participations Director's fees	8,333	8,333
Other compensation	-	-
TOTAL	**58,333**	**58,333**

Non-executive corporate officers	Amounts paid in 2009	Amounts paid in 2010
François de Mitry		
Director's fees	50,000	50,000
Other compensation	-	-
Grégoire Olivier (until August 31, 2010)		
Director's fees	50,000	33,333
Other compensation	-	-
François de Wendel		
Director's fees	50,000	50,000
Wendel-Participations Director's fees	22,916	16,666
Other compensation		
TOTAL	**72,916**	**66,666**
Dominique Hériard Dubreuil (from June 4, 2010)		
Director's fees		29,167
Other compensation	-	
Guylaine Saucier (from June 4, 2010)		
Director's fees		29,167
Other compensation	-	
TOTAL	**926,004**	**774,230**
of which total Wendel Director's fees and compensation of the Chairman of the Supervisory Board	657,500	657,500

(1) In relation to their past employment with the Group, Ernest Antoine Seillière, Guy de Wouters and Jean-Marc Janodet are beneficiaries of the supplementary pension plan described in section 8.4 of this document.
(2) Director's fees received from Bureau Veritas, Legrand and Sofisamc.
(3) Director's fees received from Stallergènes, Sofisamc and Trief Corporation.

2.1.7.4 Subscription-type and purchase-type stock options granted to executive corporate officers

Wendel grants stock options in accordance with the following principles:

- stock options are granted each year to certain employees and senior managers of Wendel or its affiliated companies;
- neither corporate officers nor members of Wendel management receive stock options from subsidiaries or listed equity investments.

A history of the Company's stock option plans in effect is provided in section 2.1.7.7

The subscription or purchase price is based on the average share price for the 20 trading days prior to the grant date. No discount is applied.

A new profit-sharing agreement for 2009-2013 for Wendel Group employees came into effect on June 25, 2009, enabling the award of stock options to Executive Board members, pursuant to Article L. 225-186-1 of the French Commercial Code.

In 2010, members of the Executive Board were granted stock options, of which the amount was approved by the Supervisory Board on June 4, 2010, on the recommendation of the Governance Committee, as presented in the table below.

The Supervisory Board ensures that the stock options granted to Executive Board members are in reasonable proportion to those granted to employees and to their overall compensation. It has not set a specific percentage for this grant, as recommended in section 20.2.3 of the AFEP-MEDEF Code.

Purchase-type stock options awarded to Executive Board members in the June 4, 2010, plan:

- are gradually vested over three years, by annual tranche of one-third of the total amount granted, with the first tranche not acquired until after one year (subject to the achievement of the performance target);

- are subject to a performance condition: the final number of options that may be exercised is subject to a 5% annual increase in net asset value over a three-year period. In other words, if NAV for 2010-2013 increases by at least 15.8%, the full number of options granted may be exercised; if NAV for 2010-2012 increases by at least 10.3%, then two-thirds of the options granted may be exercised; and if NAV for 2010-2011 increases by at least 5%, then one-third of the options granted may be exercised.

The base NAV used to assess the change is the net asset value on May 31, 2010, which was €55 per share.

In 2009 and in 2010, the Board asked the Executive Board members to hold in registered form at least 25% of the shares acquired by exercising options and of the performance shares granted, until the termination of their office with the Company.

Table 4: Stock options granted during the year to each executive corporate officer by Wendel or any other Group company for the subscription or purchase of shares.

	Plan no. and date	Option type (purchase or subscription)	Option price based on the method used for the consolidated financial statements	Number of options granted during the year	Exercise price in euros	Exercise period	Performance conditions
Frédéric Lemoine	no.: W2-3 date: June 4, 2010	purchase	€7.37 (1)	105,000	44.32 (2)	2011/2020	5% annual increase in NAV
Bernard Gautier	no.: W2-3 date: June 4, 2010	purchase	€7.37 (1)	70,000	44.32 (2)	2011/2020	5% annual increase in NAV
TOTAL				**175,000**			

(1) The options were valued at €1.44 in 2009.
(2) The option exercise price was €22.58 in 2009.

The stock options were valued by an independent firm, Associés en Finance, whose report was presented to the Governance Committee. The valuation is based on a binomial pricing model and reflects the occurrence of various possible events during the options' period of validity, including various points in time at which the pre-determined requirements for both performance and presence within the Company are tested. The value of each option was set, in accordance with the report's recommendations, at €7.37. This value reflects the particularly restrictive assumptions that are made to ensure that the Executive Board's interests are aligned with the Company's objectives. It is a theoretical value: no cash amount has been paid by the Company.

No executive corporate officer uses option hedging instruments.

2.1.7.5 Stock options exercised by executive corporate officers during the year

The executive corporate officers did not exercise any stock options during the year.

2.1.7.6 Performance shares awarded to executive corporate officers during the year

A new profit-sharing agreement for 2009-2013 for Wendel Group employees came into effect on June 25, 2009, enabling the award of performance shares to Executive Board members, pursuant to Article L. 225-197-6 of the French Commercial Code.

On June 4, 2010, on the recommendation of the Governance Committee, the Supervisory Board awarded performance shares to the Executive Board members, as presented in the following table.

Table 6: Performance shares awarded to each executive corporate officer

	Plan no. and date	Number of shares granted during the year	Share price based on the method used for the consolidated financial statements	Vesting date	Availability date	Performance conditions
Frédéric Lemoine	Plan no. 3.1 Date: June 4, 2010	13,500	€12.18	June 4, 2012	June 4, 2014	5% annual increase in NAV
Bernard Gautier	Plan no. 3.1 Date: June 4, 2010	9,000	€12.18	June 4, 2012	June 4, 2014	5% annual increase in NAV
TOTAL		**22,500**				

The granting of performance shares, which began in 2007, was reserved in 2008 and 2009 for employees who did not receive any stock option grants. In early 2010, performance shares were awarded to certain employees who were also stock-option beneficiaries.

The Supervisory Board ensures that the performance shares awarded to Executive Board members are in reasonable proportion to those awarded to employees and to their overall compensation. It has not set a specific percentage, contrary to the recommendations in the AFEP-MEDEF Code to this effect.

Like the stock options, the performance shares awarded in June 2010 are subject to a performance condition based on an increase in NAV, thereby aligning the interests of Executive Board members with those of the shareholders.

The performance condition is a 5% annual increase in NAV from 2010 to 2012, i.e. a 10.25% overall increase for the 2010-2012 period. The base NAV used to assess this change is the net asset value on May 31, 2010, which was €55 per share.

The performance shares will vest two years after their grant date, subject to the attainment of performance conditions.

At the end of the holding period, the percentage of performance shares that must be held in registered form until the termination of their office as members of the Executive Board is 25%.

According to recommendation 20.2.3 of the AFEP-MEDEF Code, the award of performance shares to executives must be subject to the acquisition of a defined quantity of shares once the awarded shares become available. No provisions have been made to this effect, but Executive Board members Frédéric Lemoine and Bernard Gautier hold 11,000 shares and 310,582 shares, respectively. In 2010, Frédéric Lemoine subscribed for 5,000 shares and Bernard Gautier subscribed for 3,000 shares. They are also required to hold 25% of these shares, as specified above.

The performance shares were valued by an independent firm, Associés en Finance, whose report was presented to the Governance Committee. The value of each share was set at €12.18. This is a theoretical value: no cash amount has been paid by the Company.

Since performance shares were awarded to the Executive Board members for the first time in June 2010, no shares have yet become available.

2.1.7.7 History of options granted to corporate officers

Table 8

	CGIP plans		WENDEL Investissement plans					Wendel plans					
	Plan no. 5		Plan no. 1	Plan no. 2	Plan no. 3			Plan no. 1			Plan no. 2		Plan no. 3
Date of the Annual Shareholders' Meeting	May 30, 2000		June 13, 2002	May 27, 2003	June 10, 2004			June 4, 2007			June 5, 2009		June 4, 2010
Plans	**CGIP 5 2**	**CGIP 5 3**	**WI 1 1**	**WI 2 1**	**WI 3 1**	**WI 3 2**	**WI 3 3**	**W1 1**	**W1 2**	**W1 3**	**W2 1**	**W2 2**	**W 3**
Date of the Board of Directors or Executive Board meeting	July 19, 2001	Sept. 25,2001	July 17, 2002	July 16, 2003	July 9, 2004	July 6, 2005	July 4, 2006	June 4, 2007	July 16, 2008	April 2, 2009	July 16, 2009	Feb. 8, 2010	June 4, 2010
Type of options	Purchase	Subscription	Subscription	Subscription	Subscription	Subscription	Subscription	Subscription	Subscription	Subscription	Purchase	Purchase	Purchase
Initial total number of shares that can be subscribed or purchased:	**224,549**	**82,643**	**283,510**	**323,821**	**428,223**	**49,000**	**60,600**	**837,500**	**890,600**	**271,000**	**391,200**	**7,000**	**353,177**
of which:													
Initial number awarded to corporate officers:													
Mr. Seillière	99,157*	-	90,854*	141,328*	171,612*	-	-	90,000	-	-	-	-	
Mr. Lemoine	-	-	-	-	-	-	-	-	-	-	120,000	-	105,000
Mr. Gautier	-	-	-	-	20,190*	-	-	150,000	150,000	-	80,000	-	70,000
Starting date for exercise of the options	July 19, 2002	Sept. 25 2002	July 17, 2003	July 16, 2004	July 9, 2005	July 6, 2006	July 4, 2007	June 4, 2012	July 15, 2013	April 2, 2014	July 16, 2010 (2)	Feb. 8, 2011	June 4, 2011
Expiration date of the options	July 18, 2011	Sept. 24, 2011	July 16, 2012	July 15, 2013	July 8, 2014	July 5, 2015	July 3, 2016	June 4, 2017	July 15, 2018	April 2, 2019	July 16, 2019	Feb. 8, 2020	June 4, 2020
Subscription or purchase price per share	€33.35	€28.50	€24.59	€25.96	€39.98	€65.28	€90.14	€132.96	€67.50	€18.96	€22.58	€41.73	€44.32
Discount	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Performance conditions (1)	-	-	-	-	-	-	-	For everyone	For everyone	For everyone	For directors	For everyone	For everyone
Cumulative number of shares subscribed or purchased at 12.31.2010	220,495	82,643	268,940	310,194	363,739	0	100	0	0	0	8,464	0	0
Cumulative number of canceled or expired options	0	0	0	5,047	5,151	9,000	13,900	329,900	442,400	58,000	0	0	400
Number of options remaining to be subscribed or purchased at 12.31.2010	**4,054**	**0**	**14,570**	**8,580**	**59,333**	**40,000**	**46,600**	**507,600**	**448,200**	**213,000**	**382,736**	**7,000**	**352,777**
Number of options remaining to be exercised by corporate officers:													
Mr. Seillière								90,000	-				
Mr. Lemoine											120,000	-	105,000
Mr. Gautier					20,190			150,000	150,000		80,000	-	70,000

* *Amounts adjusted to reflect equity-linked operations.*
(1) *All performance conditions are linked to an increase in NAV.*
(2) *For corporate officers, the starting date for exercise of the options is July 16, 2012.*

2.1.7.8 Options granted to the ten employees, excluding corporate officers, who were granted or who exercised the largest number of options

Table 9 below indicates, for the period from January 1, 2010, to December 31, 2010:

- the total number of options granted to the ten employees, excluding corporate officers, who individually were granted the largest numbers of options;
- the total number of options exercised by the ten employees, excluding corporate officers, who individually exercised the largest numbers of options.

Table 9

	Total number	Exercise price
Options granted during the year to the ten employees who were granted the largest number of options	122,926	€44.32
Options exercised during the year by the ten employees who exercised the most options	20,076	€29.95

2.1.7.9 Performance shares awarded to the ten employees, excluding corporate officers, who received the largest number of such shares

	Total number	Average weighted price [1]
Performance shares awarded during the year to the ten employees who received the largest number of such shares	132,587	€26.96

2.1.7.10 Position of executive corporate officers with respect to AFEP-MEDEF recommendations

Table 10 below summarizes the position of executive corporate officers with respect to AFEP-MEDEF recommendations:

	Employment contract		Supplementary pension plan		Payments or benefits due or likely to be due upon leaving office		Non-compete clause payment	
Executive corporate officers	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**
Frédéric Lemoine Chairman of the Executive Board (April 7, 2009 - April 7, 2013)		X		X	X			X
Bernard Gautier Member of the Executive Board (April 7, 2009 - April 7, 2013)	X			X	X			X

Employment contract

Bernard Gautier has had an employment contract since he joined the Company in 2003.

Modifications to Bernard Gautier's employment contract constitute regulated agreements under Article L. 225-86 of the French Commercial Code. On February 11, 2010, the Supervisory Board approved Bernard Gautier's compensation. This agreement is covered in the Statutory Auditors' special report on regulated agreements and commitments and is subject to the approval of the shareholders at their Annual Meeting of May 30, 2011.

Termination benefits

In the event of his termination, as of April 7, 2011, Frédéric Lemoine shall be entitled to a maximum of two years' total compensation, based on the last fixed compensation and target variable compensation.

Termination benefits are paid in the event of removal from office for reasons other than failure to perform, involving serious misconduct that has been unanimously confirmed by the Supervisory Board. Subject to this reservation, benefits may be paid to the Chairman of the Executive Board in the event of his removal from office or the non-renewal of his office, a material modification of his duties, a change of control or a significant change of strategy.

The performance conditions for the payment of termination benefits were set as follows by the Supervisory Board at its meeting of February 11, 2010:

- 50% of the amount of the benefit is subject to the payment, for two of the three years prior to termination, including the current year, of a bonus equal to at least 50% of the target variable compensation approved by the Supervisory Board for Frederic Lemoine, in relation to those three years;
- 50% of the amount of the benefit is paid in full only if NAV per share at the end of the term of office (Actual NAV) is greater than or equal to 90% of the average NAV per share for the preceding 12 months (Reference NAV). If Actual NAV is between 60% and 90% of Reference NAV, then this portion of the benefit shall be reduced by 2.5 times the difference: i.e. if Actual NAV is 20% lower than Reference NAV, the corresponding portion of the benefit is reduced by half (20% x 2.5 = 50%). Lastly, if Actual NAV is lower than 60% of Reference NAV, then this portion of the benefit is not paid.

This commitment received the prior consent of the Supervisory Board at its meeting of February 11, 2010, and was published for public viewing on the Company's website on February 16, 2010. It was also mentioned in the Statutory Auditors' special report on regulated agreements and commitments, approved by Wendel shareholders at the Annual Meeting of June 4, 2010.

In the event of the termination of Bernard Gautier's employment contract, he shall be entitled to one year's fixed compensation and target variable compensation as approved by the Supervisory Board; if this amount exceeds the maximum benefit authorized by the collective bargaining agreement, the excess amount shall only be paid if Bernard Gautier has been paid, for two of the three years prior to termination, a bonus equal to at least 50% of his target variable compensation in relation to those three years.

This benefit shall be paid in the event of termination of the employment contract notably by mutual agreement, dismissal (except for serious misconduct) or resignation, provided that this resignation follows his removal from office or the non-renewal of his office, a material modification of his duties, a change of control or a significant change of strategy.

In the event of the termination of Bernard Gautier's position as member of the Executive Board, he shall receive a termination benefit equal to one year of fixed compensation and target variable compensation, as approved by the Supervisory Board, subject to the following performance conditions:

- 50% of the amount of the benefit is subject to the payment, for two of the three years preceding the termination for which the financial statements have been approved, of a bonus equal to at least 50% of his target variable compensation in relation to those three years;
- 50% of the amount of the benefit is paid in full only if NAV per share at the end of the term of office (Actual NAV) is greater than or equal to 90% of the average NAV per share for the preceding six months (Reference NAV). If Actual NAV is between 60% and 90% of Reference NAV, then this portion of the benefit shall be reduced by 2.5 times the difference: i.e. if Actual NAV is 20% lower than Reference NAV, the corresponding portion of the benefit is reduced by half (20% x 2.5 = 50%). Lastly, if Actual NAV is lower than 60% of Reference NAV, then this portion of the benefit is not paid.

This benefit shall be paid in the event of his removal from office or the non-renewal of his office as an Executive Board member and in the event of his resignation from the Executive Board following dismissal, termination of employment notably by mutual agreement, a material modification of duties, a change of control or a significant change of strategy.

In the event that Bernard Gautier fully achieves or exceeds the above performance conditions, the total amount of the termination benefits paid, including any benefits provided for in his employment contract, may not exceed two years' gross compensation, including fixed compensation and target variable compensation.

These commitments received the prior consent of the Supervisory Board at its meeting of May 6, 2009, and were published for public viewing on the Company's website on May 12, 2009. They were also mentioned in the Statutory Auditors' special report on regulated agreements and commitments, approved by Wendel shareholders at the Annual Meeting of June 4, 2010.

The situations in which Executive Board members are eligible for termination benefits are more numerous than those specified in recommendation 20.2.4 of the AFEP-MEDEF Code, which states that executive directors may only receive a termination benefit if the departure is imposed and due to a change in control or strategy. The benefits are nevertheless subject to demanding performance conditions, the achievement of which must be confirmed by the Supervisory Board.

2.2 Sustainable development

2.2.1 Social and environmental responsibility at Wendel

Building on a 300-year history of family entrepreneurship, Wendel has now formulated and structured its commitment to an active policy on social and environmental responsibility. It demonstrates its commitment through its own operation, that of its subsidiaries and associates, and in its civic involvement.

2.2.1.1 Responsible employer

Wendel's social policy

Wendel offers its employees the best working environment possible, with career satisfaction and advancement opportunities for all employees in an environment of diversity and mutual respect.

Wendel takes steps to ensure that no discriminatory criteria are applied for recruitment, career development (training and job promotions) and compensation decisions.

Raising awareness among staff about the social and environmental aspects of sustainable development is an ongoing priority of the Group.

Wendel also places priority on broadening the range of skills of its employees.

Despite a 10% reduction in staff compared to 2009, the number of external training hours has remained stable (714 hours).

Working conditions and relationships are improved by offering support to managers, holding regular meetings with the staff and maintaining a permanent dialogue with staff representatives on the Works Council (CE) and the Health, Safety and Working Conditions Committee (CHSCT).

In 2010, 10% of employees took part in a “first aid at work” training course.

Wendel implements the measures that most closely match staff expectations.

The Company signed two agreements in 2010: one relating to accumulated vacation saving plan and a second relating to an optional company pension plan (PERCO).

Labor relations

In addition to the Works Council budget (€68.3 thousand) of which a significant proportion is allocated to social and cultural activities (€43 thousand), Wendel covers the cost of a range of employee services, including meals in the company cafeteria, sports classes, and payment vouchers for home services.

In 2010, Wendel also opted to finance an inter-company day-care center for the children of employees. Three employees take advantage of this initiative, launched in September 2010.

Employing a small, experienced and diversified workforce

Wendel has 64 employees. More than half of the staff is directly involved in investing activities. Alongside the 19-person investment team and the senior managers, around a dozen experts specializing in finance, legal, tax and financial communication work on investment transactions on an ongoing basis.

The remaining staff provide support in the Financial, Legal, Communications and Operational Resources departments.

Following the changes in 2008 and 2009, staff turnover decreased slightly in 2010 and Wendel's staff numbers stabilized.

	2010			2009			2008		
Changes to staff	**Non-management level**	**Management level**	**Total**	**Non-management level**	**Management level**	**Total**	**Non-management level**	**Management level**	**Total**
Total workforce	**16**	**48**	**64**	**18**	**48**	**66**	**21**	**44**	**65**
of which women	*10*	*19*	*29*	*11*	*18*	*29*	*14*	*15*	*29*
men	*6*	*29*	*35*	*7*	*30*	*37*	*7*	*29*	*36*
New hires		**3***	**3***		**8****	**8****	**3**	**11**	**14*****
of which women		*1*	*1*		*5*	*5*	*2*	*8****	*10*
men		*2**	*2**		*3*	*3*	*1*	*3*	*4*
Departures	**2**	**3**	**5**	**3****	**4**	**7****	**7**	**4**	**8*****
of which women	*1*		*1*	*1*		*1*	*6****	*-*	*6*
men	*1*	*3*	*4*	*1*	*3*	*4*	*1*	*1*	*2*

* *Wendel converted one management-level employee's fixed-term contract into a permanent contract during the course of the year.*

** *Including one change in employee status.*

*** *Including five changes in employee status.*

The percentage of women at management level increased from 34% in 2008 to 39.5% in 2010.

In 2010, two women took maternity leave and one woman reduced her working hours as part of her parental leave.

In addition to permanent staff, Wendel employed three temporary members of staff in 2010, equivalent to 1.7 full-time jobs, to cover an increase in workload and replace employees on maternity leave.

Wendel uses external subcontractor services for building operation and maintenance (security, office cleaning, receptionists, green spaces, etc.). It endeavors to maintain long-term quality relationships with its service providers.

Wendel does not employ any disabled employees, but is a regular customer of sheltered workshops. The mandatory contribution paid to AGEFIPH, a private organization that promotes the employment of people with disabilities, was €9,994 in 2010.

Organization of working time

Wendel applies the collective bargaining agreement of the metalworking industry. The Company has no part-time workers.

Absences, excluding family leave, remained stable at just above 1%. There were no work-related accidents in 2010. However, one accident while commuting resulted in 11 days of sick leave.

An employee policy aligning employee interests with shareholder interests

Wendel believes that sharing company ownership with its employees is essential for establishing a long-term partnership with them. Almost all of Wendel's employees have been allocated performance shares and/or stock options.

Shares allocated pursuant to the authorization granted at the Shareholders' meeting on June 4, 2010 are subject to performance conditions.

In addition, in 2010, 97% of Wendel's employees subscribed to the capital increase, which is proposed every year as part of the Group Savings Plan.

There was no general salary increase in 2010. Any increases in 2010 were the result of promotions or necessary adjustments to market rates.

Total compensation (base salary and bonuses) paid in respect of 2010 was €12,647 thousand.

Wendel's business activities and their impact on the environment

Wendel is gradually implementing an environmental management initiative even though its activities have little impact on the environment. It is working towards ISO 14001 compliance. The initiative includes managing the building in which Wendel's headquarters are located, at 89, rue Taitbout, in the ninth *arrondissement* of Paris. An energy audit is scheduled for 2011. It will include an audit of the purchasing policy and IT system. A number of indicators for monitoring energy consumption, IT equipment and waste management are being examined.

2.2.1.2 A responsible principal shareholder

In its analysis of investment opportunities

Wendel carries out in-depth environmental and social audits of acquisition candidates.

In particular, it ensures that the company complies with all the international standards of social responsibility and that safety in the workplace is of uppermost priority.

Wendel also examines whether the company would increase in value if sustainable development demands were taken into account.

In each of the companies in which Wendel is a shareholder

Each company's senior management directly assumes full responsibility for the sustainable development policy. Nevertheless, Wendel is aware that the influence of its own social responsibility can be magnified by that of the companies in which it holds shares, therefore it makes sure that the companies implement sustainable development initiatives, and supports their actions.

For example, Wendel's representatives on Bureau Veritas' Audit and Risks Committee closely monitor potential security, environmental and corruption risks. At Materis, managers' variable compensation is indexed to criteria such as the level of security in its plants.

Wendel's companies face far greater Corporate Social Responsibility (CSR) challenges than those Wendel faces directly through its own activity. Each has its own objectives and action plan corresponding to their CSR maturity level and the specific nature of their activity.

Listed companies Saint-Gobain, Legrand and Bureau Veritas publish detailed information on their CSR initiatives in their own annual reports. As the majority shareholder of Bureau Veritas, Deutsch, Materis and Stahl, Wendel presents the main elements of their sustainable development policies in section 2.2.2 of this chapter.

All Wendel's companies have integrated sustainable development into their economic model, and develop their products and services in a manner that is respectful of the environment. Bureau Veritas, for example, plays a significant role in raising its customers' awareness of sustainable development by providing solutions that continually improve their operations in the fields of health, safety and the environment. Over the last few years, the Group's industrial companies have all committed to developing innovative products whose design or usage saves energy and is respectful of the environment. Deutsch has designed a new range of aluminum connectors for the aerospace industry that help lighten aircraft and reduce fuel consumption. 80% of products designed by Stahl are now water-based, replacing the use of solvents. Materis sells a range of paints that have obtained the NF-Environnement Ecolabel certification. 70% of Legrand's R&D departments have adopted an eco-design approach. 30% of Saint-Gobain's sales and 40% of its operating results are from energy-saving or energy-generating solutions that protect the environment.

2.2.2 Social and environmental responsibility in Wendel's companies

Wendel is the majority shareholder in Bureau Veritas, Deutsch and Stahl. Their financial statements are fully consolidated in the Group's financial statements, and the main elements of their sustainable development policies are presented in the following chapters.

2.2.2.1 Bureau Veritas

Bureau Veritas has focused its efforts in areas in which it will have the greatest potential impact.

Priorities

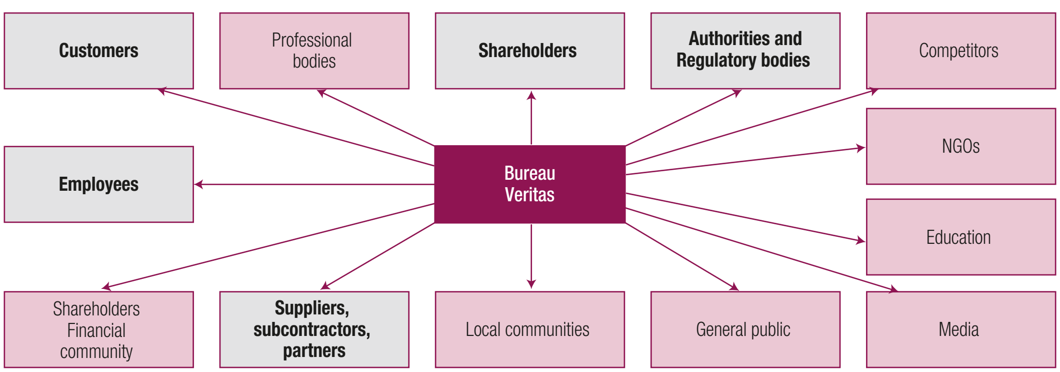
- Managing relationships with key partners: customer satisfaction, complying with applicable regulations, forging long-term relationships with accreditation bodies and all Bureau Veritas' partners.
- Business ethics: Bureau Veritas' compliance program and ethics code,
- Human Resources: increasing employee skills to enhance their professional development,
- Health and Safety: protecting staff members,
- Respecting the environment: preserving natural resources.

Bureau Veritas' priorities are organized into programs and key initiatives enabling it to make continual improvements.

Objectives

- Guarantee group-wide adherence to ethics and integrity.
- Retain and obtain further international accreditations to provide a broad range of services to its customers throughout the world.
- Further implement qualification control systems at Bureau Veritas.
- Increase its talent pool and expand its leadership principles program.
- Develop safe driving programs, ionizing radiation equipment controls and OHSAS 18001 certification-based standards at all Bureau Veritas' offices around the world.
- Pursue efforts to measure and reduce its environmental footprint by implementing appropriate objectives and initiatives and extending the scope of the ISO 14001 certification.

2.2.2.1.1 Stakeholders: meeting the expectations of its principal partners



In the course of its business, Bureau Veritas works with a great number of partners. Bureau Veritas is sensitive to their needs and expectations and delivers the most appropriate solutions. It also develops initiatives for its main partners.

Compliance with the Code of Ethics

Bureau Veritas has built a global company on the back of its expertise, which has long been its best quality. This comes through in its firmly rooted core values of integrity and ethics, impartiality and independence, respect for all individuals, and social and environmental responsibility. Bureau Veritas constantly affirms its values. Employees are obliged to complete their assignments in an entirely independent manner and to submit their conclusions to customers without allowing themselves to be unduly influenced.

In accordance with professional requirements, Bureau Veritas' compliance program includes a Code of Ethics, a manual of internal procedures, specific training for employees and business partners, and internal and external audit procedures.

2.2.2.1.2 Environmental: adopting measures recommended to customers

As a provider of environmental solutions, Bureau Veritas strives to implement the measures it recommends to its customers. Bureau Veritas is committed to reducing its environmental impact and has developed and implemented programs and web tools to achieve this purpose. The action plans are monitored to ensure they progress and good practices are shared internationally via the QHSE (Quality, Health, Security and Environment) Leadership Group, composed of QHSE directors and regional representatives of the eight divisions of Bureau Veritas.

Energy and waste

Bureau Veritas has an energy and waste program to consolidate data on energy, paper and water consumption in an effort to reduce the company's consumption of these resources. Over the last two years, the program was rolled out across the largest sites and was applied to 75% of total staff. Bureau Veritas plans to extend the program in 2011.

Indicators

	Energy MWh/year/person	**Water** metric ton/year/person	**Paper** kg/year/person
2008	3.4	24	59
2009	3.01	25	53
2010	**2.8**	**24.9**	**35.4**

Carbon footprint

Bureau Veritas has developed an innovative system for measuring and comparing direct and indirect emissions with international standards. Following a pilot project in 2009, the model was activated to help reduce energy consumption across activities and operations accounting for 28% of the workforce. Bureau Veritas will continue to deploy this initiative, so as to account for 50% of the Company's activities and operations in 2011.

ISO 14001

Bureau Veritas urges its international sites to implement environmental management systems that comply with the ISO 14001:2004 international standard. At the end of 2010, 25% of the workforce of Bureau Veritas was certified, and its new entities were preparing for certification.

2.2.2.1.3 Labor relations: involving employees

Bureau Veritas places particular importance on the commitment and expertise of its employees. It strives to attract, improve and retain its best talent using motivational techniques and by offering career advancement opportunities. Recruiting and developing new talent to strengthen its international network is a cornerstone of Bureau Veritas' development strategy.

Number and breakdown of employees

As of December 31, 2010, Bureau Veritas had 47,969 employees in 140 countries, compared with 39,067 employees as of December 31, 2009. The increase in staff numbers is primarily due to significant external growth, in particular the acquisition of Inspectorate, with 7,301 employees.

The global workforce is 66% men and 34% women. Employees perform a number of operational functions (inspectors, auditors, experts, sales, etc.) and support functions (technical, finance, IT systems, human resources, etc.).

The large majority of employees (88% of the total workforce excl. Inspectorate) have an employment contract, even in countries where this is not required by legislation. Of these employees, 88% have a permanent contract and 12% have a fixed-term or similar short-term (less than 12 months) employment contract.

The following table presents the Bureau Veritas group's workforce in 2009 and 2010 by geographic region and by function.

Staff numbers as of December 31	2010	2009
Total workforce	**47,969**	**39,067**
By geographic region		
France	7,411	7,317
EMEA [(a)]	13,061	10,597
Asia-Pacific	16,735	13,300
North and South America	10,762	7,853
By function		
Operational functions	29,801 [(b)]	28,466
Support functions	10,867 [(b)]	10,601

(a) The EMEA region includes Europe (excl. France), the Middle East and Africa.
(b) Excluding Inspectorate.

Bureau Veritas hired 8,063 employees worldwide in 2010.

The voluntary turnover rate was around 10% in 2010, which is a slight increase on that of 2009 (8%). This can be explained by the global economic recovery. The highest turnover rates were observed in Asia and the Middle East, due to strong demand for qualified workers in those regions. In France, the image and reputation of the Bureau Veritas brand helps to retain workers (the voluntary turnover rate is about 3%, all divisions combined).

Performance management

In 2010, Bureau Veritas conducted annual performance appraisals for all its managers and around 80% of its employees (excl. Inspectorate).

Training

Bureau Veritas has implemented training and development initiatives to help its employees increase their professional skills and achieve their full potential.

Talent development

A "Talent Pipeline" process has been implemented to identify Bureau Veritas' high-potential employees and fast-track them into management positions. In 2010, Bureau Veritas identified 215 "talents" through this program. They are given further training to develop their managerial, sales and technical skills.

Qualifications management

Bureau Veritas places priority on integrating new regulatory requirements into its working procedures, which entails adapting the skills of its inspectors, engineers and auditors to the specific needs of each project. In 2010, Bureau Veritas developed its own database to manage employee qualifications in five of the eight divisions. By so doing, Bureau Veritas ensures that assignments are carried out by qualified staff only. These databases will be implemented in the remaining three divisions in 2011.

Health and safety

Bureau Veritas places utmost importance on creating and maintaining a safe work environment for employees. Its primary objective is to achieve a zero accident rate, and all employees are made aware of how they can contribute to health and safety in the workplace.

Through its Healthy, Safety and Environment policy and management system, Bureau Veritas endeavors to provide its employees with the knowledge and information they need to safely carry out their assignments. Its HSE initiation program gives newcomers a basic understanding of HSE issues. This knowledge is then continually built upon by regularly communicating information on HSE and running specialized programs.

Safe driving program

The majority of Bureau Veritas employees regularly use a car to visit customers. This was the main cause of short-term sick leave in 2010. In 2010, 2,227 employees participated in a safe driving and awareness program, launched two years previously.

Data since has shown that the number of driving-related accidents has declined on sites that have implemented the safe driving program. The program will be extended in 2011 to all countries in which more than 50 employees are required to drive in the course of their work.

Ionizing radiation equipment controls

Bureau Veritas' inspection activities involve its employees using equipment that emits ionizing radiation. Over the last two years, Bureau Veritas has implemented controls to ensure that procedures involving ionizing radiation are properly supervised and that employee exposure to the radiation is minimized. At the end of 2010, the 16 countries covered by the program were audited as part of a three-year cycle.

OHSAS 18001 Certification program

OHSAS 18001, the main international occupational health and safety certification guides Bureau Veritas in ensuring it adheres to its obligations in a rigorous and efficient manner. At the end of 2010, 22% of Bureau Veritas employees were certified and new entities are in the process of being certified.

Health and safety indicators

Bureau Veritas uses three indicators: the frequency rate of accidents resulting in short-term sick leave (Lost Time Rate, or LTR), the frequency rate of all accidents with or without short-term sick leave (Total Accident Rate, or TAR), and the severity rate (Accident Severity Rate, or ASR). All three indicators improved in 2010 compared to 2009. The objective for 2011 is to reduce LTR and TAR by 10% and 15% respectively, compared to 2010.

	2010	2009
LTR	0.69	0.75
TAR	1.58	1.62
ASR	0.06	0.07

2.2.2.2 Materis: a new sustainable development initiative

In 2010, Materis adopted a new responsible development approach.

Materis's approach goes beyond ensuring that its activities meet the increasing number of regulatory requirements. It is committed to better serving its customers, acting for and together with its employees, and better managing the impact its activities have on the environment.

In line with Materis's corporate culture, its "**commitment to responsible business**" is a decentralized process, ensuring on the one hand that its commitments are relevant, and on the other hand that local teams are able to espouse and act upon them, across Materis's four activities: Kerneos, specialty calcium aluminate products; Chryso, construction material admixtures and additives; Parex Group, premixed mortars for the construction industry; Materis Paints, paints.

To build on the strong commitment of Materis's Chairman Olivier Legrain and the company's Management Board, in spring 2010, around 30 employees from across Materis's business lines teamed up with the support functions (strategy, legal, communications, human resources and finance) to propose a pragmatic, coherent and balanced approach to the three pillars of sustainability: economic, environmental and social/societal.

- identify Materis's sustainability values;
- define the corresponding commitments;
- develop indicators to measure Materis's progress towards achieving each commitment.

The initiative will be developed and rolled out over the course of 2011.

In 2011, Materis's businesses also aim to establish their own corporate responsibility plan.

The plan will be based on the seven key elements of Materis's corporate culture, which were reaffirmed in 2010:

- an entrepreneurial spirit;
- safety of all employees;
- a desire to succeed together in a friendly atmosphere;
- transparency and freedom of expression;
- creativity and innovation;
- responsiveness and decentralization;
- a sense of responsibility towards society and the environment.

Materis's Corporate Responsibility initiative is built on three pillars of sustainability comprised of seven core values:

Economic	Environmental	Social
Support clients in their sustainable development efforts	Optimize the use of resources in products and processes	Act for and with its employees
Innovate and propose products and services that are more respectful of their users and the environment	Limit the impact on the environment Strengthen the environmental management system	Anchor sites in the local business community

2.2.2.2.1 Economic: developing innovative products

Materis supports its clients in their sustainable building efforts and proposes products and services that are more respectful of the environment and contribute to "Sustainable Construction".

Materis's strategy, through its four business activities, is to develop innovative products that introduce new functions and are longer lasting, and therefore more respectful of the environment throughout their life cycle. All of these products meet all the standards of high environmental quality (HEQ) construction.

- To promote energy efficiency and comfort in buildings:
  - an extended range of external insulation products. These significantly contribute to reducing energy consumption in buildings in France, the USA, Spain, Portugal and Italy. In France, the development of an informative, educational website for the general public;
  - developing and launching an innovative system in Italy designed to significantly improve the thermal performance of pre-fab insulating panels;

- New soundproofing system installed under tiles, using 100% recyclable panels.
- To improve user conditions and lessen the environmental footprint:
  - pursue international deployment of its range of dustless mortars (using reduced dust emission technology), making it more pleasant for customers to use;
  - for paints, new Ecolabel or NF Environnement certified products. In 2010, this represented more than 60% of interior paints (10% in 2007);
  - developing vegetable-based oils for removal from the mould and vegetable- or mineral-based emulsions;
  - new solvent-free and biocide-free dry-mix products featuring “dry” technology. These reduce the environmental impact of the supply chain by eliminating the need to carry water to the building site;
  - since the end of 2009, Materis has met the requirements of REACH, the European directive on chemicals, and has opted to exceed its obligations by implementing programs to substitute hazardous chemicals with non-hazardous substances beyond the requirements of certain countries.

2.2.2.2.2 Environmental: preserving natural resources

Optimizing resources and limiting the impact on the environment

Materis works continuously to improve the environmental performance of its production facilities by diminishing their air and water pollution emissions, reducing their energy consumption and protecting natural resources.

- Materis pursues industrial investments that limit the impact on the environment:
  - in order to boost its capacity to use raw materials and fuels other than those traditionally used on certain sites;
  - in systems that reduce atmospheric emissions (bag filters for reducing dust emissions, flue gas treatment for reducing acid gases) in particular for factories acquired China;
  - in wastewater pretreatment facilities to improve the effectiveness of the physicochemical treatment and the quality of the wastewater discharged;
  - in the water cooling systems that collect water from the cooling circuits in certain industrial units.
- Active policy to minimize water and energy consumption:
  - via energy audits for industrial facilities, and a reporting system;
  - via an energy audit plan for the 340 sales outlets for the paints business in France;
  - 20% energy savings in the manufacturing of certain construction material admixtures and additives.
- Materis reduces the impact on the environment by recovering and recycling waste by:
  - developing packaging to replace traditional 16-liter paint cans. This reduces the volume of waste handled on site by 90% and meets high environmental quality “eco-construction” standards;
  - gradually integrating renewable raw materials into plastic buckets;
  - gradually rolling out policies to collect soiled packaging from customer sites;
  - increasing multi-modal transportation and bulk product deliveries, through promotional campaigns for customers, with the aim to reduce packaging waste.

Another initiative is the eco-responsible charter, which the Paints business, among others, has implemented.

Selective waste sorting is becoming common practice across the Group’s production facilities, and paper is recycled in the administrative offices.

Strengthening the environmental management system

From an environmental management perspective, Materis is involved in several certification processes:

- Zolpan, a company in the paints business line, was audited at the end of December 2010 by Vigeo with view to obtaining the “LUCIE” label, France’s number one label for responsible businesses;
- for the third year in a row, Zolpan received an award at SOCIETHICA’s sustainable development awards ceremony. Zolpan was awarded the Jury’s Excellence award, after having received the Environment award in 2008 and the All Categories award in 2009;
- Chryso (admixtures) was lauded as “exemplary” in its 1000NR (the future ISO 26000) evaluation process by AFAQ, a French quality assurance association. Chryso is the third company in France to attain this level;
- lastly, at the end of 2010, nine of Materis’s sites were certified ISO 14001.

2.2.2.2.3 Social: acting for and together with Materis’s employees

2.2.2.2.3.1 Health and safety: one of the pillars of Materis’s corporate culture

Security comes under the direct responsibility of Chairman Olivier Legrain and has a major influence in determining employee conduct. The safety of the men and women at Materis and their working conditions are as fundamental as the economic success of the company.

Accident rates have been steadily declining over the last ten years: From 1995 to 2010, the frequency rate of accidents causing lost working time decreased from 60 to less than 4. Materis continues to implement a structured safety policy which includes:

- an accident alert system with reporting to the Chairman, used in the hours following an accident, with or without short-term sick leave;

- a report of the circumstances of the accident and a decision on the initial corrective actions within two days following the accident;
- a system for swiftly communicating information to all the Group's security managers on accidents resulting in short-term sick leave or having serious consequences;
- a world safety day organized annually since 2009 on every site;
- "Managing security by example" a training course organized for the first time in 2010, aims to raise awareness among managers in France on the importance of setting an example and being vigilant, two key aspects of continuous improvement for 2011-2012. Three sessions are already scheduled for 2011;
- a cross-benchmark of best practices has been implemented at the best-performing manufacturers in the global chemical industry.

To further raise awareness and improve general conduct, on January 1, 2011, subcontractors were integrated into the frequency rate.

In 2010, Materis pursued its work on structuring its management systems and 24 new sites across the globe obtained OHSAS 18001 certification, bringing the total number of certified sites to 33 out of around a hundred. This work will continue into 2011 with view to all the Group's sites being certified by the end of 2012.

2.2.2.2.3.2 Human Resources policy

In 2010, Materis increased its workforce, primarily through its South African admixture subsidiary's acquisition of a.b.e. As of December 31, 2010, Materis employed a total of 9,346 people compared to 8,747 a year earlier. 26% of its employees were women (with 20% in management positions) and 22% of its staff were management level. Materis increased its number of disabled staff by 16% to 102. The great majority of Materis's employees are employed on a permanent contract (94%).

Breakdown of staff by geographical region

	2010	2009
TOTAL	**9,346**	**8,747**
France	3,920	3,870
Europe (excluding France)	1,519	1,566
US	360	380
Latin America	893	905
Asia	1,799	1,580
Australia	109	115
Africa	746	331

The turnover rate was low, at close to 6%.

Absence rates remained low across all Materis's activities, at slightly over 2%.

Following the considerable constraints in 2009, training costs increased by more than 20% in 2010, from €2,351 thousand to €2,851 thousand. Initiatives have been introduced to promote the policy of offering placements to students as part of a combined work/study course.

79 new company agreements were signed in 2010. They were mainly in the fields of Health and Safety (12), compensation (41), working time (19) and training (4).

Materis has introduced specific methods for gauging employee satisfaction in certain activities. In the Paints business, Tollens followed Zolpan's initiative in 2009 and participated in the "Great Place to Work" employee satisfaction survey.

In 2010, the Materis group allocated €1,811 thousand to employee services.

2.2.2.2.4 Societal: anchoring Materis's sites in the local business community

Materis has developed a number of initiatives to develop the regions in which the Group operates, both in France and abroad. Initiatives include:

- a partnership in France with an association that helps disabled workers to integrate the workforce (Admixtures);
- continued implementation of the AIDS awareness program in South Africa and donations to organizations helping children with AIDS;
- partnerships with training centers in South Africa, including a financial contribution;
- assistance in training centers for construction workers by playing an active role in defining the educational content of the curriculum and providing materials (Argentina);
- experience-sharing with teachers in local vocational schools in Brazil;
- partnerships with universities and schools in China to promote local employment;
- policy of donating to schools, soup kitchens and community organizations in disadvantaged countries (Argentina, Brazil, etc.);

- supply of paints in agreement with NGOs (South America) or after natural disasters (e.g. Madeira).

Certain of Materis's activities have also set up company grants for financing social, environmental or humanitarian projects in which its employees are involved.

2.2.2.3 Deutsch

2.2.2.3.1 Deploying an environmental policy

In 2009, Deutsch continued to roll out its environmental policy in its production facilities around the world.

United States

In the United States, the aerospace business' environmental management system has been ISO 14001 certified for the past ten years. The continued renewal of the certification is testimony to the extent to which Deutsch's employees play an active role in the management of environmental issues. In 2010, Deutsch passed all continuous evaluation audits required for certification.

Deutsch is committed to meeting or exceeding national and European regulations on environmental protection, resource conservation, and health and safety requirements.

Deutsch aims for all its production facilities to reach environmental excellence and places great importance on its corporate citizenship in the local community. It has implemented a proactive policy to reduce the volume of hazardous waste transported. In 2010, it reduced the volume by 30% compared to 2009, which had already been reduced by a considerable 47% compared to 2008.

The Manufacturing business has also obtained ISO 14001 certification and the next continuous evaluation audit is scheduled for August 2011. The environmental management system is very efficient and all corporate efforts are monitored. So for example, when production levels increased in 2010 compared to 2009, waste production ratios were kept at very low levels compared with the previous two years.

China

In 2010, Deutsch launched its casting activity in China, and key environmental indicators are now being developed. Deutsch aims to begin the ISO 14001 certification process in early 2012.

France

Offshore and Rail production facilities maintained their ISO 14001 and OHSAS 18001 certifications following their transfer to a new site. The new site, operational since 2010, was designed and is run in compliance with all standards relating to its activities, and in close collaboration with the competent environmental authorities.

In the aerospace business, renewal of the ISO 14001 certification was 80% completed. The few outstanding matters to be dealt with are employee awareness and audit plans. CFC and FCHC cooling units are scheduled to be replaced between now and 2014. Deutsch also finished installing its oil separators in 2010. Besides, Deutsch maintains a regulatory watch to ensure that its facilities comply with regulations.

A campaign to measure atmospheric emissions was launched in 2010. A review of Deutsch's carbon footprint is scheduled for the first half of 2012.

A new program for reducing Deutsch's impact on the environment was implemented in 2010. Several years into its program to reduce waste, water consumption and energy consumption, Deutsch has made significant improvements.

99% of waste is recycled in one of three ways:

- it is re-used (metal residues, paper, cardboard);
- it is incinerated and the energy is harnessed (internal waste water treatment products);
- it is treated for re-use (oil).

Water consumption has been reduced by two-thirds over the last ten years. This has been achieved by:

- installing equipment:
  - a non-waste producing wastewater treatment operation in a surface treatment workshop, so that treated water can be reused internally,
  - cooling units to replace open water circuits;
- raising awareness among staff.

A program for reducing water consumption across one production line will be implemented in 2011. A 6% reduction in water consumption is expected.

Electricity consumption is well controlled.

Actions are underway to reduce electricity consumption. Since consumption is proportional to sales, the indicator used for monthly tracking is the consumption-to-sales ratio.

2.2.2.3.2 Social

As of December 31, 2010, Deutsch had 2,819 employees compared with 2,585 as of December 31, 2009.

After the restructuring in 2009 amid difficult economic conditions, Deutsch hired 234 employees worldwide in 2010 and as of December 31, 2010 Deutsch's workforce had increased 9.05% on the previous year.

Women represent 48.07% of the workforce and nearly 85% of all employees have a permanent work contract. The ratio is 91.26% including employees in China who work on renewable 3-year contracts.

The following table presents the Group's workforce by geographic region as of December 31, 2010 and 2009.

		2010				
		Europe	United States	Asia	Total	2009 Total
TOTAL		**1,262**	**1,293**	**264**	**2,819**	**2,585**
of which	women	712	477	160	1,349	1,287
	Men	550	816	104	1,470	1,298
of which	permanent staff	1,129	1,183	81	2,393	2,301
	Fixed-term contracts	11	0	182	193	30
	Temporary contracts	120	111	1	232	205
	Unpaid leave	2	41	0	43	49

Working hours comply with the legislation in each country.

The absence rate averaged about 3% in Europe, and 2% in the United States.

Compensation policy

After the salary freeze in 2009, salaries were increased in all countries except for Japan. Salary increases varied considerably from country to country. In Europe they ranged from 2 to 2.6% on average. In the United States, they increased 1.5% for the production teams and 3% for central and business functions. Salaries increased by 15% in India and by 16.7% in China.

Labor relations

All Deutsch's sites comply with local regulations on social dialogue and foster open and constructive communication with staff and staff representative bodies.

Health and safety

Every site has a "Health and Safety" committee which ensures that local regulations and Group directives are adhered to, and that employees receive appropriate training.

The committees work in partnership with human resources and health services at work.

A pragmatic social policy adapted to each country

Deutsch gives its divisions considerable autonomy to develop and manage their human resources. Among the various projects implemented in 2010 were:

A survey on employee commitment in Britain

In Britain, Deutsch conducted a survey on employee commitment. 66% of employees took part, with responses from both the production teams and the central functions.

The survey showed that the employees are involved in Deutsch's progress initiative and are motivated to develop new skills. Overall, they understand the strategy and objectives of their company. Their main priority is to ensure "good customer service".

The survey also highlighted certain areas that could be improved, and gave rise to action plans to be deployed by Human Resources, Senior Management and the local managers.

Actions mainly concern communication and interpersonal relationships, integrating new employees and professional development, and formalizing processes for human resources, organization and cleanliness.

Implementing professional equality plans in the United States largely relying on employees

Deutsch divisions implemented a "professional equality plan" in order to ensure that working conditions that comply with the principles of professional equality based on individual employee qualifications and on each employee's ability to carry out his/her work.

Each company has defined an action plan adapted to its activity and has raised awareness among its employees so that it can be universally applied and adhered to, and that its benefits are understood. Monitoring ensures that the plan is applied and that areas of progress are identified.

2.2.2.4 Stahl

2.2.2.4.1 Environmental protection–a key priority for Stahl

Given Stahl's activity and the need to respond to expectations in the chemical industry, Stahl integrates a committed and innovative approach to its economic development known under the acronym SHE (Safety, Health and Environment). It applies to all Stahl's production sites and technical services.

Executive management is directly responsible for ensuring that the SHE principles are correctly applied. In addition, safety and environmental issues are included on the agenda of all Board of Directors', management and department meetings in all Stahl operating units.

Stahl's main commitments to SHE across all its activities around the world are to:

- comply with all legal provisions and local regulations and demonstrate responsible corporate citizenship;
- identify the risks related to the invention, manufacture, sale and use of its products and establish appropriate controls;
- aim to eliminate all environmental risks related to its operations;
- report and investigate any incident, take corrective action and share lessons learned;
- ensure that all employees possess the appropriate skills for their job;
- define SHE standards in simple, clear terms, communicate them to all employees and secure their involvement;
- report, monitor and audit all aspects of SHE performance to confirm compliance and continuous improvement;
- recognize and reward excellence in SHE performance.

Safety, Health and the Environment at Stahl

Local management teams are responsible for ensuring compliance. Local, regional and/or national authorities issue permits for all activities carried out on each one of its sites. Internal regulations and directives are often more stringent and more advanced than local legislation. A SHE manager is employed full-time on each site for this specific purpose.

The manager in charge of SHE global operations and issues visits each site at least twice a year to analyze and assess the actual situation.

More detailed audits are also regularly performed by teams from the SHE and engineering department, backed up if necessary for certain projects by external consultants.

A continuous progress approach

All Stahl's sites are ISO 14001 certified, except for the Chinese site, which has a "clean operations" permit, an equivalent Chinese standard in force in the country. Follow-up audits and internal control take place on a regular basis.

Moreover, as a manufacturer and importer of chemical products in the European Union and United States, Stahl has a responsible purchasing policy and takes precautionary measures early on in the supply chain. Stahl adheres to every aspect of the European REACH regulation and the TOSCA legislation in the United States.

All employees are continually reminded of environmental issues, in particular those concerning building maintenance and energy consumption.

Designing products that are more friendly to the environment

Nearly 80% of Stahl products are now water-based, replacing use of solvents. Stahl has made the gradual elimination of solvent-based products a primary goal. Thanks to its innovative research, Stahl was one of the first companies to market water-based products, which now represent the majority of Stahl's production.

At the end of 2010, Stahl launched an internal working group in the aim of enabling Stahl to innovate eco-design products. An employee from the R&D team is assigned full-time to the "Task force in place" working group, assisted by technical and sales staff.

Managing more eco-friendly industrial operations

Energy consumption

Stahl's ongoing priority is to conserve energy, and to consume it in an efficient and responsible manner. Stahl has made significant efforts to raise employee awareness on this policy. One of its benefits is that it provides a basis for maintenance work, engineering, technical projects, product development, etc.

A project is underway to determine whether it is feasible to replace a steam boiler in Spain with a combination boiler that simultaneously produces steam and electricity.

If equipment needs to be replaced, or for an industrial development project, Stahl ensures it studies at least one of the most energy efficient alternative solutions. In 2010, Stahl hired external consultants to carry out studies integrating energy analyses on all its production sites around the world. Studies were completed on four sites, and studies for the Group's remaining sites will be completed in 2011. Recommendations from them will be gradually applied.

In 2011, Stahl will begin to measure its carbon footprint at all its production plants.

Stahl measures and controls its energy consumption on its sites by month and by unit of production.

Total electricity, natural gas and oil consumption in 2010 (Giga Joule/metric ton of production)

Brazil	2.32
China	1.80
Netherlands	2.17
India	1.76
Mexico	1.86
Singapore	1.48
Spain	2.91

Emission management

Stahl measures the air emissions of its production plants based on the local requirements imposed by the authorities.

The effluent treatment plant in Brazil was upgraded and extended using an innovative, ecological technology based on the wetlands principle.

In Spain, Stahl finished installing washing and oxidation equipment designed to reduce air emissions in the plant. The technology used was based on an innovative and energy-efficient oxidizer. It replaces the former post-combustion technology.

Effluent treatment plants in Spain and China will be assessed in 2011.

Photograph-based controls are performed annually on the four sites to detect any signs of leaks in the sewage system so as to avoid polluting the ground with waste water.

A centralized drumming facility is currently being built in the Netherlands, which will directly reduce the site's waste production and emissions into water. Building work is scheduled to be completed in 2011.

Stahl has stepped up its global policy on storing chemical products.

Site maintenance will be taken into deeper consideration. Preventive and corrective maintenance plans will be drawn up in 2011 and 2012.

Waste management

Stahl is especially attentive to waste management. The company reviews processes on a regular basis and promotes a sense of discipline and accountability among employees. Waste disposal is carried out by reputable, government-approved companies. Incineration of chemical waste is only carried out using responsible methods.

	2010
Hazardous waste (metric ton)	3,520
Non-hazardous waste (metric tons)	1,159
Total waste (metric tons)	4,679
Production (metric tons)	111,538
Ratio of total waste (kg) per production (metric tons)	42

A worldwide project for waste reduction has been defined.

Water use and consumption

Stahl's products are 50% water-based. It has implemented new procedures to increase the re-use of water for cleaning reservoirs, reactors, boilers and piggable valves.

	2010
Total water consumption	186,138 m^3
Total production	111,538 metric tons
Water consumption ratio	1.7 m3 per metric ton produced

2.2.2.4.2 Committed to developing its employees' skills

Following a difficult year for interne of sales in 2009, Stahl was presented with excellent growth opportunities in 2010. Sales increased, particularly in emerging market countries. This increase in activity generated an increase of almost 6% in the workforce. New hires mainly integrated the sales and production teams. 95% of Stahl's staff are on permanent contracts, 29% are women and 1% are disabled.

Breakdown of full-time employees as of December 31, 2010 by geographic region

Region	2010	2009
Europe	449	449
Asia-Pacific	270	251
India and Pakistan	158	123
North and South America	313	297
TOTAL	**1,190**	**1,120**

The average absence rate was 1.1%, showing an improvement on previous years.

The total turnover of staff was 10.3%. The highest turnover rate was recorded in Asia (30%) because the sales teams and application laboratory in Shanghai moved to Suzhou and Guangzhou respectively, and because there is a traditionally high turnover in Singapore where unemployment is very low (around 3%). The lowest turnover rate was recorded in India (2.5%) followed by Europe (5.6%).

Turnover of strategic employees (sales, applications technicians and R&D technicians) did not exceed 1.5%, the highest turnover being in Asia, at 5.6% which is still low given the general movements in the market.

Human resources development

The Stahl group is highly committed to developing its employees' skills. The increase in sales in certain emerging markets has required a concerted effort in development and training of specialized sales technicians and manufacturing staff.

The majority of training activities are the result of a collaboration between head office and the local site to integrate experience into the local culture. Topics such as health, safety and the environment are considered crucial, in particular for laboratory and production staff, and management places emphasis on these topics. In the pursuit of leadership in these new markets, another priority is the transfer of technical, applicative and sales skills to young employees, in particular in markets that are rapidly expanding.

In addition to internal staff development initiatives, in 2010 the Group continued to invest in training through outside organizations, in particular for management and leadership skills.

Compensation policy

The Group continued its efforts to harmonize the tools and processes used in performance assessment and compensation. A number of salary surveys have been carried out in the fastest growing emerging markets to ensure that the local compensation policy is competitive and that the Group can recruit and retain capable employees.

Owing to the overall strong results of the company, the company's employees, in particular the sales staff, received bonuses as part of a general bonus plan implemented over the last few years. The success of the sales department and their commensurate rewards have been a excellent source of motivation.

Health and safety

As described in section 2.2.2.4.1, Stahl is strongly committed to its Safety, Health and Environment (SHE) approach, which is a major part of its culture. Ensuring the health and safety of its employees, customers and the public in general is a leading priority for Stahl. All employees in the Stahl group are required to strictly apply operating principles and standards in the areas of health and safety. Their awareness of these issues is regularly reinforced through training as well as various initiatives to encourage employees to make suggestions and take action to improve health and safety. This applies in particular to emerging markets in which staff numbers are continually increasing.

2.3 Risk factors

The Company regularly evaluates its own risk factors and those of its consolidated subsidiaries. The risk management process is described in section 2.4 below, in the internal control report.

The risk factors presented in this section are those that could have a material effect on the business operations, financial situation or future performance of the Company or companies in the consolidated Group during the fiscal year ended, as of the date of this Reference Document.

As for Saint-Gobain and Legrand, companies accounted for by the equity method, these listed companies carry out diversified industrial activities in a number of geographical regions, and their risks are presented in their respective reference documents.

2.3.1 Financial risks

Information on liquidity, interest-rate, currency and equity risks of Wendel and its controlled subsidiaries can be found in section 4.11 “Risk Management” of the notes to the consolidated financial statements in this Reference Document.

2.3.2 Operational risks

Wendel’s risks

Only the operational risks of Wendel are covered in this section.

Risks related to Wendel’s business of equity investment are described below.

The risk involved in equity investment at the time of the acquisition of an equity stake lies in the determination of the company’s value, which can be overestimated. The valuation of a target company is based on operating, environmental, financial, accounting, legal and tax data communicated during due diligence, and the precision and extent of this information can vary. The due diligence processes performed by Wendel are thorough and must meet the investment criteria it has defined. Identified risks can, on a case-by-case basis, be covered by a guarantee from the seller.

Wendel’s equity investments are financed either through equity or bank debt. The terms and conditions of Wendel’s financing arrangements impact the profitability of its projects. In light of recent regulatory changes and current market conditions, these financial terms and conditions can affect the ability of Wendel or of its consolidated subsidiaries to obtain financing or refinancing. The members of the Company’s investment team strive to negotiate the best financing or refinancing terms.

Once they have joined the portfolio, the companies in which Wendel has invested must be evaluated periodically. The Company’s net asset value (NAV) is calculated five times a year, using a detailed, consistent methodology (see section 3.3). It is examined by the Supervisory Board, after hearing the opinion of the Audit Committee, itself based on the advice of an independent expert (see section 2.1.4.1). These valuations do not necessarily reflect the final value of the divestment.

Furthermore, unlisted controlled companies are less liquid than listed companies. The sale of equity investments can be facilitated or hindered by market conditions.

Also, Wendel’s ability to seize investment opportunities, best manage its equity investments and optimize financing and refining depend on the skills and stability of its Executive Board and management team. As a result, the departure of key people could have a negative impact on Wendel’s investment activity.

Risks for associates

The main risks for Wendel’s associates can be summarized as follows:

Bureau Veritas: the main risks identified by Bureau Veritas are changes to the macroeconomic, financial and political environment; the intense competition; the need to obtain local, regional or international authorizations to carry out a significant portion of its activities; image- and ethics-related risks resulting from potential operational disputes; currency risk; risks related to debt (see the “Exchange risk management” and "Financial debt of Bureau Veritas" sections, respectively, in the consolidated financial statements); the risk of the departure of key employees; and generic risks such as those related to operating costs, controlling external growth and listed company status. The Bureau Veritas management team is in charge of managing these risks. Risk factors are described in more detail by Bureau Veritas in its reference document.

Materis: the main risks identified by Materis are changes to the macroeconomic and financial environment (especially construction industry cycles); competitive pressure; the rise in raw material and energy prices; sectoral innovation; industrial and environmental risks (certain materials used or products manufactured could be discovered to be hazardous to human health or the environment); the risk of departure of key people; and the liquidity risk arising from the LBO structure used to finance this investment (see the section on equity risk management in the consolidated financial statements). The Materis management team is in charge of managing these risks.

Deutsch: the main risks identified by Deutsch are changes to the macroeconomic and financial environment; competitive pressure; the rise in raw material prices; technological innovation; industrial risks; supply chain risks; the risk of departure of key people, currency risk (see the section on currency risk management in the consolidated financial statements); and the liquidity risk arising from the LBO structure used to finance this investment (see the section on equity risk management in the consolidated financial statements). The Deutsch management team is in charge of managing these risks.

Stahl: the main risks identified by Stahl are changes to the macroeconomic and financial environment; competitive pressure; the rise in raw material prices; the concentration of chemical suppliers; sectoral innovation; industrial risks; environmental risks (certain materials used or products manufactured could be discovered to be hazardous to human health or the environment); the risk of departure of key people; currency risk (see the section on currency risk management in the consolidated financial statements); and the liquidity risk arising from the structure used to finance this investment (see the section on equity risk management in the consolidated financial statements). The Stahl management team is in charge of managing these risks.

2.3.3 Regulation

Wendel

As an investment company, Wendel is not subject to any specific regulations. Each of the Group's companies carries out its business in compliance with its own regulatory environment, which differs according to its industry and the country in which it operates.

Bureau Veritas

Bureau Veritas operates in a highly regulated environment and a significant portion of its activities require prior authorizations issued by local, regional or international public authorities or professional organizations. Each division in the Bureau Veritas group has set up a specific structure to centralize the monitoring and management of these authorizations, which are regularly verified through audits conducted by the relevant authorities.

For more information on regulations applicable to Bureau Veritas, please refer to the company's reference document. It is available on the websites of Bureau Veritas (www.bureauveritas.fr) and the AMF (www.amf-france.org).

Deutsch

Deutsch's activities are governed by specific regulations in the United States, the United Kingdom and in France, due to its manufacturing of products for military applications.

In the United States, these are the International Traffic in Arms Regulations (ITAR). A license is required to export products covered by the regulations, even when being transferred from one Deutsch production unit to another. The technical data used to manufacture these products are also subject to specific authorizations, and staff involved in the manufacturing process must be vetted.

In the United Kingdom, export regulations contain similar provisions. Controls are stricter for certain countries, and prior approval is required before these products for military use or the technical data used to make them can be exported to these destinations. In France, a representative of the French arms procurement agency, the DGA, ensures that existing procedures are followed and also controls the export of products used in military applications. An authorization from the relevant Interministerial Commission must be obtained for each project involving the marketing or export of military materials. Deutsch has set up special procedures to ensure compliance with these regulations. The measures are designed to identify and protect, at Deutsch production sites, the components for which a license is required as well as the data covered by these regulations.

To Deutsch's knowledge, no regulatory change is likely to have a material effect on its business.

Stahl

Stahl operates in 25 countries. Its manufacturing facilities are located in seven countries, Singapore, China, India, the Netherlands, Brazil, Mexico and Uruguay, in which Stahl has obtained the required authorizations to do business. These licenses relate to the areas of security, health and the environment.

To Stahl's knowledge, no regulatory change is likely to have a material effect on its business.

See 2.2.2 on Stahl's environmental responsibility.

Materis

Regulations applying to Materis have no material effect on its business.

See 2.2.2 on the environmental responsibility of Materis.

Statement

To the Company's knowledge, there is no foreseeable change in regulations or development in case law that could have a significant impact on the activities of the companies controlled by Wendel.

2.3.4 Legal risks

In the ordinary course of their business, Wendel and its controlled subsidiaries are involved in litigation, arbitration and administrative disputes and are regularly subject to tax, labor or administrative review.

A provision is recognized whenever a risk is probable and the cost associated with this risk can be estimated. The methods used for calculating provisions and accounting for liabilities comply with applicable accounting standards. The amount of the provision recognized represents the best estimate of the financial impact for the Group of these disputes, based on available information.

The total amount of provisions for disputes recognized in the consolidated financial statements was €113.5 million, of which €74.7 million related to Bureau Veritas.

Wendel

The main legal risks for the Company are as follows:

- In September 2010, the General Court of the European Union, ruling on the appeal by Editions Odile Jacob, annulled the European Commission's 2004 decision authorizing Wendel to acquire Editis from Lagardère. The annulment was pronounced based on a procedural irregularity for which Wendel was not responsible. The European Commission and Lagardère appealed the judgment to the Court of Justice of the European Union in November 2010, with Wendel filing a statement in February 2011 to support their appeal.

  Editions Odile Jacob also brought an action against Wendel and other parties in October 2010 before the Paris Commercial Court, seeking the annulment of Wendel's acquisition of Editis in 2004 and its subsequent sale of Editis to the Spanish publishing group Planeta in 2008. Wendel considers these legal actions to be unfounded and has not recognized any provision related to this dispute.
- A former management-level employee of the Company, dismissed in June 2009, has presented a claim to the labor conciliation board (*Conseil des Prud'hommes*) for the same amount of compensation as in a previous proceeding before the same authority, from which the employee withdrew; this withdrawal was confirmed by the conciliation board's ruling on August 31, 2010. The employee is also claiming €6.8 million in damages before the Paris Commercial Court for the alleged prejudice suffered as a result of a profit-sharing program benefiting Wendel Group executive managers. To date, the two cases are pending. The Company considers the claims of this former employee to be unfounded and has not recognized any provision related to this dispute.
- On January 17, 2011, the AMF Enforcement Committee published its decision regarding its investigation into the Company's stake-building in Saint-Gobain. It fined Wendel and its former Executive Board Chairman €1.5 million each for non-compliance with Articles 223-2 and 223-6 of the AMF's General Regulation. The Company had recognized a provision for this amount and has appealed against the decision to the Paris Court of Appeal.
- Pollution was discovered in 1994 on property belonging to Hauts Fourneaux de Rouen (HFR), a Wendel Group subsidiary, which ceased operations in 1967. In 1998, the Seine-Maritime prefecture issued an administrative order requiring Sofiservice, the Wendel subsidiary that had absorbed HFR through various reorganizations, to have an environmental study performed and to remediate the site. The order was annulled by a decision of the Administrative Court. In October 2002, the Administrative Court of Appeal canceled that decision. The appeal court's ruling was confirmed by the Conseil d'Etat in January 2005. Since that date, Sofiservice has had an initial environmental study performed and the provision recognized in relation to this risk has been maintained.

Bureau Veritas

In the ordinary course of its business, Bureau Veritas is a party to a large number of disputes and legal proceedings seeking to establish its professional liability.

As of the date of this Reference Document, the main proceedings involving Bureau Veritas are as follows:

- Terminal 2E of the Paris-Charles de Gaulle airport: on May 23, 2004, a portion of the roof of Terminal 2E at the Paris-Charles de Gaulle airport in Roissy, France, collapsed.

  On the civil side, two expert assessments were initiated at the request of the main stakeholders involved in the construction project, Aéroports de Paris (ADP) and the companies of the Vinci group.

  An out-of-court settlement has already been made with respect to the property damage covered by decennial construction insurance, covered by Bureau Veritas's insurers.

  The experts evaluated the related economic loss at €145 million and proposed to set the percentage of liability attributable to Bureau Veritas regarding this loss at between 8% and 10%.

  A criminal inquiry was also opened, in which Bureau Veritas and the construction companies were placed under investigation.

  In light of the evaluations performed, the insurance coverage available and the provisions already recognized by the Group, Bureau Veritas considers that this claim will not have a material adverse effect on its financial statements.

- Dispute relating to the construction of a hotel and shopping complex in Turkey: the Turkish company Aymet brought an action before the Ankara Commercial Court against the Turkish subsidiary of Bureau Veritas, claiming over $63 million in damages for alleged failures in the performance of its inspection and project supervision duties.

  The documents communicated to the court confirm the opinion of Bureau Veritas, which is that Aymet's claims have no legal or contractual basis.

- Dispute relating to the crash of a Gabon Express airplane: On June 8, 2004, an aircraft crashed in Libreville, resulting in the death of 19 passengers and crew members and injuries to 11. The general director of the Bureau Veritas subsidiary in Gabon is being criminally charged, and a civil liability suit has been brought against the Bureau Veritas company in Gabon.

  In light of the evaluations performed, the insurance coverage available and the provisions already recognized by the Group, Bureau Veritas considers that this claim will not have a material adverse effect on its financial statements.

Unlisted companies

To the knowledge of the unlisted companies—Deutsch, Materis and Stahl—there are no governmental, legal or arbitration investigations or proceedings likely to impact their financial situation.

Statement

There are no governmental, legal or arbitration proceedings involving the Company or any of its controlled subsidiaries, including any pending or threatened proceedings, of which the Company is aware that may have or have had a significant impact during the previous fiscal year and as of the date of this Reference Document on the financial position or profitability of the Company and/or the Group.

2.3.5 Insurance

Wendel

As part of its risk management policy, Wendel has taken out policies with leading insurance companies, whose solvency it has verified. Every year, the Company reviews its principal insurance contracts with the aim to improve its coverage while taking advantage of market pricing to achieve significant savings. The following principal risks are now covered:

- damage to property (buildings and/or tenant's liability risk) and contents (amount covered: €19.9 million). The policy covers physical damage to property. The insurer is Albingia.
- information technology risks (amount covered: €0.4 million). The insurance is provided by Gan Eurocourtage.
- general liability (amount covered: €10 million). The policy, covering bodily injury, property damage and other losses to third parties, was taken out with Chartis.
- car fleet. The policy, supplied by Allianz, provides unlimited coverage for bodily injury and up to €100 million for property damage and economic loss.
- non-owned auto. This policy insures the use of a personal vehicle for occasional travel that is required for Wendel business. It is also supplied by Allianz and provides unlimited coverage for bodily injury and up to €100 million for property damage and economic loss.
- travel by Company employees is also insured by an assistance policy taken out with ELVIA-Mondial Assurance.

- professional liability (amount covered: €25 million). This policy, in effect since January 1, 2009, covers litigation risks, in the event of professional error or an act deemed as such, committed by the Company or one of its agents or employees in their dealings with subsidiaries and associates. It was taken out with Zurich Insurance.
- liability of executives and corporate officers. This policy covers the Company's corporate officers, its representatives on the governing bodies of subsidiary and affiliated companies, and persons considered executives de facto or de jure, who might be held responsible for a professional error in connection with their duties of management, supervision or administration. The insured amount is €50 million. The coverage is provided by a primary insurer, Chartis, and secondary insurers XL and AXA CS.
- illness, death or disability of Company employees. This coverage was completely revised in 2007. Health and disability insurance is provided by URRPIMMEC, a member of the Malakoff Médéric group. The risks of accidental death or total permanent disability are covered by ACE Europe.

Bureau Veritas

The main insurance policies taken out by Bureau Veritas on a global level are as follows:

- A liability insurance program for corporate officers. Chartis is the lead insurer; Nassau, AXA CS, Liberty Mutual and HCC Global Financial are the reinsurers for the successive retention levels;
- A Marine program covering the activities of the Marine division. This policy is placed on the London market; the insurer is ACE Europe;
- An Aviation program, relating in particular to aircraft inspections for the issue of airworthiness certificates. This policy is placed on the London market; the lead insurer is Global Aerospace;
- A Land program covering the Group's other activities, except Construction. AXA CS is the insurer for the first three retention levels of this policy. Additional coverage is provided by Chartis and Swiss Ré International;
- The activities of the Construction division in France and the United States are excluded from the Land insurance program and insured locally, due to specific requirements relating to technical audits and decennial insurance and to particularities of the US insurance market. Local construction insurance programs have also been set up in Spain, Germany and the United Kingdom.

Stahl

Stahl is covered by four insurance policies taken out with leading insurance companies:

- property damage and business interruption loss insurance with Zurich and Mitsui;
- professional liability insurance with XL for the first retention level, QBE for the second retention level and Zurich;
- liability insurance for corporate officers with QBE;
- marine freight liability with Northern Marine.

Deutsch

Deutsch has taken out the following insurance:

- liability insurance for corporate officers with XL Specialty Insurance Company;
- a "fraud and embezzlement" policy with Zurich American Insurance Company;
- property damage and business interruption insurance with Chartis Insurance Company;
- a product-recall policy with Lloyds;
- travel insurance with National Union Fire Insurance Company (a Chartis group member);
- kidnapping and extortion insurance with US Specialty Insurance Company.

Materis

Materis has taken out the following insurance:

- professional liability insurance with XL;
- property damage and business interruption insurance also with XL;
- environmental liability insurance for the sites and land transportation insured by Chartis;
- a liability insurance program for corporate officers with XL as the primary insurer and Chartis, ACE Europe and Mitsui as secondary insurers.

2.4 Report on risk management and internal control

To prepare this report, the Chairman of the Supervisory Board consulted with the Executive Board, which gathered the information necessary from the entities and managers. Wendel relies on the AMF frame of reference to analyze internal control and to prepare the report. This report has been submitted for review by the Audit Committee and approval by the Supervisory Board.

2.4.1 Definitions and objectives of risk management and internal control

2.4.1.1 Definitions

2.4.1.1.1 Risk management

Risk management is all encompassing and covers all of the Company's activities, processes and assets. The Company is responsible for defining and implementing its risk management system, which evolves over time.

Risk management includes a set of resources, behaviors, procedures and initiatives tailored to the characteristics of the Company. They enable the Executive Board to maintain risks at a level that is acceptable to the Company. Risks represent the possibility that an event may occur whose consequences would adversely affect the Company's employees, assets, financial condition, reputation or environment.

The Company's Executive Board manages risk so as to:

- create and preserve the Company's assets, reputation and the value it has created;
- make the Company's decision-making and other processes more secure so as to help the Company achieve its objectives;
- foster consistency between the Company's activities and its values;
- encourage the Company's employees to adopt a shared view of the principal risks and raise their awareness about the risks inherent to their business activities.

2.4.1.1.2 Internal control

The Company has defined and implemented an internal control system that aims to ensure that:

- laws and regulations are complied with;
- instructions and strategies set out by the Executive Board are enforced;
- the Company's internal procedures, in particular those concerned with protecting its assets through appropriate monitoring and control are carried out efficiently;
- financial information is reliable.

In general, internal control helps the Company manage its activities and ensures the effectiveness of its operations and the efficient use of its resources.

2.4.1.2 Relationship between risk management and internal control

The Company's risk management and internal control systems are complementary. Action plans put in place as part of risk management might lead to internal control procedures being implemented. Thus, internal control procedures help deal with the risks to which the Company's business activities are exposed. Similarly, the internal control system relies on risk management to identify the principal risks that must be controlled.

By helping to prevent and control risks that may impede the ability of the Company to attain its objectives, the risk management and internal control systems play a key role in leading and directing the Company's various business activities.

They also help preserve Wendel's image and its position as a listed company whose shares are traded on a regulated market, by protecting it against the risks of disclosure of confidential information, illegal insider trading and financial fraud.

Risk management and internal control cannot, however, provide an absolute guarantee that such risks will be totally eliminated and that the objectives of the Company will be achieved.

2.4.2 Scope of risk management and internal control; duties

2.4.2.1 Scope

Wendel's risk management and internal control system, as described in this report, covers all operations carried out by Wendel as an investment company as well as all of its directly controlled holding companies and investment vehicles. The Wendel Group (Wendel and its fully consolidated subsidiaries) is a group that: (i) is decentralized, including in the choice of organizational structure and in its risk management and internal control systems; (ii) includes listed and unlisted companies; and (iii) includes companies in different businesses and of varying sizes. As a result, the scope and characteristics of risk management and internal control can vary from one subsidiary to another. Each company and its executives are responsible for designing and implementing their own risk management and internal control systems, in line with the Group's philosophy and organization.

2.4.2.2 Duties

Since 2007, Wendel has carried out a number of reviews relating to internal control, relying on the framework set down by the AMF in its January 21, 2007 recommendation and on its application guide. In 2010, these reviews were expanded to take into account the new framework covering both risk management and internal control, published by the AMF on July 22, 2010. They are based on a self-evaluation questionnaire that has been amended to reflect all control principles and objectives provided for in the AMF's new reference framework while adapting them to the Group's particular features and activities, i.e., by identifying the specific areas of risk (e.g. financial risks).

Wendel completed the self-evaluation questionnaire and disseminated it to its principal subsidiaries. Each year the questionnaire is reviewed and revised, if necessary, the replies are updated, and the suggested improvements are followed up on.

The questionnaire has three parts:

1) general principles of risk management and internal control:

- organization and operating methods: organization and operation of the Company's governing bodies, formalization of job descriptions and delegations of authority, human resources management policies, IT systems security, and compliance with ethical and employee behavior codes;
- internal dissemination of information: procedure for reporting critical information to the Company's governing bodies, policy for protecting sensitive information and maintaining its confidentiality;
- risk management: objectives, organization and responsibilities; procedure for identifying, analyzing, classifying and monitoring risks and for reporting to the Company's governing bodies;
- control activities: existence and monitoring of controls enabling risks to be understood and managed, existence and monitoring of performance indicators necessary to direct business activities, procedures for managing and controlling cash and debt, control and monitoring of acquisitions, monitoring of outsourced activities;
- internal control oversight: systems to ensure that controls already in place operate as intended and that the necessary improvements are implemented; reporting to the Company's governing bodies.

2) co-ordination of the accounting and financial organization

- general organization: documentation of accounting and financial procedures and closing operations, organization of the accounting function, control of compliance with accounting principles;
- resource management: process for reviewing whether available resources are sufficient and whether the team responsible for closing the accounts is properly organized;
- application and understanding of accounting rules: procedures ensuring correct IFRS application, including on new accounting issues, regulatory watch system, identification of complex accounting issues, compliance with Group accounting principles and account closing timetables, in-depth examination and communication of Statutory Auditors' conclusions;
- organization and security of IT systems;
- role of senior executives and the Company's governing bodies in approving the financial statements.

3) preparation of accounting and financial information.

This questionnaire covers all accounting cycles. The subsidiaries have deployed the questionnaire in their main divisions.

The Audit Committee of each subsidiary subject to controls has examined and analyzed the replies given in the questionnaires.

Based on the data gathered, improvement plans have been drawn up and implemented for any control issues requiring them.

The findings of these questionnaires were given to Wendel's Audit Committee, and a summary of the replies were used in preparing this report.

2.4.3 Summary of risk management and internal control procedures

2.4.3.1 Organization

2.4.3.1.1 Supervisory Board

The Supervisory Board exercises ongoing control of the Executive Board's management of the Company. Throughout the year, it performs the checks and controls that it deems appropriate and may request any document that it considers necessary to fulfill its duties.

The Supervisory Board regularly reviews the main risks to which the Group is exposed. It does so within the framework of its meetings, and in particular:

- when it examines the quarterly management reports prepared by the Executive Board on the economic and financial condition of each subsidiary or investment (business trends, margins and financial debt), as well as all events that could have a significant impact on the Group;
- as part of each investment project: the Executive Board presents to the Supervisory Board how each investment project will be implemented, the risks and opportunities connected with each project, based on various assumptions, as well as current and projected resources to protect against risks. The Supervisory Board's prior approval is required for all projects of more than €100 million.

In addition, the Executive Board regularly updates the Supervisory Board on Wendel's cash situation and changes in net asset value (NAV).

The Supervisory Board's Audit Committee is responsible for ensuring the quality and reliability of financial statements and other published financial information, reviewing risk management and internal control procedures, interviewing the Statutory – when necessary, outside the presence of Company representatives – and ensuring they remain independent. In this regard, the breakdown of fees paid to Statutory Auditors and their network into financial statement audit assignments and other services was examined in detail in 2010. The Audit Committee's tasks are described in section 2.1.4.1 of the Reference Document.

The Governance Committee proposes to the Supervisory Board the terms under which Executive Board members are compensated, including benefits in kind. It sees to it that compensation arrangements align the interests of the Executive Board members with those of Wendel. In addition, the Governance Committee reviews, where applicable, the co-investment opportunities offered to the managing team. The Governance Committee's tasks are described in section 2.1.4.2 of the Reference Document.

To accomplish its tasks, the Supervisory Board and its Committees may call upon external experts, when they deem it necessary. For example, the Audit Committee consults a financial expert to value the Company's unlisted assets several times a year as part of its review of NAV.

All of these points, including the general principles derived from law, from the by-laws or from the Afep-Medef corporate governance code, appear in the Supervisory Board's new internal regulations, adopted in December 2010.

The Supervisory Board and its Committees analyze their operating methods every year. In 2009, the Supervisory Board called on an external firm to assist it in assessing its operations and composition. This procedure is to be renewed every three years.

The by-laws and legal provisions governing the transactions for which the Supervisory Board's prior consent is necessary, as well as the thresholds set by the Supervisory Board regarding divestments, the sale of real estate and the granting of endorsements and guarantees are described in section 2.1.5 of the Reference Document. These rules are part of the internal control process. The division of roles between the Supervisory and Executive Boards is indicated in the same section.

2.4.3.1.2 Executive Board and Committees

The Executive Board has two members. It meets at least once every two weeks and as often as required by the Company's interests. Its decisions are made collegially.

The Executive Board has organized Company procedures by setting up:

- a Management Committee, which includes the Executive Board and the main operational managers and which is in charge of running the day-to-day business of Wendel and its holding companies, as well as financial and legal matters, human resources and communications. In 2010, the Management Committee met every two weeks;
- an Investment Committee, which includes the Executive Board and five Managing Directors of the Investment Unit. In 2010 the Investment Committee started meeting once a week so as to monitor the subsidiaries effectively and identify and handle any investments or divestments by the Group;
- an Operations Coordination Committee, which comprises all the company's senior executives, including members of the above two committees. It takes stock of Wendel's position and the initiatives to be undertaken, and it reports on any difficulties or risks encountered. Under normal circumstances, this committee meets once a week.

The Executive Board's monitoring of various risks to the Group is described below in the section on "System for identifying and analyzing risks and ensuring that risk management procedures are in place".

2.4.3.1.3 Operating subsidiaries

Each subsidiary enjoys full management autonomy but reports to Wendel periodically on financial matters. Wendel also takes part in the corporate governance bodies of its subsidiaries and thus ensures that internal control and risk management procedures are properly applied.

2.4.3.2 Internal dissemination of information

2.4.3.2.1 Reporting as part of decision and control processes

The Supervisory Board and Audit Committee are regularly provided with necessary information on business matters, strategic planning and the risks to which Wendel is exposed, within the framework of the regular meetings described in the section above.

Because Wendel's various management committees meet often, as described above, the Executive Board can organize appropriate dissemination of information within the Company. Consequently, the Executive Board and each department head can make decisions based on all the relevant information in Wendel's possession on its organization, strategic planning, financial position, and the business activities of its subsidiaries.

2.4.3.2.2 Dissemination of information on Wendel's organization and its employees' responsibilities

At Wendel, each person's responsibility for preparing and reporting information is clearly identified. Several procedures help ensure this:

- Wendel conducts annual performance reviews, through which the Company regularly reviews the contribution of each employee, the scope of their position and the resources given to them for meeting their objectives. This information is centralized by the Human Resources department and can, where necessary, lead to recommendations for training, in order to allow all employees to improve their respective skillsets;
- the Executive Board convenes meetings of all the Company's employees whenever necessary, in addition to the committee meetings mentioned above and internal team meetings. Similarly, group reflection and motivation seminars involving some or all employees may be organized to take stock of the Company's position and its environment, and to encourage each person to express his or her expectations about the Company's operations. Two such seminars were held in 2010;
- the dissemination of procedures and rules to all personnel, such as commitment procedures and the "Market Confidentiality and Ethics" Code (see below) assist each employee in complying with the internal control procedures established by the Executive Board;
- Wendel has an intranet whose purpose is to share useful information with all interested parties on Group events and organization. This site includes an inventory of the main internal memos describing the roles and processes in effect within the organization, as well as a functional and hierarchical organization chart.

2.4.3.2.3 Protection of confidential information

Wendel endeavors to preserve the utmost confidentiality in sharing sensitive information:

- the "Market Confidentiality and Ethics" Code was updated in 2009 and presented to all employees and is part of the internal regulations. Members of the Supervisory Board adhered to the Code in 2010;
- IT access and security is strengthened on an ongoing basis. Each workstation can be accessed only by the employee to whom it is assigned. Session access is controlled by a login and password combination. The access rights of each employee are limited to his or her responsibilities or department;
- arrangements to enhance the security of the Company's offices have been strengthened since 2008. A video-surveillance system has been implemented and security guards are assigned to the building at all times, securing all building access.

2.4.3.3 System for identifying and analyzing risks and ensuring that risk management procedures are in place

Section 2.3 details the main risks Wendel encounters and how they are addressed.

The Company and its Committees are organized in such a way as to allow for active risk management and internal control. The Executive Board assigns and distributes risk monitoring responsibilities to various departments of Wendel:

- the Investment Unit monitors the valuation risk on Wendel's assets, the performance of subsidiaries and associates on a monthly basis, and the operational risks specific to each investment. The Executive Board and the Investment Unit also ensure that the management team of each subsidiary and associate is organized in such a way as to manage its risks properly and achieve its objectives;
- the Finance department monitors financial risks (e.g. interest-rate and liquidity risks), cash management, NAV, accounting regulations, earnings forecasts and the processes and estimates needed in preparing the financial statements. Key indicators (e.g. current and projected cash levels, financial leverage, interest-rate exposure, changes to NAV) are reviewed regularly so that the Executive Board can take any necessary measures to modify the Company's exposure to these risks;

- the Legal department is responsible for Wendel's legal security; it monitors the legal validity of contracts (financing, purchases or divestments, etc.), labor relations at Wendel and at its holding companies, regulations that apply to Wendel and the transactions it undertakes, particularly securities market regulations, disputes, compliance and liability and malpractice insurance for corporate officers;
- the Tax department monitors tax regulations, ensures that the Company's obligations *vis-à-vis* the tax authority are handled properly and guards against tax risks;
- the Operational Resources department is in charge of managing risks to people and equipment, and the prevention of IT risks (intrusion, data security and storage, business continuity, etc.).

Each department may be assisted, to the extent necessary, by outside experts (lawyers, investment bankers, brokers, auditors, etc.).

The Executive Board manages the monitoring of risk and, together with each department, decides on the procedures that will be used to cover them. This takes place in committee meetings and in Executive Board meetings as described in the section on organization. The Executive Board may decide to create specialized committees to handle certain risks.

As indicated in the section on organization, the Executive Board presents the main risks that could significantly impact the value of Wendel's assets to the Supervisory Board, whenever required and at least four times a year as part of the quarterly business report. In addition, pursuant to the Supervisory Board's internal regulations, the Audit Committee reviews the risk management and internal control procedures. Since 2009, the Audit Committee has examined risk management at Bureau Veritas, Materis and Deutsch. The Chairman of the Audit Committee presents a summary of the Audit Committee's work to the Supervisory Board.

Subsidiaries manage their own risks, particularly operational risks, and take the necessary steps to understand and monitor them. They decide whether it is necessary to map these risks and to determine the action plans to be implemented each year. Nevertheless, Wendel's presence in the governing bodies of its subsidiaries allows it to ensure that major risks are actively monitored.

As Wendel is an investment company, it does not have its own internal audit department, but relies on those of its subsidiaries and on the reports they furnish to Wendel. Wendel also takes into account the conclusions of the auditors of its subsidiaries and associates. To improve communication, they are part of the same networks as Wendel's Statutory Auditors.

2.4.3.4 Control and oversight functions

2.4.3.4.1 New investments and divestments

The Investment Committee meets weekly to examine progress made on planned acquisitions and divestments and to explore new opportunities. The Committee is composed of the Executive Board and five Managing Directors from the Investment Unit. The CEO of Oranje-Nassau and the Japanese team attend regularly. Executive Board members select a team comprising people with the requisite expertise to review each opportunity. A senior member of the team is appointed coordinator and is responsible for the investment/divestment recommendation. Once the project analysis has been finalized and received approval from the Executive Board, it is presented to the Supervisory Board if the by-laws so require. This presentation includes an analysis of the impact of the transaction on net income from business sectors, financial position and Wendel's NAV. It shows the outcome under favorable and unfavorable scenarios. If the Supervisory Board approves the transaction, the Executive Board supervises its execution at the team level.

2.4.3.4.2 Monitoring investments

Monitoring the existing portfolio involves:

- a monthly operational report from each subsidiary and associate presenting trends in business activity, profitability and financial debt. These indicators are compared with previous periods and with budgeted figures. For some subsidiaries, short-term cash management and projection tools have also been implemented;
- regular work sessions with the managers of each subsidiary and associate. The agenda for these meetings includes, in addition to a review of the business, an in-depth analysis of an important topic (procurement policy, optimization of business assets, research and development, analysis of the position of major subsidiaries, existence and organization of internal control, coverage of financial risks, etc.);
- an annual budget meeting with each subsidiary and associate, updated at additional meetings when new projections become available;
- numerous exchanges or meetings organized with members of the management of each subsidiary and associate, if required.

The members of the Investment Committee present a summary of their work monitoring the subsidiaries and associates for which they are responsible and make recommendations in the event significant decisions concerning these investments need to be made.

Moreover, in order to strengthen dialogue with the subsidiaries, better understand their operating environment and the concerns of their respective management teams, Wendel is systematically represented on the governing bodies of the subsidiaries and, in particular, on their Audit Committees. This presence on the governing bodies of the subsidiaries helps ensure that risk management and internal control procedures function properly.

Wendel's Supervisory Board is kept regularly informed of trends in the economic and financial situation of subsidiaries and associates at the numerous meetings described in the section on "Organization".

Senior executives of all subsidiaries and associates are chosen in agreement with Wendel. In addition, within the framework of the governing bodies of each subsidiary, Wendel closely monitors the compensation of the principal executives of the subsidiaries and associates and ensures its incentive character. It also ensures that the interests of the executives is aligned with those of the company they manage.

2.4.3.4.3 Monitoring the Company's financial position

Internal control procedures are designed to provide ongoing reasonable assurance that financial transactions are carried out under secure conditions and in accordance with objectives:

- the Executive Board regularly monitors the cash position and projections presented by the CFO, and the Executive Board regularly presents the liquidity position to the Supervisory Board;
- the Executive Board reviews monthly reporting of the cash position and cash investments of Wendel and its holding companies;
- NAV trends are monitored regularly;
- the Company has been rated by Standard & Poor's since September 2002;
- in 2009 a formalized budget process was implemented for Wendel and its holding companies, with formal procedures and responsibilities, and budget tracking using special software.

2.4.3.4.4 Arranging financing

After an in-depth review of various solutions and analysis of Wendel's financial situation prepared by the CFO (see preceding section), the Executive Board sets and validates financing terms. Financing transactions are executed under delegations of power and/or power of signature given by the Chairman of the Executive Board to the CFO or to a member of the Management Committee. Depending on the transaction amounts and characteristics, the by-laws require bond issues or new loans to be authorized by the Supervisory Board.

Interest-rate exposure is analyzed regularly by the CFO. The Executive Board decides whether or not to adjust interest-rate exposure, and if necessary, appropriate financial instruments are put in place.

2.4.3.4.5 Compliance with laws, regulations and ethical rules

Compliance with laws and regulations: the Legal and Tax departments ensure that the laws and regulations in the countries where Wendel, its holding companies and investment vehicles are located (mainly France and Luxembourg) are complied with. They constantly monitor legal and tax developments, so as to stay on top of changes that might be made to standards applicable to them.

"Market Confidentiality and Ethics": so that employees are fully informed of their obligations in the area of confidential or privileged information, the existing "Market Confidentiality and Ethics" code was updated and strengthened by the Executive Board in late 2009; it is part of the Company's internal regulations and applies to all employees and the Executive Board. Members of the Supervisory Board signed on to the Code in March 2010.

The Code explains the rules of confidentiality for persons who are in possession of confidential or privileged information. It explains the obligation to abstain from stock-market transactions when in possession of privileged information and during blackout periods. Blackout periods are defined as extending from 30 days before until two days after the publication of annual and semi-annual earnings, as well as from 15 days before until two days after the publication of quarterly financial data and the NAV. The Code defines illegal insider trading, misinformation and share price manipulation, and explains the applicable legal sanctions. It also sets up a number of measures for preventing such infractions. The Code also includes the provisions applicable to stock options and bonus shares and details the AMF disclosure obligations incumbent on executives and persons affiliated with them.

In addition to legal and regulatory obligations in this area, the Code includes certain more restrictive provisions in the interest of transparency and prudence. For example, it places an obligation on Executive Board and Supervisory Board members, employees and their relatives to register their Wendel shares with the Company and restricts transactions on derivatives or transactions having speculative purposes. It also forbids employees and executives from holding, buying or selling shares of listed Group subsidiaries or associates at any time, except for shares that the Board members of these companies must own or any co-investment mechanism defined ex-ante and approved by the Supervisory Board and, ultimately by Shareholders as a regulated agreement. Individuals holding shares in listed subsidiaries of the Wendel Group acquired prior to July 15, 2007 may keep them or sell them, as long as they comply with the principles of the Code. The Code also defines conflict-of-interest situations. The Group Compliance Officer monitors adherence to the Code.

Pursuant to Article L. 621-18-4, paragraph 1 of the Monetary and Financial Code and as part of its effort to prevent illegal insider trading, the Company maintains lists of insiders. Firstly, the Company has a list of permanent insiders. These include all employees, the members of the Supervisory Board and third parties working with the Company on a regular basis. In addition, as soon as privileged information appears, such as during preparation of an investment or divestment transaction, the Company draws up a list of occasional insiders, including people connected with the project under consideration. These lists are updated regularly and made available to the AMF, which can request to see them. They are kept for at least five years after they are created or after their last update. The Compliance Officer is in charge of creating and updating the lists.

2.4.3.4.6 Procedures for preventing fraud and controlling commitments and expenditure

The procedure for granting commitment authorizations at Wendel and its holding companies was reviewed in 2009. These authorizations cover all of the Company's commitments, as well as the signatures needed for bank account transactions (in the form of power of signature). Expenditure commitment procedures were disseminated and implemented in late 2009.

- price quotes are obtained from several service providers. These are systematically negotiated and subject to checks by the Management Committee member or members in charge;
- expenditures are submitted to a formal prior authorization procedure. All expenditures in excess of €30,000 must be validated by the Management Committee member in charge of the expenditure and by the Chairman of the Executive Board. Expenditures of less than €30,000 are validated by the Management Committee member in charge if the expense was planned in the budget. Expenditures not planned in the budget are validated by the Management Committee member in charge if they are less than €10,000. If they exceed €10,000 but are less than €30,000 they must be countersigned by a member of the Executive Board. If they exceed €30,000 they must be approved by the Chairman of the Executive Board.
- requests for expenditure commitments are compared to the budget. If a spending item is not provided for in the budget and is above a certain amount, formal approval of an Executive Board member is required;
- invoices are approved after comparison with funding requests;
- check issuance and transfer orders are the sole prerogative of the Finance department on the basis of documentation approved by a member of the Executive Board or Management Committee;
- all checks and funds transfers require two signatures. Signatories are the members of the Executive Board and the members of the Management Committee, who report directly to the Executive Board. In addition, any check or funds transfer in excess of €1 million (other than transfers internal to Wendel and its holding companies) must be approved by the Chairman of the Executive Board

2.4.3.4.7 Preserving the integrity of IT data

To prevent the risk of abuse of and intrusion into computers and IT systems, the IT department reports directly to the Managing Director in charge of operating resources, who regularly proposes and implements enhancements to the data storage and conservation systems. An IT continuity plan is in place and provides for fully redundant (or replicated) data in real time between the Group's two long-standing sites, Paris and Luxembourg. The two sites are linked via a private line. Access to messaging data, business line applications and files is secure.

2.4.3.5 Preparation of Wendel's accounting and financial information

The internal control procedures designed to ensure that the annual (parent company and consolidated) and semi-annual financial statements present a true and fair view of the results of operations as well as the Company's financial position and assets are as follows:

2.4.3.5.1 Procedures for the preparation and consolidation of the financial statements

The Wendel Group has applied International Financial Reporting Standards (IFRS) for its consolidated financial statements since 2005. The principal rules applicable are described in the annual financial report and are distributed to subsidiaries as part of the process for reporting and for preparing the financial statements. However, because of the diversity of the subsidiaries' activities, Wendel leaves it up to each subsidiary to propose specific accounting treatments for its business. The Finance department and the head of consolidation at Wendel ensure uniformity of treatment within the Group, by examining accounting principles in the financial statements of each subsidiary.

In addition, Wendel's Finance department ensures the proper reporting of full accounting and financial information from the subsidiaries to Wendel using the following procedures:

- in coordination with the Finance department of each subsidiary, a timetable is set for the submission of financial statements with the supplementary information required for preparing Wendel's consolidated financial statements;
- the Company's CFO or his staff meet with the Finance department of each subsidiary to prepare the accounts closing and to review the highlights of the period as well as any significant or exceptional transactions;
- accounting information from subsidiaries is reviewed in detail and consistency checked with the financial information compiled by the investment team from subsidiaries' monthly activity reports.

The CFO is a member of the Management Committee and the Operations Coordination Committee (see section on "Organization"), which enables him to review all events likely to have an impact on the Group's consolidated financial statements or on the parent company financial statements of Wendel or its holding companies. The CFO also reports directly to the Executive Board and is thus fully independent of other Wendel departments.

2.4.3.5.2 Procedures for auditing the financial statements

At the subsidiary level:

- to ensure better reporting to Wendel's Statutory Auditors, the Group uses the same audit firms for the parent company and all of its subsidiaries, to the extent possible. This is why, in the tender process for the renewal of Statutory Auditor appointments undertaken by the Audit Committee at the beginning of 2007, the selection criteria included the Statutory Auditors' ability to ensure the audit of all directly-owned and other subsidiaries throughout the world and to obtain audit results and any observed anomalies from the subsidiaries' auditors;

- a representative of the Finance department attends end-of-audit or Audit Committee meetings of subsidiaries under exclusive control and receives details of audit and internal control observations raised by the subsidiaries' auditors during the course of their audit;
- one or more representatives of Wendel attend Board of Directors/ Supervisory Board meetings and/or Audit Committee meetings of subsidiaries and associates.

At the parent company level:

- the Group CFO is responsible for accounting policies and ensuring compliance with accounting rules. If required, he has the authority to commission audits. He regularly holds pre-closing meetings with the Statutory Auditors to ensure that issues raised in previous financial periods have been resolved. He reviews transactions of the financial period in question with the Statutory Auditors and decides on the appropriate accounting treatment;
- the Chairman of the Executive Board is in constant contact with the CFO during the preparation of the financial statements. In particular, he is informed of the financial and accounting impact of any significant event, as well as estimates and judgments that have a significant impact on the financial statements. The Statutory Auditors and the Chairman of the Executive Board meet when subjects arise whose accounting interpretation is complex or whose impact on the financial statements is significant. The Chairman of the Executive Board also reviews all of Wendel's financial communication and is informed of any subject that is likely to have an impact on it;
- the Audit Committee: the Committee's remit, its mode of operation and its activity during the fiscal year are presented in detail in section 2.1.4.1. The Committee can decide to seek independent expert advice to confirm its views on the financial position of the Company. It also interviews the Statutory Auditors regularly to solicit their opinion about the reliability of the parent company and consolidated financial statements. Finally, the Audit Committee ensures that accounting methods are applied consistently from one year to the next, or that any changes to accounting methods are well founded.

2.4.3.5.3 Procedures for the control of financial information

Upon approval by the Executive Board, the parent company and consolidated statements and the calculation of net asset value are sent to the Audit Committee for an opinion before being submitted to the Supervisory Board for examination and to the Statutory Auditors for review.

2.4.4 Achievements in 2010

The application of procedures implemented in previous years was reviewed and improved in 2010 where necessary. As part of constant efforts to enhance internal control at Wendel, several improvements were made:

- Wendel's Supervisory Board adopted new internal regulations at its December 1, 2010 meeting. This document is based on the principal provisions of the following source texts: applicable law and the by-laws, the Afep-Medef recommendations, the 2006 Code of Conduct applicable to the members of the Supervisory Board and the Market Confidentiality and Ethics code that came into effect on January 18, 2010. The internal regulations of the Supervisory Board also describe the composition, remit and *modus operandi* of the Board's two committees, the Audit Committee and the Governance Committee. In the interest of the Company and its shareholders, this document may be amended in the future to take into account changes in the way the Supervisory Board operates;
- a specialized software program now monitors Wendel's budget and that of its holding companies on a monthly basis;
- an IT continuity plan was implemented in 2010 following significant upgrades to Wendel's data security policy.

In addition, in 2010 the Audit Committee continued to review risk control procedures for operating subsidiaries under Wendel's control.

2.5 Auditors' report on the report prepared by the Chairman of the Supervisory Board of Wendel

For the year ended December 31, 2010

Statutory Auditors' report, prepared in accordance with Article L. 225-235 of the French Commercial Code (Code de commerce), on the report prepared by the Chairman of the Supervisory Board of Wendel

To the Shareholders,

In our capacity as Statutory Auditors of Wendel and in accordance with Article L. 225-235 of the French Commercial Code (*Code de commerce*), we hereby report on the report prepared by the Chairman of your company in accordance with Article L. 225-68 of the French Commercial Code (*Code de commerce*) for the year ended December 31, 2010.

It is the Chairman's responsibility to prepare and submit for the Supervisory Board's approval a report on internal control and risk management procedures implemented by the company and to provide the other information required by Article L. 225-68 of the French Commercial Code (*Code de commerce*) relating to matters such as corporate governance.

Our role is to:

- report on any matters as to the information contained in the Chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information,
- confirm that the report also includes the other information required by Article L. 225-68 of the French Commercial Code (*Code de commerce*). It should be noted that our role is not to verify the fairness of this other information.

We conducted our work in accordance with professional standards applicable in France.

Information on internal control and risk management procedures relating to the preparation and processing of accounting and financial information

The professional standards require that we perform the necessary procedures to assess the fairness of the information provided in the Chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information. These procedures consist mainly in:

- obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information on which the information presented in the Chairman's report is based and of the existing documentation;
- obtaining an understanding of the work involved in the preparation of this information and of the existing documentation;
- determining if any material weaknesses in the internal control procedures relating to the preparation and processing of the accounting and financial information that we would have noted in the course of our work are properly disclosed in the Chairman's report.

On the basis of our work, we have no matters to report on the information relating to the company's internal control and risk management procedures relating to the preparation and processing of the accounting and financial information contained in the report prepared by the Chairman of the Supervisory Board in accordance with Article L. 225-68 of the French Commercial Code (*Code de commerce*).

Other information

We confirm that the report prepared by the Chairman of the Supervisory Board also contains the other information required by Article L. 225-68 of the French Commercial Code (*Code de commerce*).

Neuilly-sur-Seine and Paris-La Défense, April 6, 2011

The Statutory Auditors

French original signed by:

PricewaterhouseCoopers Audit	ERNST & YOUNG Audit
Etienne Boris	Jean-Pierre Letartre

3

COMMENTS ON FISCAL YEAR 2010

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3.1 Analysis of the consolidated financial statement

3.1.1 Consolidated income statement – accounting presentation

The Wendel Group includes:

- fully consolidated companies, i.e., holding companies (see section 3.4) and subsidiaries in which Wendel exercises exclusive control. These are Bureau Veritas, Materis, Deutsch, Stahl (starting when Wendel took control on March 1, 2010), Stallergenes (divested in November 2010) and Oranje-Nassau, whose Energy division was sold in May 2009;
- companies accounted for by the equity method, i.e., those over which Wendel has significant influence, including Saint-Gobain, Legrand and Stahl (until Wendel took control on March 1, 2010);

The earnings of divested subsidiaries (Stallergenes in 2010, the Energy division of Oranje-Nassau in 2009) are presented in accordance with IFRS on a separate line of the income statement entitled, “Net income for the year from discontinued operations and operations held for sale” for each year presented.

in millions of euros	2010	2009
Net sales	5,491.0	4,672.7
Operating income	578.3	462.3
Net financial income (expense)	-443.5	-775.7
Income taxes	-127.3	-79.4
Net income (loss) from equity-method investments	809.8	-800.6
NET INCOME FROM CONTINUING OPERATIONS	**817.2**	**-1,193.4**
Net income from discontinued operations and operations held for sale	326.7	384.6
NET INCOME (LOSS)	**1,143.9**	**-808.8**
Net income (loss) - minority interests	141.6	109.4
NET INCOME (LOSS) - GROUP SHARE	**1,002.3**	**-918.3**

3.1.2 Consolidated income statement – economic presentation

The consolidated income statement reflects the aggregate earnings of the various equity investments held by Wendel. These are either fully consolidated or accounted for by the equity method.

As such, the accounting presentation of the income statement does not allow for a direct, in-depth analysis. For this reason, Wendel regularly provides an income statement prepared on an economic basis.

As this presentation of the financial statements is not an accounting presentation, it has not been audited. A conversion from the accounting presentation to the economic presentation is presented in the section entitled "Segment information" in the consolidated financial statements.

In millions of euros		2010	2009
Full consolidation	Bureau Veritas	322.3	278.5
	Materis	19.6	0.1
	Deutsch	48.4	-8.2
	Stallergenes	26.6	22.2
	Oranje-Nassau	-	13.8
	Stahl (1)	15.6	-
Equity method	Saint-Gobain	235.3	115.0
	Legrand	114.7	115.7
	INCOME FROM SUBSIDIARIES AND ASSOCIATES	**782.6**	**537.2**
	Overheads	-37.9	-43.4
	Management fees	2.4	-0.2
	Sub-total	-35.6	-43.6
	Depreciation, amortization, provisions and stock-option costs	-5.3	-1.6
	TOTAL OVERHEADS	**-40.9**	**-45.2**
	Net financing costs	-115.5	-117.1
	Financing costs related to Saint-Gobain	-182.9	-222.1
	TOTAL FINANCING COSTS	**-298.4**	**-339.1**
	Recurring net income from business sectors	**443.3**	**152.9**
	of which Group share	255.3	6.4
	Non-recurring income (loss) and impact of goodwill allocations	**700.6**	**-961.7**
	CONSOLIDATED NET INCOME	**1,143.9**	**-808.8**
	Net income (loss) - minority interests	141.6	109.5
	NET INCOME (LOSS) - GROUP SHARE	**1,002.3**	**-918.3**

(1) Full consolidation from March 1, 2010.

3.1.3 Description of 2010 business activities

The Group's companies made a positive overall contribution of €782.6 million to recurring net income from business sectors, a sharp increase (45.7%) from 2009. Expenses related to the financial structure and to overheads declined by 11.7% to €339.3 million. As a result, net income from business sectors surged 189.9% to €444.3 million, and the Group share of net income was €1,002.3 million.

Non-recurring income totaled €700.6 million vs. a non-recurring loss of €961.7 million in 2009. It included positive items such as €373.4 million in adjustments to the value of Saint-Gobain shares on the balance sheet and €526.1 million in capital gains on the sale of a block of Legrand shares and on the divestment of Stallergenes. It was also affected by €183.3 million in goodwill allocation and €15.6 million in other non-recurring items.

Bureau Veritas: Robust 2010 full-year revenue growth of 10.6% to €2,929.7 million. Organic growth came in at 2.8% over the year (including +5.9% in H2 2010). The acquisition of Inspectorate gives Bureau Veritas a new dimension, enabling it to become one of the three global leaders in commodities inspection and testing, which now offers the widest range of services in the conformity assessment sector. Emerging economies are the source of 45% of Bureau Veritas' sales.

Adjusted operating margin grew 30 basis points to 16.7% in 2010 (vs. 16.4% in 2009). This increase is due to the improvement of operational processes and the positive impact of the reclassification of the business tax, which was offset by the margin dilution tied to the consolidation of Inspectorate.

Materis: In 2010, Materis, a leader in specialty chemicals, recorded an 8.9% increase in sales to €1,854.7 million. Organic growth came in at 4.9% over the year and was the result of the favorable impact of volume and product mix effects (+3.6%), and prices (+1.3%). Materis benefited from a robust performance in emerging markets (organic growth of 17%) and the resilience of mature countries (organic growth of 1%).

The Aluminates division posted sharp growth (18%, including 15% organic growth), which was mainly driven by the recovery of the steel industry. The Admixtures division also grew significantly (18%, including organic growth of 5%), notably due to the acquisitions of Fosroc France and a.b.e. in South Africa, dynamic sales and continued innovation. The Mortars division (+7%, including 2% organic growth) benefited from buoyant sales in emerging markets (growth ranged between 20% and 30%, including organic growth of 10% to 20%), which more than offset the decline in the United States, Spain and, to a much lesser extent, France, resulting from the drop in the number of building starts in 2009. The Paints division also enjoyed a sustained growth of 4% (including 3% organic), with strong performances in Argentina and Morocco, and excellent resilience in France, Spain and Portugal. The Italian market remained stable.

Adjusted operating income rose 3.3% to €191 million. The operating margin came in at 10.3% of sales, slightly down by 60 basis points. Price increases compensated increase of raw materials. Materis also made the necessary capital expenditures to generate organic growth over the coming years.

Deutsch: Deutsch, a world leader in high-performance connectors, recorded sales of $559.7 million in 2010, up 25.3% on 2009 (organic growth of 27.2%). The industrial division saw significant growth (organic growth of 92.1%), along with LADD, Deutsch's industrial division retailer in the United States, of which Deutsch purchased the 40% non-controlling interests in 2010 (organic growth of 43.1%). Both divisions are still benefiting from extremely high demand on end markets for high-performance connectors – particularly heavy vehicles and construction engines. The aerospace and defense divisions returned to growth in H2 (organic growth of 21.3%) thanks to the recovery of European markets, which posted organic growth of 0.9% in 2010.

Adjusted operating income jumped by 119.0% to $112.6 million. The operating margin came in at 20.1% compared with 11.5% in 2009.

Stahl (Full consolidation as of February 26, 2010): the world leader in leather finishing products and high-performance coatings posted sales of €330.1 million in 2010, up 30.2% on 2009 (+24.1% in organic terms) with a slowdown in growth over the second half of the year, associated with a less favorable base effect, particularly in the fourth quarter of 2010. The year was driven by sharp growth in emerging markets (63% of sales), ongoing sales efforts by the strengthening of teams and a sharp recovery in all end markets, particularly automotive.

Adjusted operating income increased 53.5% to €46.2 million. Operating margin improved substantially to 14.0% compared to 11.9% in 2009. This performance is the result of increased sales levels and tight gross margin management in view of the increase in commodity prices as of the second half of the year, and continued cost base management, while maintaining selective industrial investments.

Saint-Gobain (equity method): Saint-Gobain's consolidated sales increased 6.2% to €40,119 million. In 2010, full-year organic growth rebounded by 1.9%, including +1.1% in volumes and +0.8% in prices. In H2, organic growth accelerated and came in at 2.8%.

Bringing the total amount of cost savings generated between 2007 and 2010 to €2.1 billion, cost savings made in 2010 amounted to €600 million. Operating income rose sharply by 40.7% to €3,117 million, and grew half-on-half by 15.7%. The operating margin thus came in substantially higher at 7.8% compared with 5.9% in 2009.

Legrand (equity method): Legrand's 2010 sales saw growth of 8.7% to €3,890.5 million, up 3.6% on 2009 at constant scope of consolidation and exchange rates. Business drew on the momentum of new economies (24% sales growth), which now represent a third of Legrand's total sales, and new business segments (13% sales growth), which contributed almost 20% of Legrand's sales, spurred by technological progress and the emergence of new needs.

Adjusted operating income grew by 35.5% to €784.1 million. The operating margin came in at 20.2% of sales compared with 16.2% in 2009, reflecting an exceptional improvement of 400 basis points.

3.1.4 Consolidated balance sheet

The following table shows the principal changes in the balance sheet in 2010. For the purposes of this analysis and to ease understanding, certain line items of identical nature have been combined and only the net amount shown. Accordingly, financial debt is presented net of cash and cash equivalents, both pledged and unpledged, and Wendel's short-term financial investments. Financial assets and liabilities are also presented net of these items.

Assets (millions of euros)	**12.31.2010**	**12.31.2009**
Net goodwill	2,962	2,458
Intangible assets and property, plant & equipment	2,611	2,287
Net financial assets and liabilities	75	237
Equity-method investments	5,334	4,836
Working capital requirements	549	436
Assets and operations held for sale	126	-
	11,657	**10,254**

Liabilities and shareholders' equity (millions of euros)	**12.31.2010**	**12.31.2009**
Shareholders' equity - Group share	2,384	1,154
Minority interests	509	427
Provisions	320	293
Net financial debt	7,994	7,943
Net deferred tax liabilities	451	437
	11,657	**10,254**

Breakdown of principal variations in the consolidated balance sheet:

GOODWILL AS OF DECEMBER 31, 2009	**2,458**
Acquisitions by Bureau Veritas and Materis	418
Takeover of Stahl	24
Divestment of Stallergenes	-34
Impairment losses during the year	-9
Currency fluctuations and other	104
GOODWILL AS OF DECEMBER 31, 2010	**2,962**

INTANGIBLE ASSETS AND PROPERTY, PLANT & EQUIPMENT AS OF DECEMBER 31, 2009	**2,287**
Investments	184
Disposals	-8
Divestment of Stallergenes	-63
Other changes in the scope of consolidation	416
Depreciation, amortization and provisions recognized during the year	-271
Currency fluctuations and other	67
INTANGIBLE ASSETS AND PROPERTY, PLANT & EQUIPMENT AS OF DECEMBER 31, 2010	**2,611**

NET FINANCIAL ASSETS AND LIABILITIES AS OF DECEMBER 31, 2009	**237**
Sale of and changes in the fair value of *Saint-Gobain* puts	-258
Changes in the fair value of other derivative instruments	108
Currency fluctuations and other	-12
NET FINANCIAL ASSETS AND LIABILITIES AS OF DECEMBER 31, 2010	**75**

EQUITY-METHOD INVESTMENTS AS OF DECEMBER 31, 2009	**4,836**
Saint-Gobain shares subscribed to in connection with the payment of share dividends	90
Sale of Legrand shares	-119
Share in net income for the year	210
Dividends paid	-136
Reversal of the provision for impairment in the value of Saint-Gobain assets	408
Impact of changes in currency translation adjustments	196
Other	-151
EQUITY-METHOD INVESTMENTS AS OF DECEMBER 31, 2010	**5,334**

SHAREOLDERS'S EQUITY, GROUP SHARE AS OF DECEMBER 31, 2009	**1,154**
Net income (loss) - Group share	1,002
Dividend paid by Wendel	-50
Actuarial gains and losses, net of tax	-26
Translation reserves	246
Other	57
SHAREHOLDERS'S EQUITY, GROUP SHARE AS OF DECEMBER 31, 2010	**2,384**

ASSETS AND OPERATIONS HELD FOR SALE AS OF DECEMBER 31, 2009	**0**
Investments held by Stahl	5
Saint-Gobain shares held for sale	121
ASSETS AND OPERATIONS HELD FOR SALE AS OF DECEMBER 31, 2010	**126**

NET FINANCIAL DEBT AS OF DECEMBER 31, 2009	**7,943**
Net cash flow from operating activities	-803
Net finance costs	519
Net cash flows related to taxes	168
Acquisition of shares by Bureau Veritas	583
Acquisition of shares by other subsidiaries	79
Acquisition of property, plant & equipment and intangible assets	182
Sale of Legrand shares	-345
Divestment of Stallergenes	-358
Takeover of Stahl	60
Changes in scope of consolidation	164
Sale of Saint-Gobain puts	-305
Dividend paid (incl. 50 by Wendel)	100
Dividends received	-51
Other	57
NET FINANCIAL DEBT AS OF DECEMBER 31, 2010	**7,994**

3.2 Analysis of the parent company financial statements

3.2.1 Income statement

In millions of euros	2010	2009
Income from investments in subsidiaries	164	0
Other financial income and expenses	-115	-76
NET FINANCIAL INCOME (EXPENSE)	**49**	**-76**
Operating income	-35	-38
NET INCOME (LOSS) BEFORE EXCEPTIONAL ITEMS AND TAX	**14**	**-114**
Exceptional items	658	-993
Income taxes	8	0
NET INCOME (LOSS)	**680**	**-1,107**

Income before exceptional items and tax was €14 million in 2010 compared with a loss of €114 million in 2009. This amount included €100 million in dividends received from Oranje-Nassau and €60 million from Winbond. Other net financial expenses totaled €115 million. They increased €39 million, of which €17 million derived from an increase in financial amortization and provisions and €24 million from intra-Group receivables and payables.

Net exceptional gains of €658 million were composed essentially of provisions for impairment in the value of the loans to the holding companies involved in holding or financing Wendel's investment in Saint-Gobain and of the shares in these holding companies, held by Wendel, totaling €653 million.

3.2.2 Balance sheet

Assets (millions of euros)	12.31.2010	12.31.2009
Property, plant & equipment	3	4
Non-current financial assets	4,343	3,549
Intra-Group receivables	1,954	1,091
Net WCR	2	19
Cash and marketable securities	1,165	1,014
Original issue discount	80	77
TOTAL ASSETS	**7,547**	**5,754**

Liabilities and shareholders' equity (millions of euros)	12.31.2010	12.31.2009
Shareholders' equity	2,887	2,254
Provisions	31	21
Intra-Group payables	1,736	758
Financial debt	2,893	2,721
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**5,754**

Non-current financial assets increased by €794 million between 2009 and 2010, mainly because Wendel subscribed to Winvest 11's capital increase via an offset to loans (€800 million).

Intra-Group receivables and payables represented a net receivable of €218 million at end-2010 vs. a net receivable of €333 million at the end of 2009. The principal movements were as follows: i) an €800 million loan to Winvest 11 was converted into shares, ii) Wendel extended a €998 million loan in 2010 to the holding companies that hold or finance the investment in Saint-Gobain, iii) holding companies extended €963 million in loans to Wendel and iv) Wendel reversed provisions of €650 million against loans to the holding companies that hold or finance the investment in Saint-Gobain.

Shareholders' equity totaled €2,887 million and reflected 2010 net income of €680 million and the payment of €50 million in dividends on 2009 earnings.

Financial debt totaled €2,893 million and reflected primarily the following items: Wendel issued €300 million in 2016 bonds and repurchased €131 million (par value) in 2011 bonds.

In application of Article L. 233-6 of the French Commercial Code, Wendel made no investment in, nor took direct control of any company in 2010.

3.3 Net asset value (NAV)

3.3.1 NAV at December 31, 2010

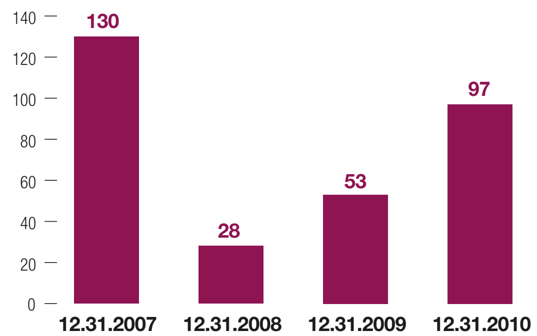
NAV as of December 31, 2010 broke down as follows:

In millions of euros

Listed equity investments	Number of shares	Share price (1)	8,410
■ Saint-Gobain	93.0 million	€38.92	3,618
■ Bureau Veritas	56.3 million	€56.69	3,191
■ Legrand	51.1 million	€31.31	1,601
Unlisted equity investments (Deutsch, Materis, Stahl and VGG)			916
Other assets and liabilities of Wendel and holding companies (2)			48
Cash and financial investments (3)			1,763
GROSS ASSETS, REVALUED			**11,138**
Wendel bond debt			-2,875
Bank debt related to Saint-Gobain financing			-3,440
Net value of protection linked to Saint-Gobain financing (4)			96
NET ASSET VALUE			**4,918**
Number of shares			50,501,779
NET ASSET VALUE PER SHARE			**€97.4**
Average Wendel share price over the previous 20 trading days			€68.4
PREMIUM OR DISCOUNT ON NAV			**-29.7%**

(1) Average share price of the 20 trading days prior to December 31, 2010.
(2) Included 1,078,387 treasury shares as of December 31, 2010.
(3) Cash and financial investments of Wendel and Saint-Gobain acquisition holding companies, including €1.2 billion in unpledged cash (€0.8 billion in short-term cash positions and €0.4 billion in liquid financial investments).
(4) Protection (purchases and sales of puts) cover 7.8% of shares held at December 31, 2010.

NAV per share (in euros)



3.3.2 NAV calculation method

3.3.2.1 Net asset value publication dates and publication-related reviews

The calendar of net asset value publication dates can be viewed in advance on Wendel's website at: http://www.wendelgroup.com.

At each publication date, the Statutory Auditors verify that the methodology used for calculating net asset value complies with the one detailed below and verify consistency with accounting data.

The Audit Committee reviews each published NAV and compares Wendel's valuation of unlisted investments with an independent valuation.

3.3.2.2 Presentation of Net Asset Value

Presentation format (publication at the level of detail reported)	Comments
Equity investments valuation date	
+ Listed investments, including:	Average closing price over 20 days
■ Saint-Gobain	
■ Legrand	
■ Bureau Veritas	
+ Unlisted investments	Valuations based on stock-market multiples of comparable companies are calculated using the average of the last 20 closing prices
+ Other assets and liabilities of Wendel and holding companies	Including Wendel shares held in treasury
Cash and financial investments (1)	Pledged & unpledged cash of Wendel and holding companies
Wendel bond debt	Nominal value + accrued interest
Bank debt related to Saint-Gobain financing	Nominal value + accrued interest
Value of *Saint-Gobain* puts	Net market value of puts *based* on price used for Saint-Gobain shares
Net asset value	
Number of Wendel shares	
NAV/share	

(1) Amount of available cash: €[X] million.

As of March 14, 2011, the NAV presentation format changed, a new line having been added incorporating all investments of Oranje-Nassau Développement. This new investment platform includes Wendel's investment in Van Gansewinkel Groep (VGG), Parcours, Helikos and other holdings.

3.3.2.3 Valuation of unlisted investments

The value of shareholders' equity is determined as the enterprise value of investments minus net financial debt of investments (nominal value of gross debt – cash).

If net debt exceeds enterprise value, the value of shareholders' equity remains at zero if debt is without recourse to Wendel.

Wendel's percentage ownership is determined by the features of the equity instruments held by Wendel, minority interests and investor/managers, if any (including co-investments of the managers of both subsidiaries and Wendel).

Enterprise value is obtained by multiplying measures of each company's earnings by stock-market multiples of similar listed companies, and by transaction multiples if this produces a more accurate valuation.

The measures of earnings used to perform the calculation are recurring EBITDA and recurring EBITA.

Enterprise value corresponds to the average of the values calculated using EBITDA and EBITA of the last two years for which audited statements or validated budgets are available.

Stock-market multiples of comparable companies are obtained by dividing the enterprise value of comparable companies by EBITDA and EBITA for the reference periods.

Enterprise value of the comparable companies is obtained by adding market capitalization (the average closing price over the last 20 trading days) and net financial debt (gross debt at nominal value minus cash).

Comparable listed companies are chosen based on independent data and studies, information available from Group companies themselves and research carried out by Wendel's investment team.

The peer group remains stable over time. It is changed only when a company is no longer comparable (in which case it is removed from the peer group) or when a company is newly considered as belonging to the Group of comparable companies for the investment under valuation.

Non-representative multiples are excluded from the peer group (e.g. during takeover offers or any other exceptional item affecting the various cash flow or income measures or the share price).

The data, analyses, forecasts or consensus values used are based on information available at each valuation date.

3.3.2.4 Listed investments

Listed investments are valued on the basis of the average closing price of the 20 trading days prior to the valuation date.

3.3.2.5 Cash

Cash of Wendel and its holding companies includes available cash at the valuation date (including liquid financial investments) and pledged cash.

3.3.2.6 Financial debt

Financial debt (Wendel's bond debt and bank debt incurred to finance the investment in Saint-Gobain) is valued at its nominal value plus accrued interest.

As financial debt is recognized at its nominal value, this value is not affected by changes in interest rates or credit ratings. Accordingly, the market value of interest-rate swaps is not included as it is embedded in the debt.

3.3.2.7 Saint-Gobain protection (puts)

The value of Saint-Gobain protection (puts) is calculated on the basis of a mathematical model used to value options. The Saint-Gobain price used for this calculation is the same as that used for valuing Saint-Gobain shares under the Group's listed investments.

3.3.2.8 Other NAV components

Current assets and liabilities are considered at their net book value or their market value, depending on their nature (i.e., at nominal value, less any impairment, in the case of receivables, and at market value in the case of real estate or derivatives, with the exception of interest-rate swaps).

Shares held in treasury and earmarked for sale upon the exercise of purchase-type stock options are valued at the lower of the strike price of the options or the average price of the shares over the last 20 trading days. Shares held to cover performance share plans are valued at zero. Shares that are meant to be canceled are valued on the basis of net asset value per share. Other shares held in treasury are valued at the average price over the last 20 trading days.

The number of Wendel shares is the total number of shares composing Wendel's equity at the valuation date.

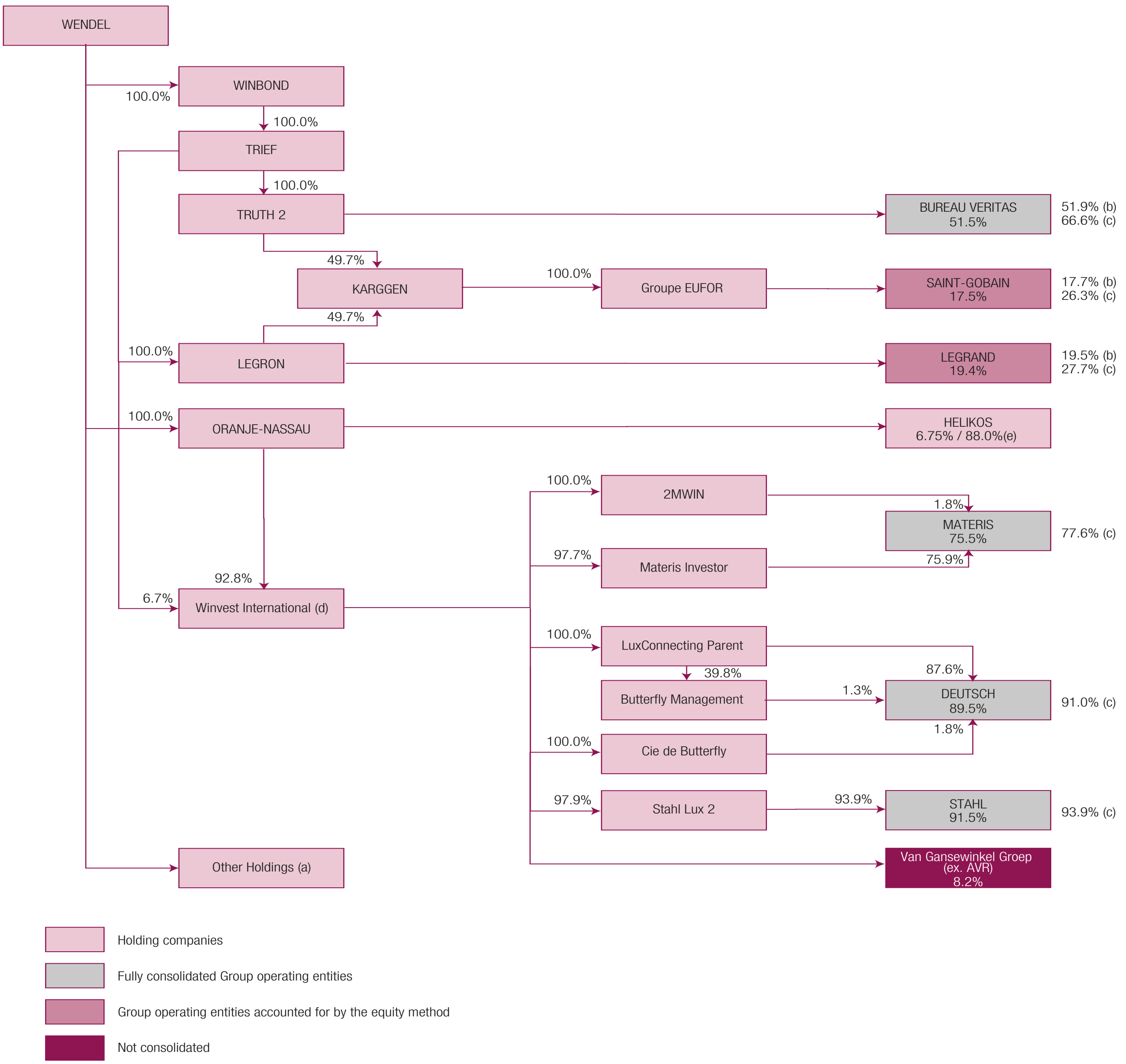
New investments, unlisted subsidiaries and associates are valued at cost for the 12 months following their acquisition. After this period, the company is valued on the basis outlined above.

The net asset value does not take into account any control premiums or illiquidity discounts. In addition, net asset value is calculated prior to taking into account the tax impact of unrealized gains and losses.

Some aspects of the method described above may be modified if such a change produces a more faithful valuation. Any such changes would be announced in a special statement.

3.4 Organization chart of the companies in the Group

The group's organizational structure was simplified in 2010 and the number of companies reduced from 65 to 50.

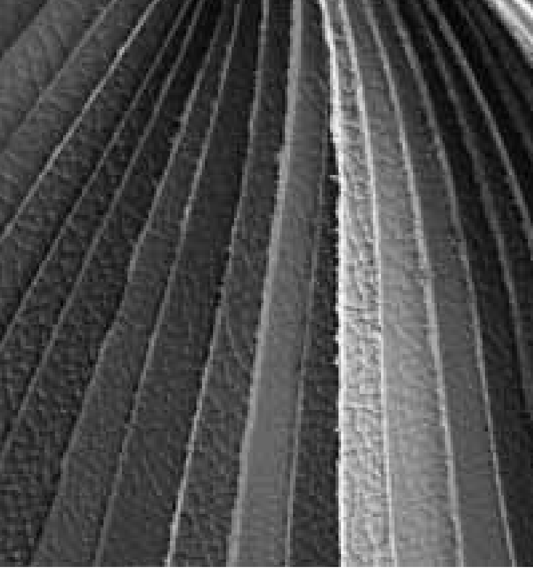


(a) See table of other holding companies
(b) Percentage interest, after taking treasury shares into account
(c) Percent of voting rights
(d) Winvest International: See section entitled "Participation of managers in Group investments"
(e) Helikos: sponsors' shares: 88%; public shares: 6.75%; 26.3% of the voting rights; See section entitled "Changes in consolidation scope"

Other holding companies

These intermediary holding companies serve to finance and hold Group equity investments.

Company name (shareholders)	Ownership interest
Coba (100% Wendel)	
Sofiservice (100% Wendel)	100% Cie Financière de la Trinité
Winvest 11 (100% Wendel)	-
Winvest 14 (100% Wendel)	-
Xevest Holding (80% Wendel, 20% Trief Corporation)	100% Xevest 1 100% Xevest 2
Winvest Conseil (100% Trief Corporation)	100% Wendel Japan
Sofisamc (100% Trief Corporation)	-
Froeggen (100% Trief Corporation)	-
Winvest Part 6 (100% Trief Corporation)	-
Lux Butterfly (90.54% Winvest International)	-
Stahl Lux 1 (100% Winvest International)	100% Stahl Group BV
Win Securitization 2 (100% Winvest International)	-
Butterfly Management (39.8% LuxConnecting Parent)	-
Hirvest 1 (100% Eufor)	-
Hirvest 2 (100% Eufor)	-
Hirvest 3 (100% Eufor)	-
Hirvest 4 (100% Eufor)	-
Hirvest 5 (100% Eufor)	-
Hirvest 6 (100% Eufor)	-
Hirvest 7 (100% Eufor)	-
Grauggen (100% Eufor)	-
Hourggen (100% Eufor)	-
Ireggen (100% Eufor)	-
Jeurggen (100% Eufor)	-
Waldggen (87.4% Karggen)	4.90% KARGGEN
Xevest 1 (100% Xevest Holding)	-
Xevest 2 (100% Xevest Holding)	-
Wendel Japan (100% Winvest conseil)	-
Compagnie Financiere de la Trinite (100% Sofiservice)	-



4

2010 CONSOLIDATED FINANCIAL STATEMENTS

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4.1 Balance sheet – Consolidated financial position

Assets

In millions of euros	Note	12.31.2010	12.31.2009
Goodwill, net	1	2,961.8	2,458.4
Intangible assets, net	2	1,622.6	1,439.5
Property, plant and equipment, net	3	988.4	847.1
Non-current financial assets	8	861.6	1,112.9
Equity-method investments	4	5,334.1	4,836.2
Deferred tax assets	14	129.8	134.7
TOTAL NON-CURRENT ASSETS		**11,898.2**	**10,828.8**
Assets and operations held for sale	**15**	**125.9**	**0.0**
Inventories	5	394.9	302.5
Trade receivables	6	1,288.4	1,111.9
Other current assets		207.4	172.2
Current income tax assets	14	30.0	30.9
Other current financial assets	8	1,624.2	1,796.6
TOTAL CURRENT ASSETS		**3,545.0**	**3,414.1**
TOTAL ASSETS		**15,569.1**	**14,243.0**

Liabilities and shareholders' equity

In millions of euros	Note	12.31.2010	12.31.2009
Share capital		202.0	201.7
Share premiums		249.8	247.8
Retained earnings and other reserves		929.6	1,622.8
Net income for the year		1,002.3	-918.3
		2,383.7	**1 154.1**
Minority interests		508.7	426.5
TOTAL SHAREHOLDERS' EQUITY	**9**	**2,892.5**	**1,580.7**
Long-term provisions	10	312.1	280.8
Long-term borrowings and debt	11	9,235.7	9,697.5
Other non-current financial liabilities	8	139.6	149.3
Deferred tax liabilities	14	580.9	571.9
TOTAL NON-CURRENT LIABILITIES		**10,268.2**	**10,699.4**
Liabilities of operations held for sale		**0.0**	**0.0**
Short-term provisions	10	7.5	12.2
Short-term borrowings and debt	11	890.8	702.0
Other current financial liabilities	8	138.5	67.4
Trade payables	12	540.9	472.0
Other current liabilities	13	743.3	649.6
Current income tax liabilities	14	87.5	59.7
TOTAL CURRENT LIABILITIES		**2,408.5**	**1,962.9**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**15,569.1**	**14,243.0**

4.2 Consolidated income statement

In millions of euros	Note	2010	2009
Net sales	16	5,491.0	4,672.7
Other income from operations		0.6	1.9
Operating expenses	17	-4,867.1	-4,185.6
INCOME FROM ORDINARY ACTIVITIES	**18**	**624.5**	**489.0**
Other operating income and expenses	19	-46.2	-26.6
OPERATING INCOME		**578.3**	**462.3**
Income from cash and cash equivalents		11.3	26.9
Finance costs, gross		-552.5	-594.5
Finance costs, net	*20*	*-541.2*	*-567.6*
Other financial income and expenses	21	97.7	-208.1
Tax expense	22	-127.3	-79.4
Net income from equity-method investments	23	809.8	-800.6
NET INCOME FROM CONTINUING OPERATIONS		**817.2**	**-1,193.4**
Net income from discontinued operations and operations held for sale	24	326.7	384.6
NET INCOME	**25**	**1,143.9**	**-808.8**
Net income – minority interests		141.6	109.4
NET INCOME, GROUP SHARE		**1,002.3**	**-918.3**

In euros	Note	2010	2009
Basic earnings per share (in euros)	26	20.16	-18.31
Diluted earnings per share (in euros)	26	19.81	-18.37
Basic earnings per share from continuing operations (in euros)	26	13.88	-25.74
Diluted earnings per share from continuing operations (in euros)	26	13.60	-25.80
Basic earnings per share from discontinued operations (in euros)	26	6.28	7.43
Diluted earnings per share from discontinued operations (in euros)	26	6.21	7.43

Stallergenes' income and expenses have been grouped together under "Net income from discontinued operations and operations held for sale" both in 2009 and 2010. The Group's net gain on its divestment in 2010 is also recognized in this item.

4.3 Statement of recognized profit (loss)

In millions of euros	2010 Gross amounts	2010 Tax effect	2010 Net amounts	2009 Gross amounts	2009 Tax effect	2009 Net amounts
Translation reserves (1)	288.7		288.7	117.4		117.4
Actuarial gains and losses (2)	-42.1	12.0	-30.1	-138.9	42.0	-96.9
Gains and losses on assets available for sale	2.4		2.4	-2.2		-2.2
Gains and losses on qualified hedges (3)	89.1	-7.8	81.3	52.4	-13.7	38.7
Earnings previously recognized in shareholders' equity taken to the income statement (4)	45.9	0.2	46.1	52.7	17.5	70.2
Other	-11.6		-11.6			
INCOME AND EXPENSES RECOGNIZED DIRECTLY IN SHAREHOLDERS' EQUITY (A)	**372.3**	**4.4**	**376.7**	**81.4**	**45.9**	**127.3**
Net income for the year (B)			1,143.9			-808.8
TOTAL INCOME AND EXPENSES RECOGNIZED FOR THE PERIOD (A) +(B)			**1,520.6**			**-681.5**
Attributable to:						
■ shareholders of Wendel			1,305.7			-809.9
■ minority interests			214.9			128.4

(1) Includes €168.1 million related to Saint-Gobain (€74.6 million in 2009), €27.8 million related to Legrand (€4.7 million in 2009), €69.9 million related to Bureau Veritas (€7.1 million in 2009).

(2) The main impact is due to Saint-Gobain (-€25.0 million (before taxes), vs. -€132.7 million in 2009).

(3) This item includes Bureau Veritas (€73.5 million) and pertains to cash flow hedges.

(4) The main impact in 2010 was from Eufor's €51.7 million interest-rate swap (see Note 8-D "Derivatives").

4.4 Changes in shareholders' equity

In millions of euros	Number of shares outstanding	Share capital	Share premiums	Treasury shares	Retained earnings & other reserves	Translation adjustments	Group share	Minority interests	Total shareholders' equity
BALANCE AT 12.31.2008	**50,223,764**	**201.5**	**246.9**	**-12.0**	**1,993.2**	**-395.7**	**2,033.8**	**283.7**	**2,317.6**
Income and expenses recognized directly in shareholders' equity (A)		-	-	-	-89.2	197.5	108.3	19.0	127.3
Net income for the year (B)					-918.3	-	-918.3	109.4	-808.8
Total income and expenses recognized for the period (A)+(B) (2)		**-**	**-**	**-**	**-1,007.5**	**197.5**	**-809.9**	**128.4**	**-681.5**
Dividends paid (1)					-50.2		-50.2	-48.8	-99.0
Treasury shares	-428,169			-17.3			-17.3		-17.3
Cancellation of treasury shares							-		-
Capital increase									
Exercise of stock options							-		-
Company savings plan	69,575	0.3	0.9				1.2		1.2
Share-based compensation: stock options and bonus shares (including equity-method investments)					14.7		14.7	3.5	18.1
Changes in scope of consolidation								56.4	56.4
Other					-18.1		-18.1	3.5	-14.8
BALANCE AT 12.31.2009	**49,865,170**	**201.7**	**247.8**	**-29.3**	**932.0**	**-198.1**	**1,154.1**	**426.5**	**1,580.7**
Income and expenses recognized directly in shareholders' equity (A)		-	-	-	57.1	246.3	303.4	73.3	376.7
Net income for the year (B)					1,002.3		1,002.3	141.6	1,143.9
Total income and expenses recognized for the period (A)+(B) (2)		**-**	**-**	**-**	**1,059.4**	**246.3**	**1,305.7**	**214.9**	**1,520.6**
Dividends paid (1)					-49.7		-49.7	-53.9	-103.6
Treasury shares	-507,382			-26.9			-26.9		-26.9
Cancellation of treasury shares									
Capital increase							-		-
Exercise of stock options	17,718	0.1	0.5				0.6		0.6
Company savings plan	47,886	0.2	1.5				1.7		1.7
Share-based compensation: stock options and bonus shares (including equity-method investments)					25.8		25.8	6.4	32.3
Changes in scope of consolidation					-11.1	-	-11.1	-99.0	-110.0
Other				5.6	-22.2		-16.6	13.7	-2.9
BALANCE AT 12.31.2010	**49,423,392**	**202.0**	**249.8**	**-50.6**	**1,934.3**	**48.2**	**2,383.7**	**508.7**	**2,892.5**

(1) Net dividend paid in 2010 (€1.00 per share) and in 2009 (€1.00 per share).
(2) See "Statement of recognized profit (loss)".

4.5 Consolidated cash flow statement

In millions of euros	Note	2010	2009
Cash flows from operating activities			
Net income		1,143.9	-808.8
Share of net income from equity-method investments		-809.8	800.6
Net income from discontinued operations and operations held for sale		-326.7	-362.4
Depreciation, amortization, provisions and other non-cash items		250.0	346.5
Non-cash income and expense related to stock options and similar items		21.0	7.8
Expenses on investments and asset disposals		4.2	0.9
Gains/losses on disposal of assets		10.0	-123.2
Financial income and expenses		443.6	776.7
Taxes (current & deferred)		127.3	88.8
Cash flow from consolidated companies before tax		863.5	727.0
Change in working capital requirements related to operating activities		-60.9	98.2
NET CASH FLOW FROM OPERATING ACTIVITIES, EXCLUDING TAX		**802.6**	**825.2**
Cash flows from investing activities, excluding tax			
Acquisition of intangible assets and property, plant and equipment	27	-182.4	-145.4
Disposal of intangible assets and property, plant and equipment		4.7	10.5
Acquisition of equity investments	28	-661.7	-160.5
Disposal of equity investments	29	709.7	1 146.3
Impact of changes in Group structure and operations held for sale	30	12.4	-114.7
Change in other financial assets and liabilities and other	31	-152.8	269.9
Dividends received from equity-method investments and non-consolidated companies	32	51.1	163.0
Change in working capital requirements related to investment activities		4.6	-18.6
NET CASH FLOWS FROM INVESTING ACTIVITIES, EXCLUDING TAX		**-214.3**	**1 150.6**
Cash flows from financing activities, excluding tax			
Proceeds from issuance of shares		2.2	1.2
Contribution of minority shareholders		1.6	7.2
Share buybacks		-25.5	-14.4
Dividends paid by the parent company		-49.7	-50.2
Dividends paid to minority shareholders		-50.1	-50.6
New borrowings	33	1,239.4	549.4
Repayment of borrowings	33	-1,826.5	-2,001.3
Finance costs, net		-519.1	-547.4
Other financial income (expenses)		-11.5	-19.6
Change in working capital requirements related to financing activities		69.4	2.5
NET CASH FLOWS FROM FINANCING ACTIVITIES, EXCLUDING TAX		**-1,169.8**	**-2,123.1**
Cash flows related to taxes			
Current tax		-180.1	-126.7
Change in tax assets and liabilities (excluding deferred taxes)		12.0	-11.0
NET CASH FLOWS RELATED TO TAXES		**-168.1**	**-137.7**
Effect of currency fluctuations		24.3	-2.0
Net change in cash and cash equivalents		-725.3	-286.9
Cash and cash equivalents at the beginning of the year		2,441.1	2,728.1
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**7**	**1,715.9**	**2,441.1**

The principal components of the consolidated cash flow statement are detailed beginning with Note 27.

Details on the cash and cash equivalents account and how it is classified on the consolidated balance sheet are provided in Note 7. At December 31, 2010, cash and cash equivalents were composed of €609 million in pledged cash recognized under non-current financial assets and €1,107 million in available cash recognized under current financial assets.

Fiscal year 2009 cash flows include Stallergenes, which was sold in 2010 (see "Segment Information" section). For 2010, all cash flows from Stallergenes' operating activities, as well as the impact of deconsolidation are presented in the "Impact of changes in Group structure and operations held for sale" line (see "Changes in scope of consolidation").

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4.6 General principles

Wendel is a *société anonyme* (public limited company) with an Executive Board and a Supervisory Board. It is governed by French law and has the Paris commercial registry number 572 174 035. Its head office is located at 89, rue Taitbout, Paris, France.

Its business consists in investing for the long term in industrial and service companies to accelerate their growth and expansion.

The consolidated financial statements of the Wendel Group cover the 12-month fiscal year from January 1 to December 31, 2010 and are expressed in millions of euros. They include:

- the balance sheet (statement of financial position);
- the income statement and statement of recognized profit (loss);
- the statement of changes in shareholders' equity;
- the cash flow statement;
- the notes to the financial statements.

These financial statements were approved by Wendel's Executive Board on March 15, 2011 and will be submitted for shareholders' approval at their Annual Meeting.

4.7 Accounting principles

Wendel's consolidated accounts for the fiscal year ended December 31, 2010 have been drawn up in accordance with IFRS principles and methods as adopted by the European Union on December 31, 2010, in accordance with Regulation n° 1606/2002 of the European Council and the European Parliament pertaining to the application of accounting standards, adopted on July 19, 2002.

These accounting principles are consistent with those used in preparing the consolidated financial statements for the fiscal year ended December 31, 2009, with the exception of the new standards and interpretations that became mandatory for fiscal years beginning on or after January 1, 2010 (see list below). The new standards, amendments to the existing standards, and interpretations that must be adopted for all fiscal years starting on or after January 1, 2010 did not have a significant impact on the Group's financial statements.

The European Union's standards can be viewed on the European Commission's website at:

http://ec.europa.eu/internal_market/accounting/ias/index_en.htm.

4.7.1 Standards, interpretations and amendments to existing standards that were mandatory in 2010

- IFRS 3 "Business Combinations" and IAS 27 (revised) "Consolidated and Separate Financial Statements": Application of these revised standards is prospective. The application of these revised standards did not result in any significant direct impact on the Group's 2010 financial statements.
- Amendments IAS 39 "Financial instruments": recognition and measurement of eligible hedged items.
- Ifric 12 "Service concession arrangements".
- Ifric 15 "Agreements for the construction of real estate".
- Ifric 16 "Hedges of a net investment in a foreign operation".
- Ifric 17 "Distributions of non-cash assets to owners".
- Ifric 18 "Transfers of assets from customers".
- IFRS annual improvements.

4.7.2 Standards, interpretations and amendments to existing standards for which early adoption was not applied in 2010

- IAS 24 (revised) “Related party disclosures”.
- Amendment to IAS 32 “Classification of rights issues”.
- Ifric 19: “Extinguishing financial liabilities with equity instruments”.
- Amendment to Ifric 14 “Minimum funding requirements”.

The Wendel Group is currently working actively on the potential impact of applying these standards to its accounts.

4.7.3 Consolidation methods

The companies over which Wendel has exclusive control are fully consolidated.

Companies in which Wendel has significant influence have been accounted for based on the equity method.

Net income of acquired subsidiaries is consolidated beginning with their acquisition date, while net income of divested subsidiaries is consolidated up to their divestment date.

4.7.4 Financial statements used as the basis for consolidation

Wendel’s consolidated accounts have been prepared on the basis of:

- the consolidated accounts of the 12-month fiscal year ended on December 31, 2010 of Bureau Veritas, Materis (Materis Parent), Deutsch (Deutsch group), Legrand and Saint-Gobain;
- the consolidated accounts of Stahl from March 1 to December 31, 2010;
- the consolidated accounts of Stallergenes for the 11-month period from January 1 to the divestment date, in November 2010;
- for the other companies, their individual accounts for the 12-month fiscal year ended December 31, 2010. Some holding companies have 12-month fiscal years whose opening dates are not January 1; in this case, 12-month accounts from January 1 to December 31 have been prepared for consolidation purposes.

Financial information relating to these subsidiaries and associates has been prepared in accordance with IFRS recognition and measurement rules.

Significant changes in the Group’s scope of consolidation for fiscal year 2010 are presented in “Changes in scope of consolidation”. The main subsidiaries consolidated as of December 31, 2010 are presented in the “List of main consolidated companies”.

4.7.5 Business combinations

The revised IFRS 3 and IAS 27, which have been in effect since January 1, 2010, have an impact on how the acquisition of a controlling interest or a partial sale resulting in the loss of control are accounted for:

- transaction-related costs are recognized under operating income for the period, price adjustments are recognized initially at fair value, and any later variations in value are recognized under operating income;
- when control of a company is gained (or lost), the revaluation of the fair value of the previously held interest (or residual interest) is recognized on the income statement;
- when control of a company is obtained, minority interests are recognized either at their share in the fair value of assets and liabilities of the acquired company, or at their fair value. A share of goodwill is then allocated to these minority interests. This choice is made on a case-by-case basis for each acquisition;
- the acquisitions or divestment of ownership interests in controlled companies that do not result in obtaining or losing control are recognized as transfers between the Group interest and the share of third parties in consolidated shareholders' equity, with no impact on the income statement;
- meanwhile, minority interests may now become negative, as the net income of a subsidiary, whether positive or negative, is now allocated between the Group share and minority interests, based on their respective ownership interests.

Commitment to buy minority interests in consolidated subsidiaries

When the Group has made firm or conditional commitments to minority shareholders in consolidated subsidiaries to buy their stakes, a financial debt is recognized in an amount corresponding to the present value of the purchase price.

At December 31, 2010, lacking any specific IFRS provision, this financial debt is offset:

- firstly, by the elimination of the carrying amount of the corresponding minority interests;
- secondly, by a reduction of the Group share of shareholders' equity: the difference between the estimated value of the purchase commitment and the carrying amount of minority interests is deducted from the Group share of retained earnings and other reserves. This heading is adjusted at the end of each accounting period to reflect the estimated value of the purchase commitment and the carrying amount of minority interests. This has no impact on the consolidated income statement, barring subsequent changes to standards and interpretations.

4.7.6 Inter-company asset sales and transfers

Gains and losses on the sale or transfer of assets between consolidated companies have been eliminated from income and the assets have been maintained at their initial value, except in the event of losses deemed permanent, for which an impairment charge is recognized on the income statement.

4.7.7 Conversion of financial statements of foreign companies

Wendel's accounting currency is the euro.

The balance sheets of foreign companies whose operating currency is not the euro have been converted into euros at the exchange rate prevailing at the closing date, and their income statements at the average exchange rate for the fiscal year or consolidation period. The discrepancy resulting from the application of these exchange rates has been allocated to retained earnings and other reserves under "translation adjustments". Translation adjustments related to subsidiaries are recognized on the income statement when these subsidiaries are divested.

The following exchange rates have been used in the consolidated financial statements:

	Closing rate		Average rate	
	12.31.2010	12.31.2009	2010	2009
USD/EUR	1.3362	1.4406	1.3243	1.3897

4.7.8 Use of estimates

The preparation of financial statements in accordance with IFRS requires the use of estimates and assumptions that affect the amounts reported in such financial statements. These estimates and judgments are based on Wendel's and its subsidiaries' appreciation of the facts and circumstances existing at the balance sheet date, as well as on information available on the date the accounts were approved. They are based on Group management's past experience and various other factors deemed reasonable, such as market data or the work of an independent appraiser, and are reviewed on a regular basis. The uncertain global economic picture since 2008 has complicated forecasting, and actual amounts could therefore be different from the forecasts.

In preparing these financial statements, the principal items involving estimates were goodwill, impairment tests on goodwill and equity-method investments, provisions, deferred taxes, derivatives and treatment of co-investments.

4.7.9 Measurement rules

4.7.9.1 Goodwill

Goodwill represents the excess of the cost of acquiring the shares of consolidated companies, including related expenses, and the Group's share of the fair value of their net assets, liabilities and identifiable contingent liabilities on the date of acquisition. In application of the acquisition method, identifiable assets and liabilities of the acquired company that meet IFRS recognition criteria are recognized at their fair value on the acquisition date, with the exception of assets available for sale or held for sale, which are recognized at their fair value less selling costs. Adjustments in the fair values of assets and liabilities acquired as part of business combinations and initially recognized on the basis of temporary values (because of ongoing external appraisals or outstanding additional analyses) are recognized as retroactive goodwill adjustments if they occur within 12 months after the acquisition date. Thereafter, such adjustments are recognized directly on the income statement unless they are made in correction of errors. The revised version of IFRS 3 provides that goodwill may be applied to minority interests, if the Group so chooses. Goodwill is presented, where applicable, net of any cumulative recognized loss in value.

Goodwill is not amortized, but is instead tested for impairment at least once per year, on December 31, or more frequently if there is any indication that it may be impaired. Indications of a loss in value may include, for instance, a significant or prolonged decline in the share price of a listed company, a difference in net income compared with budget or a deterioration in the economic sector in which a company operates. For purposes of impairment testing, goodwill is allocated to Cash Generating

Units (CGU). Each of the Group's operating entities (Bureau Veritas, Materis, Deutsch and Stahl) represents a CGU. Goodwill impairment losses are recognized on the income statement under "Other operating income and expenses" and are not reversed.

Whenever an operating subsidiary identifies an impairment loss on goodwill within its consolidation scope, this loss is maintained at the level of Wendel's consolidated accounts, even if Wendel's analysis of the subsidiary's goodwill does not show any impairment. This stance has been taken to allow Wendel to recognize unrealized losses as soon as they appear, as they would inevitably be recognized anyway if the subsidiary were to sell the CGU showing such losses.

Goodwill pertaining to equity-method investments is included in the book value of these companies and therefore not presented separately (IAS 28.23). It is therefore not subject to a separate impairment test, as the value of equity-method investments is subject to a separate test, goodwill included. Hence, as regards equity-method shareholdings, in the event of an improvement in their value justifying an impairment write-back, the portion of the impairment pertaining to goodwill is also written back.

The impact of impairment loses and the gain or loss on divestments and dilutions are recognized in the income statement under "share of net income from equity-method investments".

Impairment tests on goodwill and equity-method investments are described in Notes 1 "Goodwill" and 4 "Equity-method investments".

4.7.9.2 Intangible assets

Brands of the Bureau Veritas, Deutsch and Materis groups

These brands have been valued using the relief-from-royalty approach, which consists in discounting to perpetuity royalty cash flows determined at a theoretical rate based on net sales generated by the brands. These brands are considered to have an indefinite useful life, as there is no foreseeable time limit on their potential to generate cash flow. They are therefore not amortized but instead are subjected to an annual impairment test.

The brands of the Bureau Veritas group's subsidiaries have been depreciated over 10 years. Only those brands identified by Wendel when it acquired control of Bureau Veritas are considered to have an indefinite life.

Contracts and client relationships of the Bureau Veritas, Materis, and Deutsch groups

The value of these assets corresponds to the margin expected to be generated over the residual lives of contracts in force at the date of acquisition/transfer of control, taking into account contract renewals, where such renewals are considered probable based on historical statistical data. These contracts and client relationships are therefore depreciated over the period used for the calculation of each contract category (up to 30 years, depending on the contract and subsidiary) or over their useful life.

4.7.9.3 Other intangible assets

The cost of developing software intended for internal use and other development costs have been capitalized when it is likely that these expenditures will generate future economic benefits. These costs are then depreciated over the asset's estimated useful life.

4.7.9.4 Property, plant and equipment

Property, plant and equipment are recognized at their historical cost, determined at the time of acquisition of these assets or at fair value in the event of a business combination. Historical cost includes all costs directly attributable to the acquisition or construction of assets concerned, in particular borrowing costs that are directly attributable to the acquisition or the production of property, plant and equipment during the accounting period prior to being brought into service.

Property, plant and equipment other than land and investment properties is depreciated on a straight-line basis over a period corresponding to their likely useful life. The depreciation basis for property, plant and equipment is its historical cost less the residual value, i.e., the value expected at the end of the asset's useful life, after allowing for any divestment costs.

The following useful lives are applied:

Buildings	10 to 50 years
Plant	3 to 10 years
Equipment and tooling	3 to 10 years

Assets that the Wendel Group has acquired under long-term or other leases where the risks and rewards of ownership have been substantially transferred to the Group are accounted for as finance leases and are depreciated on a straight-line basis over their estimated useful life, as described above.

4.7.9.5 Impairment of property, plant and equipment and intangibles

In accordance with IAS 36 "Impairment of assets", the value in use of property, plant and equipment and intangibles is tested when there is an indication of impairment. These tests are performed either when there is an indication of a loss of value or once a year for assets having indefinite useful lives, which in Wendel's case is limited to goodwill and brands. Impairment losses are recognized on the income statement under "Other operating income and expenses".

4.7.9.6 Financial assets and liabilities

Financial assets include investments in non-consolidated companies, operating receivables, debt securities, marketable securities, derivatives and cash. Financial liabilities include borrowings, other funding sources and bank overdrafts, derivatives and operating liabilities. Financial assets and liabilities are recognized and measured in accordance with IAS 39 "Financial instruments: recognition and measurement".

4.7.9.6.1 Financial assets at fair value through profit or loss

These assets include financial investments without the characteristics of cash equivalents. These assets are measured at market value at the balance sheet date, and gains and losses arising from changes in value are recognized through the income statement.

4.7.9.6.2 Financial assets available for sale

In accordance with IAS 39.9, classifying a financial asset as available for sale does not necessarily mean that the Wendel Group actually intends to sell it. This category, in fact, includes all non-derivative financial assets that are designated as available for sale or that are not classified in any of the other categories of financial assets.

They have been measured at fair value, and gains or losses arising from changes in fair value are recognized under shareholders' equity. Any significant or prolonged decline in the fair value of these financial assets below their acquisition cost gives rise to an additional impairment provision on the income statement. This impairment cannot be written back through the income statement, except in the event of sale.

4.7.9.6.3 Assets held until maturity and loans and receivables

These instruments are stated at amortized cost using the effective interest method. Their carrying amount represents outstanding principal, adjusted for any non-amortized acquisition costs, premiums or discounts. They are tested for recoverable value whenever there is an indication that their recoverable amount might be lower than their carrying value. Any impairment loss is recognized on the income statement.

4.7.9.6.4 Financial liabilities

All borrowings and other financial liabilities are stated at amortized cost using the effective interest method, except for derivative instruments.

4.7.9.6.5 Derivatives

Derivatives are measured at fair value. Gains and losses arising from changes in the fair value of derivatives are recognized in the income statement, apart from certain exceptions set out below.

Derivatives can be designated as hedges of fair value, future cash flow or net investment value:

- fair value hedges are used to offset changes in the fair value of a recognized asset or liability due to shifts in exchange rates, interest rates or other benchmarks;
- cash flow hedges are used to hedge changes in future cash flows from a present or future asset or liability; Wendel and its subsidiaries use cash flow hedges to offset shifts in foreign exchange rates, interest rates and commodity prices;
- hedges of a net investment in a foreign business can be designated as hedging instruments, as long as they meet the corresponding IAS 39 criteria. These hedges help offset fluctuations in value due to conversion into the reporting currency used by the parent company in its consolidated accounts. Financial debt denominated in the operating currency of the hedged investment can be designated as an investment hedge when the hedge has been recognized as such for accounting purposes.

A hedging relationship qualifies for hedge accounting if:

- the hedging relationship is clearly defined and documented at the outset;
- the effectiveness of the hedging relationship can be demonstrated from the outset and throughout its term.

The use of hedge accounting has the following consequences:

- for hedges used to offset changes in the fair value of a recognized asset or liability, the hedged item is measured at fair value on the balance sheet. Changes in the fair value on the hedged item are recognized on the income statement and are offset by symmetrical changes in the fair value of the hedging instrument to the extent that the hedge is effective;
- the effective portion of changes in the fair value of derivatives that are designated as, and qualify for, cash flow hedges is recognized directly in shareholders' equity. The gain or loss from the ineffective portion is recognized on the income statement. Amounts accumulated in shareholders' equity are passed through the income statement in the same periods as the corresponding hedged items, or are written back against the acquisition cost of the assets in which the financial risk related to the acquisition price was hedged;
- for net investment hedges, the portion of a gain or loss that is considered effective in the hedge of a net investment in a foreign business is recognized directly in shareholders' equity. The ineffective portion is immediately recognized on the income statement. Cumulative gains and losses in shareholders' equity are recognized on the income statement when the foreign business is sold.

Derivatives are measured using Wendel's mathematical models, as well as by independent appraisers and/or the Group's counterparties.

4.7.9.7 Methods for measuring the fair value of financial instruments

In accordance with the amendment to IFRS 7 (March 2009), the tables in Note 8 present the Group's assets and liabilities that are measured at fair value, based on their method of measurement. The levels of classification are defined as follows:

- level 1: unadjusted, listed prices of identical instruments on an active market;
- level 2: observable data other than listed prices referred to above, either directly (such as a price), or indirectly (calculated from another price);
- level 3: fair values that are not determined on the basis of observable market data.

During fiscal year 2010, there were no transfers between levels 1 and 2 or transfers to or from level 3 of fair value measurements of financial instruments.

Changes in financial instruments subject to level 3 fair value measurement were not significant and have not been presented.

4.7.9.8 Inventories

Inventories have been stated at cost or net realizable value, whichever is lower. Production cost includes the costs of raw materials, direct labor and any overheads that can reasonably be associated with production.

4.7.9.9 Cash and cash equivalents (pledged and unpledged)

Cash is composed of cash at banks.

In accordance with IAS 7 and the March 9, 2006 notification from the *Autorité des marchés financiers,* cash equivalents are short-term, highly liquid investments that are readily convertible into a known amount of cash and are subject to an insignificant risk of shift in value. Cash equivalents include euro-denominated, money-market mutual funds and deposit accounts with initial maturities of less than or equal to three months. They are measured at their fair value at the balance sheet date.

Pledged cash and cash equivalents are presented as non-current financial assets, as they were not immediately available.

4.7.9.10 Provisions

In accordance with IAS 37 "Provisions, contingent liabilities and contingent assets", a provision is set aside when the Group has an obligation with respect to a third party as a result of a past event for which it is probable or certain that there will be an outflow of resources to that third party, without at least an equivalent inflow from that third party. Provisions for restructuring costs are set aside only when the restructuring has been announced and the Group has drawn up or has started to implement a detailed, formal plan.

Provisions are discounted on the basis of the estimated duration of the obligation. The impact of this discounting is recalculated at each balance sheet date, and the related adjustment is recognized on the income statement under "Other financial income and expenses".

4.7.9.11 Provisions for employee benefits

Defined-contribution plans: contributions are recognized as operating expenses.

Defined-benefit plans: the present value of statutory retirement bonuses and supplementary pension benefits payable to active and retired employees is calculated using the retrospective method. The obligation is determined at each balance sheet date taking into account the age of the company's employees, their length of service and the likelihood that they will remain at the company until they retire. The calculation is based on an actuarial method using assumptions relating to the yield on long-term investments. The funding provision corresponds to the difference between the total obligation as set out above and any assets invested with insurance companies to cover these obligations.

Actuarial gains and losses are recognized in shareholders' equity as soon as they appear (IAS 19.93A).

4.7.9.12 Handling of the CVAE tax

The 2010 Budget Act, which was voted into law on December 30, 2009, eliminated the business license tax *(taxe professionnelle)* on French companies, effective 2010 and replaced it with two new contributions:

- the "CFE" tax based on the property rental values previously used for the business license tax;
- the "CVAE" tax based on the value-added generated by the company, as measured in its separate financial statements.

As a result of these changes in tax legislation, Wendel re-examined the accounting for taxes in France under IFRS, taking into account the most recently published analyses on the subject, and in particular those provided by IFRIC.

Wendel finds that under the tax change mentioned above, the business license tax has been replaced by two new taxes of dissimilar nature:

- the CFE, whose amount is based on rental property values and which can be capped at a percentage of value-added. This tax is very similar to the business license tax and is therefore recognized, as the business license tax was, in operating expenses;
- the CVAE, which, according to Wendel's analysis, meets the definition of an income tax, as defined in IAS 12.2 ("taxes based on taxable profits"). In conducting its analysis, Wendel took into account Ifric's decision not to add the subject to its agenda in March 2006 and May 2009 on the question of the scope of IAS 12 "Income taxes". Ifric specified that to enter into the scope of IAS 12, a tax must be calculated on the basis of a net amount of revenue less expenses and that this net amount may be different from the net income figure on the income statement. Wendel finds that the CVAE has the characteristics indicated in this conclusion, inasmuch as value-added constitutes the intermediate level of profit systematically used, in accordance with French tax rules, to determine the amount due under the CVAE.

In accordance with IAS 12, qualifying the CVAE as an income tax caused Wendel to recognize deferred taxes at December 31, 2009 related to timing differences existing at that date, with a corresponding net expense taken to the income statement, as the Budget Act was voted into law in 2009. This deferred tax charge is not significant and is presented in the "tax expense" line. Beginning with fiscal year 2010, the total current and deferred tax amounts related to the CVAE is presented on this line.

4.7.9.13 Deferred taxes

In accordance with IAS 12 "Income taxes", deferred taxes are recognized for timing differences between the carrying amounts of assets and liabilities and their tax base.

Tax-loss carryforwards are recognized as deferred tax assets when it is likely that they can be offset against tax on earnings in the next few fiscal years or when they can be offset by deferred tax liabilities of an equal or higher amount. In application of this principle, no tax-loss carryforwards of the Wendel and Eufor tax groups were capitalized.

Regarding subsidiaries and equity-method investments, a deferred tax liability is recognized for all timing differences between the carrying amount of the related shares and their tax base, except:

- if the Group is able to control the date of the reversal of the timing difference; and
- it is probable that the timing difference will not reverse itself in the foreseeable future.

Deferred taxes are calculated by the variable carryforward method, based on the tax rates in effect at the balance sheet date, for French companies 34.43% for income subject to standard assessment.

4.7.9.14 Treasury shares

All treasury shares held by the Group are stated at their acquisition cost as a deduction from shareholders' equity. Proceeds from any sales of treasury shares are credited directly to shareholders' equity, and any divestment gains or losses have no impact on income for the fiscal year.

4.7.9.15 Assets and operations held for sale and activities held for sale

An asset or group of assets is classified as held for sale if its carrying amount will be recovered mainly through a sale transaction rather than through continued use and when its sale highly probable. Depreciation on these assets ceases when the asset has been classified as held for sale, and a provision is set aside if the asset's residual carrying amount exceeds its likely realizable value.

A business is considered as being divested when it meets the criteria of assets and operations held for sale. Assets and liabilities of these businesses are presented on a separate line in the balance sheet of the current fiscal year, and the net income or loss they generate is presented on a separate line in the income statement (including fiscal years presented for comparison). Net income or loss from discontinued operations and operations held for sale includes, where applicable, any divestment gains or losses or any impairment losses recognized for this business.

4.7.9.16 Revenue recognition

Revenue from the sale of goods is recognized under net sales when the risks and rewards of ownership are substantially transferred to the buyer.

At the Bureau Veritas group, most contracts are short-term. For these contracts, Bureau Veritas recognizes income when the service has been provided to the customer. For other contracts, Bureau Veritas uses the percentage-of-completion method to determine the amount to be recognized under net sales during a given period, insofar as the income from contracts can be readily determined. The percentage of completion is determined for each contract by reference to the costs incurred at the balance sheet date, compared to the total estimated costs. The increment of this percentage, applied to the total forecast income from the contract, represents the profit margin recognized in the period. In the event of forecast negative margin, provisions are set aside for the entire contract.

4.7.9.17 Translation of foreign currency transactions

Transactions denominated in foreign currencies are translated into euros using the exchange rates prevailing on at the dates of the transactions. Receivables and payables in foreign currencies are translated into euros at the exchange rate prevailing at the balance sheet date. Exchange differences resulting from the translation in currencies other than euros are recognized on the income statement under "Other financial income and expenses".

In the event of hedges of a net investment in a foreign business (see above, "Derivatives"), the portion of the gain or loss on a hedging instrument covering a net investment in a foreign business that is considered to be an effective hedge, is recognized directly in shareholders' equity. The ineffective potion is immediately recognized on the income statement.

4.7.9.18 Subscription- and purchase-type stock option plans

In accordance with IFRS 2 "Share-based payments", the Group recognizes a personnel expense corresponding to the fair value of employee stock subscription options, purchase options, bonus shares and performance shares at the grant date, with the corresponding expense being recognized under consolidated shareholders' equity. The expense is spread out over the options' vesting period.

Wendel uses the Black & Scholes model and the binomial model to determine the fair value of options and performance shares granted. In 2010, as in previous fiscal years, Wendel's plans were valued by an independent appraiser.

4.7.9.19 Balance sheet presentation

An asset is classified as current when it meets any of the four following criteria:

- it is expected to be realized in, or is intended for sale or consumption in the Group's normal operating cycle;
- it is held primarily for the purpose of being traded;
- it is expected to be realized within 12 months after the balance sheet date;
- it is cash or cash equivalent carrying no restriction on exchange or use in settlement of a liability for at least 12 months after the balance sheet date. When the asset is in a pledged cash or cash equivalent account, the amount is recognized under non-current assets.

A liability is classified as current when it meets any of the four following criteria:

- the Group expects it to be settled in its normal operating cycle;
- it is held primarily for the purpose of being traded;
- it is due to be settled within 12 months after the balance sheet date;
- the Group does not have an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

All other assets and liabilities are classified as non-current.

4.7.9.20 Income statement presentation

"Operating income" includes income and expenses not resulting from financial activities, equity-method investments, discontinued activities, activities held for sale, and income tax.

"Other operating income and expenses" corresponds to the impact of limited, unusual, abnormal or infrequent events. These may include gains or losses on divestments of property, plant and equipment or intangibles, impairment losses on property, plant and equipment or intangibles, restructuring costs, and provisions for claims and litigation.

Financial income and expenses include "Finance costs, net" and "Other financial income and expenses", which include gains and losses on disposals of financial assets, impairment losses on financial assets, dividends paid by non-consolidated associates, changes in the fair value of "financial assets at fair value through profit or loss", the impact of discounting receivables, liabilities, provisions and foreign exchange differences.

4.7.9.21 Net income per share

Basic earnings per share are calculated by dividing the Group's share of net income for the year by the average number of shares outstanding during the year.

Diluted net income per share is calculated by dividing the Group's share of net income by the average number of shares outstanding during the year, adjusted according to the "treasury stock" method. According to the "treasury stock" method, the cash that would be received from the exercise of dilutive instruments would be used to buy back the shares and partially neutralize the resulting dilution; the potential dilution is thus the net impact. Dilutive instruments issued by subsidiaries are also included in determining the Group share of net income.

If the income statement presents income from divested businesses separately, earnings per share from continuing and discontinued operations are also presented separately.

4.7.9.22 Accounting treatment of participation of Wendel executives in Group investments

The co-investment mechanisms described under "Participation of Wendel executives in Group investments" take the form of ownership by Wendel executives of various financial instruments, such as ordinary shares, index-based or preferred shares, stock options, etc.

These investments are redeemed upon divestment or an IPO, or after a pre-determined period of time. At this time, the investment gains are shared on the basis of whether or not Wendel's annual return and accrued profitability objectives have been met.

These investments are measured and accounted for based on the manner in which they will be redeemed, either as equity instruments under a full divestment or an IPO, or in cash under Wendel's commitment to buy them back after a pre-determined period has elapsed.

Until the redemption method is known, the investments are accounted for based on the method thought to be the most likely.

When the investments are most likely to be redeemed as equity instruments, the managers' initial investment is accounted for as minority interests in proportion to their share of the total investment (Wendel + co-investors *pari passu* + Wendel executives). When the investment is redeemed, the dilution created by the sharing of gains reduces Wendel's capital gain. If there is an initial advantage (i.e., a positive difference between the fair value of the co-investment and the executives' subscription or acquisition price), this advantage is recognized as an operating expense and spread out over the vesting period of the investment. The offsetting entry for this expense is an increase in shareholders' equity. This advantage is determined on the grant date and is not revalued thereafter. If, on the other hand, the beneficiaries have invested at the fair value of the subscribed or acquired instruments, there is no initial advantage and no expense is recognized.

When the investments are most likely to be redeemed in cash, under Wendel's repurchase commitments after the lapse of a pre-determined period, the initial investment is recognized as debt. This debt is later restated at its fair value until payment is made. The change in fair value is recognized on the income statement. When the investment is redeemed, the debt is paid off in cash.

The most likely redemption method is determined at each balance sheet date, until the investments are redeemed. Should the most likely method change, the effects of the change are recognized in advance on the income statement. Hence, if the most likely redemption method were to be changed to cash, the amount recognized on the income statement at the time of the change would be the fully revalued amount of the instruments at that date.

At December 31, 2010, Wendel believed that the investments were most likely to be redeemed as part of a total divestment of the investments concerned or as part of an IPO of these investments. No debt has therefore been recognized for co-investment mechanisms at December 31, 2010.

4.8 Changes in scope of consolidation

4.8.1 Changes in scope of consolidation in fiscal year 2010

4.8.1.1 Investment in Saint-Gobain (production, transformation and distribution of materials)

As of December 31, 2010, Wendel owned 93.0 million shares, representing 17.68% of Saint-Gobain, vs. 17.66% at December 31, 2009 (net of treasury shares). The main changes in Wendel's interest during the fiscal year were as follows:

- rights issue reserved for Saint-Gobain group employees:

  The rights issue reserved for employees under the company savings plan diluted Wendel's investment in Saint-Gobain by about -0.17 percentage points (calculated net of treasury shares);

- dividend paid in 2010 by the Saint-Gobain group:

  Beneficiaries of the dividend paid in 2010 had the option of receiving the dividend in shares (issue price: €28.58 per share) or in cash (€1.00 per share). Shareholders elected to receive almost 72% of their dividends in shares. Wendel opted to receive its dividends in shares and received 3.1 million Saint-Gobain shares by virtue of the €89.8 million in dividends to which its stake entitled it. This raised the number of its shares to 93 million, without this being a strategic intention.

  The capital increase resulting from the payment of dividends in the form of shares resulted in a slight 0.17 percentage points enhancement of Wendel's stake in Saint-Gobain (calculated net of treasury shares);

- share buybacks and exercise of stock options:

  The cumulative impact of share buybacks and stock options exercises on the percentage interest was insignificant during the fiscal year (+0.02 points).

The accounting impact of all of these changes in percentage interest was a positive €0.8 million, recognized in the income statement under "Share of income from equity-method investments".

The 3.1 million shares received in payment of Saint-Gobain's 2010 dividend were accounted for as equity-method investments at June 30, 2010. At December 31, 2010, these 3.1 million shares were reclassified under assets and operations held for sale in accordance with Wendel's decision to sell them in 2011. This reclassification generated a €34.5 million accounting loss, which is recognized on the "Share of income from equity-method investments" line and is equal to the difference between:

- the carrying amount of these shares at the time they were reclassified (average carrying amount of all equity-accounted shares prior to the reversal of the impairment provisions detailed in Note 4 and after reversal of translation adjustments), and
- the value at which they were recognized under assets and operations held for sale (the closing share price, i.e., €38.5 per share).

However, the decision to receive payment of the 2010 dividend in the form of shares (at an issue price of €28.58 per share) gave the Group the benefit of the increase in Saint-Gobain's share price since the payout of the dividend (December 31, 2010 share price: €38.5).

At December 31, 2010, of the 93 million shares held:

- 89.8 million were recognized as an equity-method investment, in accordance with IAS 28; they amounted to 17.08% of the share capital (net of treasury shares);
- 3.1 million were received in payment of Saint-Gobain's 2010 dividend and were accounted for as an equity-method investment at June 30, 2010 and reclassified at December 31, 2010 as assets and operations held for sale in accordance with Wendel's decision to sell them in 2011. They are equivalent to 0.60% of the share capital (net of treasury shares).

4.8.1.2 Helikos IPO

Helikos is a Luxembourg-registered SPAC (Special Purpose Acquisition Company) that has been listed in Frankfurt since February 4, 2010. Its sole purpose is to invest in an unlisted German *"Mittelstand"* company within two years after its IPO, with a possible six-month extension in the event that discussions have already begun with a prospective company. It is endowed with €200 million to be used as an equity investment in a company having an enterprise value of between €300 million and €1 billion.

Wendel is the project's main promoter and, as such must assist Helikos in identifying the company in which Helikos would invest, in performing due diligence, and in negotiating and closing the transaction.

Helikos has issued two categories of financial instruments:

- publicly traded shares and warrants (listed in Frankfurt): subscription of these shares raised €200 million to allow Helikos to finance an acquisition. This cash has been placed in escrow. When an acquisition proposal is presented to shareholders, "public" shareholders so desiring may request the return of their cash and thus withdraw from the SPAC. Cash is returned if the acquisition proposal is accepted. For an acquisition to be accepted, the percentage of "public" shareholders requesting the return of their investment must be less than 35%, and the majority of "public" shareholders must approve the transaction at their Annual General Meeting. If Helikos does not make an acquisition within two years after its IPO, the cash will be returned to "public" shareholders if, following a vote, the company is dissolved.

  Helikos recognizes the "public" shares under shareholders' equity. "Public" warrants are recognized under financial liabilities in Helikos' accounts. They have a €9 strike price and a five-year life; in the event that they are exercised, the strike price is not paid in cash; rather they entitle their holders to receive a "public" share in exchange for canceling a number of warrants whose intrinsic value is equivalent to the strike price.

  Wendel holds 6.75% of the "public" shares and warrants;
- promoter shares and warrants: 88% of these instruments are held by the Wendel Group, 6% by the Chief Executive Officer of Helikos (Roland Lienau), who is also a Managing Director at Wendel, and 6% by a German partner, Prof. Hermann Simon. Promoters' subscription provided Helikos with €10 million to pay for its IPO costs, its operating expenses and the costs of looking for an acquisition candidate. Promoter shares and warrants are not listed. In the event of liquidation of Helikos, holders of these instruments have no claim to Helikos' cash. Promoter shares and warrants are recognized under shareholders' equity in Helikos' accounts. One-third of the promoter shares will be converted into "public" shares when the acquisition is made, a second third when the price of "public" shares is above €11, and the last third when the price of "public" shares is above €12. As a result, if all promoter shares are converted (excluding the exercise of the warrants), Wendel could ultimately hold 26% of Helikos' "public" shares after the acquisition, including the "public" shares it already holds (6.75%).

Promoter warrants are identical to "public" warrants but may also be exercised by subscribing shares in exchange for payment of the strike price.

Because of its role and the fact that it holds two of the seven seats on Helikos' board of directors, Wendel exercises significant influence over Helikos. This company has therefore been consolidated as an equity-method investment since its IPO date, which is when Wendel obtained significant influence. The "public" warrants held by Wendel are recognized under current financial assets, and changes in their fair value are recognized on the income statement.

Given the rights attached to the instruments issued by Helikos and held by the Wendel Group, Wendel accounts for the following items according to the equity-method:

- Helikos' expenses (IPO, operating expenses and search costs) and working capital requirements, up to its portion of promoter shares (88%); and
- Cash in escrow up to its portion of "public" shares (6.75%).

4.8.1.3 Finalization of the financial restructuring and takeover of Stahl (high-performance coatings and leather finishing products)

At December 31, 2009, Stahl was an equity-method investment (46%). In light of the losses it had accumulated up to then, its carrying amount was nil on Wendel's consolidated balance sheet.

On February 26, 2010, Wendel successfully completed renegotiation of Stahl's debt with the unanimous support of senior, second-lien and mezzanine creditors. In accordance with the proposal made to creditors in the fourth quarter of 2009, Wendel contributed €60 million in cash to Stahl (including €0.1 million in the form of equity and €59.9 million in the form of a shareholder loan).

Restructuring led to a reduction in gross bank debt of almost 45%, which gives Stahl a financial structure suited to its new business plan.

- Wendel's €60 million cash contribution allowed Stahl to buy back discounted senior debt;
- subordinated lenders (mezzanine and second-lien) forgave their €99 million in loans in exchange for a 6.1% equity stake in Stahl (shares and a shareholder loan) and an earn-out right exercisable only upon the total or partial divestment of Wendel's stake. This

right is exercisable if Wendel's overall return is more than 2.5 times its 2010 re-investment, and is equivalent to the allocation of 1 to 2 bonus shares per share held by these ex-subordinated lenders. In accordance with accounting standards, this commitment is not recognized on the balance sheet as the exercise of this right depends on Wendel's sale of its stake.

Moreover, Wendel has pledged to buy these new shareholders' stake (excluding the earn-out right), including one-third of them in 2015, one-third in 2016, and one-third in 2017, with the purchase price being equal to half of market value. A financial liability has been recognized for this amount, offset by these minorities' share of reserves and the Group's share of reserves for the balance. At each closing date, this financial liability is revalued against reserves based on the same rule.

As part of this financial restructuring and Wendel's additional investment, Stahl managers were also invited to take part in the investment. The managers thus acquired 2.1% of the share capital from Wendel, 0.7% of the shareholder loan and an earn-out right that is exercisable in the event of Wendel's total or partial sale of its stake or after 2014, 2015 and 2016 (one-third each year). In accordance with Wendel's policy, the exercise of this earn-out right is subject to Wendel's achieving of a minimum average annual return on its entire investment in Stahl (see "Participation of Wendel executives in Group investments").

Following the restructuring and manager investment, Wendel's percentage interest in Stahl is 91.9% (91.5% after taking into account minority co-investment by Wendel's executives).

Wendel has thus taken exclusive control of Stahl and has consolidated it fully since the restructuring date (i.e., 10 months in fiscal year 2010):

In millions of euros	Contribution to 2010 net income (10 months)	2010 (12 months)
Net sales	284.0	330.1
Ebitda	47.1	54.8
Adjusted operating income (1)	39.7	46.2

(1) See "Segment information".

Goodwill was determined when control of Stahl was obtained:

In millions of euros	
Post-restructuring net book value (net of shareholder loan)	67.8
Revaluation of intangible assets and cancelation of goodwill	-128.8
Revaluation of property, plant and equipment	15.9
Revaluation of inventories	10.4
Other identifiable assets and liabilities	13.8
Revalued net book value	**-20.9**
Wendel's investment in equity instruments	0.1
Transfer of 6.1% of the shareholders' loan to former subordinated lenders and co-investment by Stahl managers	3.1
GOODWILL	**24.1**

In accordance with IFRS, reevaluation of identifiable assets, identifiable liabilities, contingent liabilities and the goodwill calculation will be definitive 12 months after the taking of control.

4.8.1.4 Sale of a block of 14.45 million shares (5.5% of share capital) of Legrand (products and systems for low-voltage installations)

On September 21, 2010, Wendel sold 14.45 million Legrand shares at €23.95 per share:

Sale proceeds	**€346.1 million**
Book value of shares sold (including reversal of translation adjustments)	€119.1 million
Selling costs	-€1.1 million
Gain on sale, net of selling costs	**€225.9 million**

The gain on sale was recognized in the "Share of net income from equity-method investments" item of the income statement.

As of December 31, 2010, Wendel still exerts significant influence over Legrand, with more than 27.7% of the voting rights and 19.5% of the shares (net of treasury shares), alongside KKR. Hence, for fiscal year 2010, Legrand was accounted for according to the equity method at 25% for the first nine months of the fiscal year, then at 19.5%.

On March 4, 2011, Wendel sold another block of 21.8 million Legrand shares, equivalent to 8.3% of Legrand's share capital, for €627 million. As Wendel continued to sit on the board of directors after this disposal, it will continue to account for Legrand as an equity-method investment. See "Subsequent events" for details on events occurring after the balance sheet date.

4.8.1.5 Divestment of Stallergenes (allergenic immunotherapy)

On November 16, 2010, Wendel sold its entire stake in Stallergenes (ca. 46% of share capital). The sale was carried out at €59 per share and generated €358.8 million in proceeds, thus valuing the company at about 15 times Ebitda, 18 times operating income and 28 times net income. The transaction generated a capital gain of €300 million for Wendel. It represented a multiple of 35 times its initial investment and an internal rate of return of 40% p.a.

Sale proceeds	**€358.8 million**
Book value of sales sold (including a reversal of translation adjustments)	€57.5 million
Selling costs	-€1.1 million
Gain on sale, net of selling costs	**€300.2 million**

Stallergenes' income contribution is presented on the "Net income from discontinued operations and operations held for sale" line for the 12 months of fiscal year 2009, which is presented for purposes of comparison for the period from January 1, 2010 to the transaction date. The capital gain is presented under "Net income from discontinued operations and operations held for sale" (see Note 24).

4.8.1.6 Main changes in scope of consolidation at the level of subsidiaries and associates

- Acquisitions by the Bureau Veritas group (certification and verification):

  During fiscal year 2010, Bureau Veritas acquired eight companies, including Advanced Coal Technology (a South African company specializing in coal analysis) and Inspectorate (oil and petrochemical products, metals and minerals, agricultural products and other goods). Bureau Veritas acquired 100% of the companies' share capital.

  The overall acquisition cost of companies acquired by Bureau Veritas in 2010 was €582 million and overall goodwill recognized on these acquisitions was €417 million. Annual net sales in 2010 of all these companies came to about €351 million, and operating income before amortization of intangible assets from business combinations was about €37 million.

  In 2010 Bureau Veritas also finalized the processes of streamlining its business portfolio, which aimed to discontinue several small, marginal businesses inherited from previous years' acquisitions.

- Acquisitions by the Materis group (specialty chemicals for the construction sector):

  Materis' acquisitions totaled €27 million in 2010, and all involved 100% of the target companies' share capital. The total amount of goodwill on these acquisitions was €7 million.

  Materis' main acquisition was a.b.e. construction chemicals. Listed in South Africa, this company is present on emerging markets and generates revenue of about €25 million. It manufactures and markets read-to-use products for concrete repair and waterproofing.

  The contribution to net income of acquired subsidiaries is not significant compared to Wendel's earnings.

- Acquisitions by the Deutsch group (high-performance connectors):

  In the first half of 2010 Deutsch bought out minorities in its LADD subsidiary (Deutsch's industrial division's exclusive US distributor) for USD 40 million, thus raising its stake from 60% to 100%.

  The impact of this transaction was recognized under shareholders' equity, in accordance with IFRS.

- Acquisitions of the Saint-Gobain group (production, transformation and distribution of construction materials), an equity-method investment:

  In the first half of 2010, Saint-Gobain took over the Japanese insulation company MAG. In December, it acquired a 50% stake in Sage Electrochromics. Saint-Gobain also finalized the divestment of the advanced ceramics business for about USD 245 million.

  Saint-Gobain also began a procedure that will culminate in a separate market listing of a minority share of its packaging division (Verallia).

- Acquisitions of the Legrand group (products and systems for low-voltage installations), an equity-method investment:

  Legrand's main acquisitions in 2010 were Inform (leader in electrical inverters and secured electrical equipment in Turkey), 100% of net assets of Indo Asian Switchgear (ERA Electricals, a major player on the Indian protection market) and Meta System Energy (an electrical inverter specialist in Italy).

  Legrand invested a total of €288.6 million on acquisitions (less cash acquired), minority buyouts and investments in non-consolidated associates in 2010. Entities consolidated by Legrand for the first time contributed €41.1 million to its 2010 net sales, and €1.8 million in net income.

4.8.2 Changes in scope of consolidation in fiscal year 2009

4.8.2.1 Investment in Saint-Gobain (production, transformation and distribution of construction materials)

The dilution to Saint-Gobain's stake in 2009 was generated by three transactions carried out on the share capital in the first half of 2009:

- March 2009 rights issue:

  On March 23, 2009, Saint-Gobain increased its share capital by €1,512 million (excluding expenses) through the issuance of 108,017,212 shares at a subscription price of €14 per share. Wendel participated only partially in the rights issue, exercising 28.9 million share warrants (35.5% of its warrants) and receiving 8.3 million shares in return for an investment of €115.7 million. Wendel's remaining 52.6 million share warrants were sold on the market. Net proceeds from the sale of these share warrants totaled €65.5 million and were included in the "Other financial income and expenses" line of the income statement. This transaction resulted in a dilution of Wendel's interest in Saint-Gobain of about 3.1 percentage points (calculated net of treasury shares);

- rights issue reserved for Saint-Gobain employees:

  The rights issue reserved for employees under the company savings plan diluted Wendel's investment in Saint-Gobain by about 0.3 percentage points (calculated net of treasury shares);

- dividend paid in 2009 by Saint-Gobain:

  Beneficiaries of the dividend paid in 2009 had the option of receiving the dividend in shares or in cash. Shareholders elected to receive almost 65% of their dividends in shares. Wendel opted to receive its dividends in shares and sold all of the shares thus received under terms of a bank financing agreement. Through this sale, Wendel received the equivalent of the dividend it would have received had it opted for the dividend in cash, plus a premium of €6.8 million under the contract. The capital increase resulting from the share dividends diluted Wendel's investment in Saint-Gobain by about 0.5 percentage points (calculated net of treasury shares).

The accounting impact of this dilution was a negative €741.6 million euros, recognized in the income statement under "Share of net income from equity-method investments". This loss came about because of the difference between the value of Saint-Gobain in Wendel's books (before impairment recognized in 2009) and the price at which the new shares were issued by Saint-Gobain.

Changes in holdings of Saint-Gobain shares during the second half of 2009 generated a loss of €2.9 million euros.

In addition, reversal of the portion of translation adjustments recognized on the diluted portion led to a loss of €38 million in the income statement.

As a result of these transactions in fiscal year 2009, Wendel's stake in Saint-Gobain declined from 21.57% at December 31, 2008 to 17.66% at December 31, 2009 (net of treasury shares).

4.8.2.2 Sale of a block of 11 million shares (10% of share capital) of Bureau Veritas (certification, verification)

In March 2009, Wendel sold 11 million Bureau Veritas shares at €25.00 per share, for total proceeds of €275 million, excluding expenses. At the end of 2009, Wendel held 52% of Bureau Veritas (net of treasury shares) and remained the majority shareholder.

Sale proceeds	**€275.0 million**
Book value of shares sold (including reversal of translation adjustments)	€154.4 million
Selling costs	-€2.2 million
Gain on sale, net of selling costs	**€118.4 million**

The gain on sale was recognized in the "Other operating income and expenses" line of the 2009 income statement.

4.8.2.3 Sale of Oranje-Nassau Groep's oil and gas business

In May 2009, Oranje-Nassau Groep sold all of its oil and gas activities. The divestment generated a net gain of €346.3 million:

Sale proceeds	€601.6 million
Impact of selling costs and premiums paid to the Dutch executives of Oranje-Nassau (net of tax)	-€15.8 million
Book value of shares sold (including reversal of translation adjustments)	€239.5 million
Gain on sale, net of selling costs	**€346.3 million**

After payment of selling costs, premiums paid to the executives of Oranje-Nassau and repayment of Oranje-Nassau's bank debt, the transaction increased the Wendel Group's available cash by €510 million.

In accordance with IFRS 5, all items on the income statement related to the oil and gas business from the beginning of fiscal year 2009 until the divestment date are presented under the "Net income from discontinued operations" of the 2009 income statement, along with the gain on the sale.

4.8.2.4 Sale of a block of 15 million shares (5.7% of share capital) of Legrand (products and systems for low-voltage installations

In November 2009, Wendel sold 15 million Legrand shares at €18.50 per share. As a result of this transactions, Wendel held 25% of Legrand (net of treasury shares). Proceeds from the sale totaled €277.5 million, excluding expenses.

Sale proceeds	€277.5 million
Book value of shares sold (including reversal of translation adjustments)	€114.2 million
Selling costs	-€1.7 million
Gain on sale, net of selling costs	**€161.6 million**

The gain on sale was recognized in the "Share of net income from equity-method investments" line of the 2009 income statement.

4.9 Related parties

Wendel's related parties are:

- Saint-Gobain, Legrand and Helikos, which are accounted for by the equity method;
- members of Wendel's Supervisory Board and Executive Board; and
- Wendel-Participations, which is the Group's control structure.

4.9.1 Saint-Gobain

During the 2010 fiscal year, Wendel received €89.8 million in dividends from Saint-Gobain. This dividend was paid in the form of 3.1 million newly issued Saint-Gobain shares. At December 31, 2010, these shares were reclassified under assets and operations held for sale, in accordance with Wendel's decision to sell them in 2011 (see section on changes in scope of consolidation).

Some Saint-Gobain subsidiaries undertake transactions with Wendel Group subsidiaries. These transactions are carried out at market prices.

4.9.2 Legrand

During the 2010 fiscal year, Wendel received €45.9 million in dividends from Legrand.

4.9.3 Helikos

Helikos is a special purpose acquisition company whose sole purpose is to invest in an unlisted German *"Mittelstand"* company (see "Changes in scope of consolidation"). Wendel is the project's main promoter and, as such, assists Helikos in identifying an acquisition candidate, performing due diligence, negotiating and closing the transaction. For this purpose, Wendel was paid €107 thousand by Helikos.

4.9.4 Members of the Supervisory Board and Executive Board

The amount of compensation due with respect to fiscal year 2010 to the two members of Wendel's Executive Board came to €3,157 thousand. The value of options and performance shares granted during fiscal year 2010 to Executive Board members came, respectively, to €1,290 thousand and €274 thousand.

Compensation paid in 2010 to the Supervisory Board totaled €774.2 thousand, including €657.5 thousand in Wendel directors' fees and compensation paid to the Chairman of the Supervisory Board, €33.3 thousand in directors' fees paid to certain members of the Supervisory Board by Wendel-Participations for serving on its Board, and €78.5 thousand paid by Wendel subsidiaries to certain members of the Supervisory Board for serving on their Boards.

Wendel's liabilities in the event of departure of Executive Board members are described in the section of the annual report dealing with compensation of corporate officers.

Executive Board members co-invested in Materis, Deutsch, Stahl and VGG (see a description of the mechanisms of co-investment in "Participation of managers in Group investments", below).

4.9.5 Wendel-Participations

Wendel-Participations is owned by about 950 members of the Wendel family, including both individuals and legal entities. It owns about 34% of Wendel's share capital.

There is no significant economic or financial relationship between Wendel-Participations and Wendel, other than dividends received and the following agreements:

- an agreement governing the use of the "Wendel" name and a license agreement governing the "WENDEL Investissement" brand; and
- agreements with Wendel-Participations regarding technical assistance and leasing of premises.

4.10 Participation of managers in Group investments

4.10.1 Participation of Wendel managers in Group performance

To involve Wendel Group managers in its value creation, co-investment mechanisms have been set up to allow them to invest their personal funds in the same assets in which the Group invests. This gives managers a personal stake in the risks and rewards of these investments.

The system described below applies to new transactions undertaken by Wendel between 2006 and 2008. Another system will be set up for new investments made from 2011 on.

In 2006, the Executive Board, after authorization of the Supervisory Board upon the recommendation of its Governance Committee, had set up a system of co-investment applicable to any new transaction in which the Group assumed an economic risk on a listed or unlisted company, based on the following general principles:

(i) the individuals invest, alongside the Group and based on a proposal from the Company, an amount equivalent to no more than 0.5% of the total sums invested by Wendel;

(ii) the individuals finance their co-investment on their own;

(iii) the co-investments conferred a right to 10% of the capital gain (on 0.5% of the investments), provided that Wendel has obtained a minimum annual return of 7% and a total capital gain of 40% on its investment. Otherwise, the senior managers would lose the amounts they have invested. The 7% minimum profitability threshold is measured with respect to the original value and date of the investments. The 40% capital gain threshold on Wendel's investment in listed companies applies only after an initial period of 2.5 years following the investment;

(iv) rights associated with co-investments would vest over a period of four years in five tranches of 20% each (20% at the investment date, then 20% at each anniversary date).The members of the management team agreed that in the event of their departure they would sell their unvested rights upon request, at their initial value;

(v) the capital gain will be realized at the time of divestment, or in the absence of divestment at the end of 10 years, on the basis of an appraiser's opinion.

Co-investment mechanisms were set up on Saint-Gobain and the Group's unlisted companies, i.e., Materis, Deutsch, Stahl and VGG.

Saint-Gobain

As of December 31, 2008, €7 million was co-invested in Saint-Gobain by senior managers and certain corporate officers who were present at Wendel when the mechanism was set up.

All managers concerned and still present in the Group have considered that this co-investment is lost, by virtue of the return that Wendel must realize before they can claim any distribution. Accordingly, in 2010 they sold all their units to a Wendel Group entity for the token price of one euro, thus writing off their entire investment. Losses amounted to €5,999 for Ernest-Antoine Seillière, Chairman of the Supervisory Board; €1,312,499 for Bernard Gautier, an Executive Board member; and €1,255,599 for Jean-Bernard Lafonta, former Executive Board Chairman, who sold the rest of his units in 2010.

Materis, Deutsch, Stahl and VGG

As of December 31, 2008, €3.9 million was co-invested in the Group's unlisted companies – Materis, Deutsch, Stahl and VGG – by senior managers and certain corporate officers present at Wendel when the mechanism was set up. This amount fell to €3.1 million after divestments in 2009 by the former Chairman of the Executive Board and in 2009 and 2010 by other senior managers who have left the Group. The co-investment was made through the Winvest International venture capital investment company.

In 2009 and 2010, the Groupe re-invested in Materis, Deutsch and Stahl as part of their respective debt restructurings. As reported at the Annual Meeting of June 4, 2010, only those senior managers still present at Wendel (and, hence, in a position to contribute to the development of these subsidiaries) were offered an opportunity to make an additional co-investment. This additional co-investment was authorized by Supervisory Board on July 7, 2010, on the recommendation of its Governance Committee.

These managers and executives reinvested €1,482,916 in Winvest International, including €300,000 by Frédéric Lemoine and €184,257 by Bernard Gautier. This additional co-investment was made on the basis of the initial value of Winvest International shares and not the net carrying value provided for in Winvest International's prospectus. Due to the difficult economic environment, net carrying value was below initial value and the par value of the shares. Upon the recommendations of the Governance Committee and the Executive Board, the Supervisory Board decided not to use net carrying value, because it would have resulted in an anti-dilutive effect for the 2010 co-investors and very significant dilution for the former senior managers who did not take part in this additional co-investment, as they were no longer with the Group. The value chosen fell within the fair value range determined by an independent appraiser.

For this additional co-investment, four sub-funds were set up within Winvest International, one for each of the companies (Materis, Deutsch, Stahl and VGG), in accordance with the original plan and the Luxembourg law of October 24, 2008.

The senior managers involved, including Executive Board members, have entered into sale and purchase commitments with Wendel, which detail and implement the general principles described above. These commitments will be exercised in the event of either the departure of a senior manager or a liquidity event (i.e., divestment, IPO, or expiration of the 10-year period) affecting one of the companies (Materis, Stahl, Deutsch and VGG).

At December 31, 2010, the amounts that senior executives have invested in Winvest International since its inception were equivalent to about 0.5% of the amounts invested by the Wendel Group and came to €4.6 million, including €734,257 by Bernard Gautier, €300,000 by Frédéric Lemoine and €160,000 by Ernest-Antoine Seillière. No non-executive corporate officer has co-invested since 2006.

The co-investment mechanism set up in 2006 was suspended in June 2009 for new transactions, and no new co-investment has since been made in a new portfolio company.

4.10.2 Participation of subsidiaries' managers in the performance of their companies

Group subsidiaries and associates have set up various mechanisms to allow senior managers to participate in the performance of each entity.

For listed subsidiaries and associates (Bureau Veritas, Legrand and Saint-Gobain), these mechanisms consist in stock-option and/or bonus share plans.

For unlisted subsidiaries (Deutsch, Stahl and Materis), the participation policy is based on a co-investment mechanism through which these executives may invest significant sums alongside Wendel and under which their profit profile depends on the internal rate of return (IRR) achieved by Wendel in the investment concerned.

The managers receive a return in excess of Wendel's only when a certain profitability threshold has been met (ranging from 7% to 15%).

Managers run the risk of losing all or part of the significant sums they have invested, depending on the value of the investment at maturity.

Wendel and the executives hold a variety of financial instruments to implement these co-investment mechanisms and to determine the manner in which they share risks. These instruments include ordinary shares, index-based or preferred shares, fixed-rate bonds, stock options, etc.

These investments mature either when a liquidity event occurs (divestment or IPO) or, if no such event takes place, at a specific point in time (six to 14 years after the initial investment by Wendel, depending on the company).

4.10.3 Impact of co-investment mechanisms for Wendel

If the business plans of the companies related to the co-investments described in sections 4.10.1 and 4.10.2 are realized, there could be a dilutive impact of 10-15% on Wendel's ownership interest in these companies by 2013-2015.

4.11 Risk management

4.11.1 Managing equity market risk

4.11.1.1 Value of investments

Group assets are mainly investments in which Wendel is the main or controlling shareholder. Some are listed (Saint-Gobain, Bureau Veritas and Legrand), and others are unlisted (Materis, Deutsch and Stahl). The Group also holds minority shareholdings whose amounts are relatively insignificant (VGG and Helikos).

The value of these investments is based mainly on:

- their financial performance;
- their prospects for business development and profitability;
- their ability to identify risks and opportunities in their environment;
- equity market trends, directly in the case of listed companies and indirectly in the case of unlisted companies, whose valuations may be influenced by market parameters.

Growth in Wendel's Net Asset Value depends on its managers' capacity to select, buy, develop and then resell companies able to distinguish themselves as leaders in their sectors.

Wendel makes its decisions on the basis of its investment teams' expertise and in-depth strategic, accounting and financial, legal, tax and environmental due diligence. These processes identify the operating, competitive, financial and legal opportunities and threats likely to have an impact on the value of an investment.

Wendel monitors and analyzes each company's operating and financial performance and the risks to which they are subject, alongside the managers of the companies, during regular in-depth reporting meetings or meetings of these companies' governance entities. In addition, knowledge sharing with the management team makes it possible to develop true sectoral expertise and thus to prepare an analysis of future prospects at regular intervals. This regular review also enables Wendel to better analyze developments in each investment and play its role of core shareholder.

Wendel's company-specific approach is supplemented at the Group level through an overall analysis of the distribution of Wendel's subsidiaries and investments by economic activity, in order to ensure sufficient diversification, not only sectorally, but also from the point of view of competitive positioning and of the resilience of the companies to economic hardship.

Nevertheless, there is a risk that the subsidiary's economic results will not meet Wendel's expectations. This risk is significant amid the current high volatility on the financial markets and the after-effects of the global recession, which continues to generate much uncertainly on economic trends.

The financial structure of LBO investments (Materis, Deutsch and Stahl) accentuates the risk on their valuation. While leverage makes high internal rates of return (IRR) possible on these investments, it also exacerbates financial difficulties in the event of a significant slowdown in economic activity by restricting their access to liquidity and in subjecting them to the risk that financial covenants will trigger accelerated maturity of their financial debt (see "Liquidity risk"). Moreover, the financial crisis has shown that banks' own difficulties (e.g., access to liquidity, prudential ratios) could create obstacles in refinancing the debt of these companies. To forecast and manage the risk incurred by these companies' financial structure, cash flow and financial covenant forecasts are prepared regularly, based on various scenarios, in order to prepare, if necessary, targeted solutions to ensure their long-term survival and to create value. Moreover, Wendel and its subsidiaries are in close contact with bank lenders, in order to more effectively manage the restrictions on these financing agreements. This was how the financial restructurings of Materis, Deutsch and Stahl were successfully executed in 2009 and 2010, demonstrating Wendel's ability to manage and anticipate LBO restrictions and preserve the value expected from its investments.

The value of these investments is therefore subject to the risk that their financial performance and prospects for business development and profitability will be undermined by difficulties created by their organization, financial structure, economic sector and/or the global economic environment. It is also subject to financial market risk, and equity market risk in particular. However, Wendel is a long-term shareholder with no short-term demands on the value of its assets at a specific point in time, even though it monitors NAV trends very closely.

4.11.1.2 Equity derivatives

Wendel may use equity or index derivatives to hedge its investment portfolio.

To protect against a decline in the share price of Saint-Gobain, Wendel has purchased put options on a portion of its investment in the company. These protections are part of its arrangement to finance its Saint-Gobain investment without being subject to collateral calls (see "Liquidity situation, bank covenants"). Wendel has also sold put options with the same strike prices as some of the put options it bought. The combination of these two positions constitutes a net protection of the value of some of the Saint-Gobain shares held. As of the end of 2009, Wendel had sold some of these puts, thereby increasing its exposure to fluctuations in Saint-Gobain's share price (i.e., shares held less net protection) from almost 64% to nearly 75%. During 2010, Wendel continued to sell down its put options, thereby raising its exposure to fluctuations in Saint-Gobain's share price to more than 81% of shares held as of June 30, 2010, then to more than 92% at December 31, 2010 (see Note 8D "Derivatives"). In March 2011, Wendel sold some more of the put options (see "Subsequent events").

4.11.1.3 Financial investments indexed to equity markets

As part of its cash management (see "Managing liquidity risk"), Wendel uses liquid financial investments, a small portion of which are indexed to equity markets (equity funds). This small portion is therefore exposed to equity market risk. Such investments, which offer higher expected yields than cash instruments, but also greater risk of loss in value, are monitored regularly by the Chief Financial Officer and the Executive Board.

4.11.1.4 Equity market risk

Equity market risk relates to:

- consolidated and equity-method securities whose recoverable values used for impairment tests are based on market parameters, such as the discount rate used in calculating "value in use" or the market price used in calculating "fair value";
- the 3.1 million Saint-Gobain shares classified under assets and operations held for sale and valued at the closing share price, i.e., €121 million (see "Changes in scope of consolidation"). A +/-5% change in Saint-Gobain's share price would have a +/-€6 million impact on the income statement;
- puts on Saint-Gobain shares, recognized at their market value on the balance sheet. When Saint-Gobain's share price declines, the value of the hedges increases, generating a gain in the income statement, and vice versa. As an indication, at December 31, 2010, a +/-5% change in the price of Saint-Gobain's shares (the asset underlying these financial instruments) would have an impact of about -/+€12 million on the income statement (see Note 8D "Derivatives");
- short-term financial investments indexed to the equity markets, the total value of which was €62 million at December 31, 2010. Such investments are classified under current financial assets, and any change in their fair value is recognized on the income statement. A +/-5% variation in the equity markets would have an impact of about +/-€3 million on the value of these investments and in the income statement;
- collateral calls on Eufor group financing. These depend on the share price of the shares serving as collateral. Collateral calls may have an impact on Wendel's level of available cash; they are described under "Managing liquidity risk" related to Eufor group financing;
- the covenants under Wendel's syndicated credit line, which are based on the ratios between financial debt and asset values; they are described under "Managing liquidity risk". At December 31, 2010, there were no outstandings under this line of credit;
- the level of financial leverage of Wendel and its holding companies (i.e., net debt/assets), which is a key indicator in the cost of bond financing (and in some cases, bank financing) that Wendel may call on. This indicator is also monitored by Standard & Poor's, which has been mandated by Wendel to rate its financial structure and bond borrowings. See the "Managing liquidity risk".

In millions of euros	Gross book value (Group share)	Accumulated impairment (Group share)	Net book value (Group share)	Market value (closing share price)	Impact on market value of a 5% decline in share price	Note	Impact on net income: of a Change of +/-5% in share price	Impact on net income: of a -/+0.5% change in the discount rate applied to the value of future cash flows	Impact on net income: of a +/-0.5% change in perpetual growth rate used to calculate future cash flows
Equity-method investments									
Saint-Gobain	4,883.2	0.0	4,883.2	3,457.8	-172.9	4	NA (1)	+0/-25	0/0
Legrand	429.8	0.0	429.8	1,558.3	-77.9	4	0.0	NA (4)	NA (4)
Consolidated investments									
Bureau Veritas	1,002.5	NA (3)	1,002.5	3,193.0	-159.6	1	0.0	NA (4)	NA (4)
Materis	-73.0	NA (3)	-73.0	NA	NA	1			
Materis shareholder loan (2)	195.5	0.0	195.5						
			122.5				**NA**	**0/0**	**0/0**
Deutsch	-116.3	NA (3)	-116.3	NA	NA	1			
Deutsch shareholder loan (2)	337.2	0.0	337.2						
			220.9				**NA**	**0/0**	**0/0**
Stahl	-0.5	NA (3)	-0.5	NA	NA	1			
Stahl shareholder loan (2)	60.3	0.0	60.3						
			59.8				**NA**	**0/0**	**0/0**
Financial instruments									
Net Saint-Gobain protection *(puts)*	83.3	NA	83.3	83.3	+12	8	-/+12	NA	NA
Financial investments									
Short-term financial investments indexed to the equity markets	61.9	NA	61.9	61.9	-3.1		+/-3.1	NA	NA
Assets and operations held for sale									
Saint-Gobain	121.0	NA	121.0	121.0	-6.0	15	+/-6.0	NA	NA

(1) The impairment test is based on value in use (discounted future cash flows). See Note 4 "Equity-method investments".
(2) Eliminated in consolidation.
(3) Impairment losses on goodwill are irreversible.
(4) The recoverable value used for impairment tests on these investments is the market share price (fair value).

4.11.2 Managing liquidity risk

4.11.2.1 Wendel

Wendel's cash needs arise from investments, debt service, overheads, dividends and collateral calls on Eufor financing (see mechanisms below). These needs are covered by asset rotation, bank and bond financing and by dividends received from subsidiaries and associates.

4.11.2.1.1 Managing financial maturities

Financing risk is linked to the availability of bond and bank borrowings, as well as financial leverage of Wendel and holding companies (net debt/assets). The latter depends, among other things, on asset values and is thus subject to equity market risk (see "Managing equity market risk").

To manage this risk, Wendel's seeks to align the maturities of its bond financing and Eufor group bank financing (Saint-Gobain investment) with its long-term investor profile. Wendel therefore secures medium to long-term financing and extends existing maturities when market conditions allow and when Wendel management deems it necessary to do so.

In 2010, as in 2009, Wendel successfully issued a new bond (see Note "Financial debt"), thus demonstrating its ability to manage its financial maturities effectively. Proceeds from the 2016 bond issued allowed it to pay off a portion of its bank debt with collateral calls (financing the Saint-Gobain investment) maturing in 2012-2013. This extended the average maturity of Wendel's financing and that of its holding companies and streamlined its financial structure by moving it towards bond debt without financial covenants and away from bank debt with collateral calls.

Wendel can also use the opportunity of asset disposals to reduce financial leverage by paying off some of its financial debt.

4.11.2.1.2 Cash monitoring

Cash holdings (including short-term financial investments) are displayed on a monthly chart showing the changes during the month and the month-end position, which is systematically presented to the Executive Board. The chart also gives a breakdown between pledged and unpledged cash, details on various cash and other short-term financial investment vehicles, as well as details on counterparties. Another chart is drawn up, showing the cash flows expected over the coming months and years. This helps determine when financing will be needed on the basis of various scenarios.

4.11.2.1.3 Monitoring the impact of collateral calls on available cash

Collateral calls on Eufor group financing (of the Saint-Gobain investment) are triggered by the value of securities pledged as collateral. Collateral call mechanisms are described under "Managing liquidity risk" pertaining to Eufor group financing. The level of available cash therefore depends on trends in the shares of Saint-Gobain and other securities pledged as collateral under these financing arrangements.

Wendel simulates collateral calls on the basis of movements in the price of Saint-Gobain and other listed shares pledged as collateral and pairs the results with Wendel's cash flow forecasts. This makes it possible to analyze the impact of Saint-Gobain's share price on Wendel's liquidity.

4.11.2.1.4 Cash investment vehicles

Cash and short-term investment vehicles consist primarily in short-term bank deposits and low-volatility, money-market mutual funds (classified under "Cash and cash equivalents"), as well as short-dated bonds, financial institution funds and equity and diversified funds (classified under "Other financial assets"). These investments are valued daily (or in rare cases, weekly). Amounts allocated to more volatile funds, potentially generating higher returns, represent an insignificant portion of cash and short-term financial investments. The net asset values of these more volatile funds are monitored formally on a weekly basis. In allocating cash to the various types of investments, Wendel takes into account the compatibility of their term with its debt repayment obligations and those of its holding companies. The breakdown in cash and short-term financial investments is presented under "Liquidity situation" as relates to Wendel.

4.11.2.2 Operating subsidiaries

Financial debt of subsidiaries is without recourse to Wendel.

The management of each operating subsidiary is responsible for the cash, debt and liquidity risk of that entity.

Cash and debt levels are reported regularly to Wendel. Bank covenants are subject to forecasts for the coming year and over the lifetime of the business plan several times a year and any time an event occurs that could have a material impact on them. These forecasts and calculations of covenant compliance are reported regularly to Wendel.

4.11.3 Liquidity situation – bank covenants

4.11.3.1 Wendel and its holding companies

4.11.3.1.1 Liquidity situation of Wendel and its holding companies

At December 31, 2010, cash and short-term financial investments held by Wendel and its holding companies (excluding operating subsidiaries) were as follows:

In millions of euros	Available	Pledged	Total
Money-market funds (1)	718	20	738
Bank accounts and bank certificates of deposit (1)	19	589	608
Short-dated bonds issued by industrial or service groups (2)	51		51
Diversified, equity or bond funds (2)	119		119
Financial institution funds (2)	247		247
TOTAL	**1,154**	**609** (3)	**1,763**

(1) Classified under cash and cash equivalents.
(2) Classified under current financial assets.
(3) Pledged under Eufor group financing (structure that holds the Saint-Gobain investment).

Wendel also has a €1.2 billion undrawn line of credit with maturities in September 2013 (€950 million) and September 2014 (€250 million).

4.11.3.1.2 Maturities of debt with recourse to Wendel

At December 31, 2010, gross debt with recourse to Wendel consisted in a total of €2,834.8 million in Wendel bonds. €334.8 million of this was due on the first payment date, in February 2011. The other bond repayment dates extend from 2014 to 2017 (see details in Note 11 “Financial debt”). In accordance with Wendel’s long-term investment strategy, the average maturity of this debt was 4.6 years as of December 31, 2010 (5.2 years when excluding the bond maturing in 2011).

On July 19, 2010, Standard & Poor’s downgraded Wendel’s long-term rating from BB with a negative outlook to BB- with a stable outlook. Its short-term B rating was confirmed.

4.11.3.1.3 Impact of debt without recourse to Wendel on its liquidity situation

Debt of operating subsidiaries and the Eufor group (financing of the Saint-Gobain investment) is without recourse to Wendel. As a result, these subsidiaries’ liquidity risk affects Wendel only when it chooses to accept it:

- **operating subsidiaries:** Wendel has no legal obligation to support its operating subsidiaries and associates that might experience cash flow difficulties, nor do the operating subsidiaries have any mutual support obligation. As a result, Wendel’s liquidity is affected only if Wendel decides to contribute cash to an operating subsidiary. Such a decision would result from an in-depth analysis of all the constraints to which Wendel is subject, including return on investment, Wendel’s own liquidity, additional investment in other subsidiaries and new investments. As part of negotiations between operating subsidiaries and the bank lenders in the first half of 2010, Wendel agreed to make the following investments:
  - Stahl (see “Changes in scope of consolidation” and “Liquidity” with regards to Stahl): under Stahl’s financial restructuring, Wendel invested €60 million in this subsidiary in the first quarter of 2010,
  - Deutsch (see “Liquidity” with regards to Deutsch): as part of the agreement between Deutsch and its bank lenders in April 2010, Wendel and the Painvin family (co-shareholders) agreed to invest €27 million and €3 million in Deutsch, respectively, to strengthen its financial structure. In addition, Wendel invested €37 million and the Painvin family €4 million to finance the buyout of minority interests (40%) in LADD, a subsidiary that serves as the exclusive US distributor of Deutsch’s industrial division;
- **Eufor group** (Saint-Gobain investment structure): Wendel responds to the collateral calls on the financing for this group, which therefore have a direct impact on Wendel’s liquidity. However, Wendel can decide not to respond to additional collateral calls. In this case, the related financing would be in default and the collateral already provided would

be exercised by the bank, but the bank would have no further recourse to Wendel (collateral call mechanisms and security granted as of December 31, 2010 are described under "Liquidity of Eufor group").

4.11.3.1.4 Wendel's liquidity outlook

Wendel has little liquidity risk in 2011, given the level of cash and short-term financial investments available to it (€1,154 million at December 31, 2010, of which €335 million was used to repay the 2011 bond when it matured in February 2011). For the 12 months following the balance sheet date, this level of liquidity allows Wendel to meet its cash needs, fund any Eufor collateral calls triggered by sharp drops on the financial markets and meet the coming financial maturities of Wendel and its holding companies.

4.11.3.1.5 Bonds issued by Wendel – documentation

Bond issues have a change-of-control clause that allows bondholders, under certain conditions, to obtain reimbursement or redemption of their bonds in the event of a change in control of the issuer, in accordance with standard practice on the bond markets. Change of control is understood to mean that one or more persons, other than existing, non-free-float shareholders of the issuer, acting on their own or as a group, come to own 50% of the issuer's share capital and voting rights, provided this change of control leads to a rating downgrade of the issuer.

These bonds are not subject to financial covenants.

4.11.3.1.6 Covenant covering Wendel's syndicated credit line (undrawn as of December 31, 2010)

Wendel has a €1,200 million undrawn syndicated credit line, with a maturities in September 2013 (€950 million) and September 2014 (€250 million). The facility has financial covenants associated with it, based primarily on the market value of Wendel's assets and on the amount of its net debt. As such, the covenants are sensitive to changes in the equity markets.

This net debt figure is based on consolidation of the Group's financial holding companies and does not include the debt of operating companies or that of holding companies set up for the purpose of acquisitions.

Net debt of the Saint-Gobain, Bureau Veritas, Legrand, Materis, Deutsch and Stahl groups, as well as the non-recourse debt related to the acquisition of Saint-Gobain shares, are deducted from gross revalued assets.

These covenants are as follows:

- the net financial debt of Wendel and its financial holding companies must not exceed 50% of gross revalued assets after future tax on unrealized gains and losses (excluding cash);
- the ratio of:

(i) the unsecured gross debt of Wendel and its financial holding companies plus their off-balance sheet commitments that are akin to unsecured debt, less their available cash (not pledged or in escrow), to

(ii) the sum of 75% of the value of the available listed assets (not pledged or in escrow) and 50% of the value of available unlisted assets (not pledged or in escrow), must not exceed 1.

These ratios are tested half-yearly when there are drawdowns under the syndicated credit line. At December 31, 2010, the test showed that Wendel was in compliance with the covenants and could therefore draw down the credit line. At December 31, 2010 and the date that the financial statements were approved, Wendel's cash on hand and short-term financial investments allowed it to forego drawing down this credit line.

The documentation of the syndicated credit line includes a change-of-control clause similar to that for bond issues.

4.11.3.2 Financing of the Saint-Gobain investment (Eufor group)

At December 31, 2010, Eufor's gross debt totaled €3,414.7 million and broke down as follows:

- €2,685.6 million in gross debt subject to collateral calls in the form of cash and/or listed shares (Bureau Veritas and Legrand); and
- €729.1 million in gross debt not subject to collateral calls.

4.11.3.2.1 Financing subject to collateral calls: €2,685.6 million

The value of collateral given by Eufor under this financing (financed Saint-Gobain shares, listed Bureau Veritas and Legrand shares, cash) must remain at the level required under bank agreement covenants, based in turn on the amount of debt. In the event of a decline in this value, the bank demands further collateral; in the event of an increase, a portion of the collateral is freed up. As Wendel finances these collateral calls, its liquidity may therefore be affected by a decline in the price of shares given as collateral for this financing.

As indicated above, this debt is without recourse to Wendel. Wendel can therefore decide not to respond to additional collateral calls. This would put the related financing contract in default, and the bank could then exercise the collateral already provided.

At December 31, 2010, collateral was composed of €1,596 million in financed Saint-Gobain shares (41.4 million shares at the closing share price), €589 million in cash, and €1,619 million in listed shares (Bureau Veritas and Legrand at their closing prices). At the same date, Wendel had €1,154 million in cash on hand and short-term financial investments (€335 million of which was used to redeem the 2011 bond at its February 2011 maturity) and €3,133 million in unpledged Legrand and Bureau Veritas shares (valued at their closing prices), which would enable it to meet additional collateral calls should financial markets fall.

The average maturity of this financing was 3.8 years at December 31, 2010 (see details in Note 11 "Financial debt").

4.11.3.2.2 Financing not subject to collateral calls: €729.1 million

Shares financed by debt not subject to collateral calls (13.4 million shares, or €514 million at the closing prices) and puts purchased on Saint-Gobain (see Note 8D "Financial instruments") serve as collateral for this financing. The value of collateral given is always at least equal to the amount of financing.

In the event protection and/or securities pledged as collateral on this debt are sold, this debt must be repaid at a level commensurate with the protection and/or shares sold. The same applies in the event that the protection is exercised.

In addition, an initial €20 million was pledged in the form of cash collateral. These financing arrangements mature between December 2011 and March 2012.

4.11.3.2.3 Collateral pledged on Eufor financing

The total value of Saint-Gobain shares financed and serving as collateral (54.8 million shares out of a total of 93 million held at December 31, 2010) was €2,110 million (valued at the closing share price). Cash serving as collateral under the Eufor group financing totaled €609 million at December 31, 2010. The total value of shares subject to collateral calls (Bureau Veritas and Legrand, valued at closing shares) was €1,619 million. Lastly, the puts that Wendel purchased on Saint-Gobain were pledged as collateral for the financing arrangement not subject to collateral calls.

4.11.3.2.4 Available lines of credit

The Eufor group has two undrawn lines of credit (total available credit: €900 million) available for the financing or refinancing of Saint-Gobain shares. These lines of credit can be used to refinance existing Eufor financing arrangements, to finance the acquisition of new Saint-Gobain shares or to finance available Saint-Gobain shares not already linked to a financing arrangement (38.1 million shares worth €1,469 million at December 31, 2010). Maturities are 2013 (€100 million), 2014 (€500 million) and 2015 (€300 million); see Note 11 "Financial debt".

4.11.3.3 Bureau Veritas financial debt

This debt is without recourse to Wendel.

At December 31, 2010, the gross face value of Bureau Veritas' financial debt was €1,298 million (including accrued interest and excluding issuing costs; see details on maturity dates in Note 11 "Financial debt"). Its cash totaled €225 million. Bureau Veritas also had the following undrawn lines of credit lines:

- €125 million available from the loan maturing in 2012 and 2013;
- in June 2010, Bureau Veritas set up a five-year, €200 million line of credit with French financial institutionals (maturing June 2015). At December 31, 2010, €50 million had been drawn on this French private placement, and €150 million was therefore available. This potential drawdown ability gives Bureau Veritas the flexibility it needs to finance its acquisitions strategy.

The bank loans and French and US private placement agreements require compliance with the following ratios:

- an interest cover ratio, i.e. Ebitda divided by net interest expense, of more than 5.5;
- a leverage ratio, i.e., the ratio between net consolidated debt and Ebitda, of less than 3 (3.25 for the US private placement agreement maturing in 2018-2020).

These ratios are calculated on a rolling 12-month basis, twice per year, at June 30 and December 31.

At December 31, 2010, Bureau Veritas was in compliance with these ratios.

Moreover these financing agreements contain standard clauses that restrict Bureau Veritas' ability to grant security, contract or grant loans, pledge collateral, undertake acquisitions, divestments, mergers or restructuring, and to make certain types of investments. They also call for total or partial accelerated maturity should certain events take place and include change-of-control clauses. The US private placement agreements contain a make-whole clause that is exercisable in the event of default. In addition to repaying principal and accrued interest, Bureau Veritas might be required to indemnify these lenders based on a comparison between interest due at the fixed rate over the remaining years and the yield curve for US government bonds over the same maturity. Change of control is not an event of default under the US private placement agreements.

Bureau Veritas has always complied with the terms of these agreements and met the obligations related to them.

4.11.3.4 Materis bank debt

This debt is without recourse to Wendel.

At December 31, 2010, the gross face value of Materis' bank debt was €1,870 million (including accrued interest, and excluding issuance costs and shareholder loans; see details on maturity dates in Note 11 "Financial debt"), and its cash totaled €67 million.

At December 31, 2010, Materis was subject to the following covenants:

- the ratio of LTM (last-12-month) Ebitda to net cash interest expense, must be greater than 1.65 as of December 31, 2010. This minimum rises to 3.20 at June 30, 2015. This ratio is calculated on a rolling 12-month basis;

- the ratio of net consolidated debt (excluding shareholders' loans) to LTM Ebitda must be below 9.95 at December 31, 2010. This maximum falls to 4.92 at December 31, 2016;
- the ratio of after-capex cash flow and dividends (plus available cash up to €35 million) to debt service (cash interest plus principal repayment), must be higher than 1. This ratio is calculated on a rolling 12-month basis.

These financial covenants are tested every quarter.

In 2010, capex was restricted to €75 million plus 4.5% of the net sales of companies acquired in the meantime and any postponed capex). Beginning 2011 and until 2016, the limit will be 4.5% of consolidated sales (plus any postponed capex).

As of December 31, 2010 Materis was in compliance with these covenants.

The credit agreements entered into by Materis contain certain standard restrictions for this type of LBO credit line. Certain transactions, such as mergers, exit from Wendel's tax consolidation group, asset disposals, collateral, acquisitions, additional debt, payment of dividends, share buybacks, or shareholder changes, are prohibited, restricted or require the prior consent of the lending banks.

4.11.3.5 Deutsch bank debt

This debt is without recourse to Wendel.

At December 31, 2010, the gross face value of Deutsch's bank debt was €482 million (including accrued interest, and excluding issuance costs and shareholder loans; see details on maturity dates in Note 11 "Financial debt"). Its cash amounted to €57 million.

In April 2010 Wendel successfully completed the Deutsch debt renegotiations with the near-unanimous support of senior (99.9%) and mezzanine (100%) creditors. Wendel and Deutsch obtained the following amendments from the lenders:

- better financial flexibility for Deutsch. Based on a new business plan, the covenants were completely redefined. Mezzanine bond was transformed into quasi-equity instruments, with maturity rescheduled to 2018, interest capitalized and collateral eliminated;
- increased flexibility on future acquisitions with an increase in the amount of investments authorized in China, India and Brazil.

As part of the restructuring, Wendel invested €27 million and its co-shareholder, the Painvin family, €3 million, to strengthen the company's financial structure. In addition, shareholders paid €2 million in 2009 interest on the mezzanine bond and bought second-lien debt with a nominal value of $8 million for €3 million. Under the restructuring plan this second-lien debt was converted into a shareholder's loan that is senior to the mezzanine debt.

Concurrently, Wendel paid €37 million and the Painvin family €4 million to buy out the 40% minority shareholders of LADD, the subsidiary that is the exclusive US distributor of Deutsch's industrial division.

Shareholders made these investments in the form of shareholder loans that are subordinated to senior and second-lien bank debt but senior to mezzanine bond.

This renegotiation was accompanied by an amendment fee and an increase in spreads (for the second-lien debt, the additional spread is capitalized, while for the mezzanine debt all interest is capitalized). Meanwhile, an additional payment will be made to mezzanine bondholders provided Wendel achieves a certain minimum multiple on its entire investment.

After this agreement, the covenants as of December 31, 2010 were as follows:

- the ratio of consolidated net debt (excluding shareholders' loan and mezzanine bond) to LTM Ebitda (proforma to reflect the LADD acquisition), must be less than or equal to 7.95 (this ceiling falls to 3.5 at December 31, 2015);
- the sum of cash and undrawn lines of credit must be greater than USD 35 million. If necessary, this covenant may be complied with after the fact through a cash injection from shareholders. Moreover, Deutsch may replace it with the following covenant: the ratio of (i) after-capex cash flow and dividends to (ii) debt service (debt interest plus principal repayment) must be greater than or equal to 1 (calculated on a rolling 12-month basis). This change can be made only once;
- the ratio of LTM Ebitda to net interest expense must be greater than or equal to 1.9 at December 31, 2010. This minimum rises to 2.95 at December 31, 2015. This ratio is calculated on a rolling 12-month basis.

These financial covenants are tested every quarter.

Moreover, capex must not exceed USD 29.25 million in 2010 (this ceiling rises to $50.30 million in 2016).

Deutsch was in compliance with these covenants as of December 31, 2010.

The financial restructuring allowed Deutsch to comply with new obligations to its creditors, thus eliminating the risk of accelerated forestalling a demand for early repayment of bank debt. As a result, bank debt was reclassified from current liabilities to non-current liabilities.

The credit agreements entered into by Deutsch contain certain standard restrictions for this type of LBO credit line. Certain transactions, such as mergers, exit from Wendel's tax consolidation group, asset disposals, collateral, acquisitions, additional debt, loan guarantees or capital increases between group entities, payment of dividends, share buybacks, or shareholder changes, are prohibited, restricted or require the prior consent of the lending banks.

4.11.3.6 Stahl bank debt

This debt is without recourse to Wendel.

At December 31, 2010, the gross face value of Stahl's bank debt was €202 million (including accrued interest, and excluding issuance costs and shareholder loans; see details on maturity dates under Note 11 “Financial debt”). Cash came to €21 million.

Stahl’s financial restructuring was completed in late February 2010 with the unanimous support of borrowers:

- Wendel reinvested €60 million and raised its stake from 46% to 91.5%;
- Mezzanine and second lien creditors forgave their €99 million in debt in exchange for:
  - 6.1% of Stahl’s shares and shareholder loans, and
  - a portion of the capital gain that Wendel achieves in the event that it exits this investment, provided its capital gain exceeds a pre-defined threshold;
- Stahl was able to buy back some of its discounted senior debt, thanks to the cash injection from Wendel;
- the bank covenants were adjusted to the reality of the economic situation and the new business plan developed as part of the restructuring.

There were no covenant tests as of December 31, 2010. Financial covenants on Stahl’s senior debt will be tested beginning in 2011 and will be as follows:

- March 31, 2011: the ratio of consolidated net debt (excluding shareholder’s loan) to LTM (last 12-month) Ebitda must be less than or equal to 6.70 (this ceiling falls to 5.00 on September 30, 2014). This ratio will be tested quarterly;
- March 31, 2011: the ratio of LTM Ebitda to net interest cover must be greater than or equal to 2.55 (this minimum ratio rising to 3.05 on September 30, 2014). This ratio is calculated on a rolling 12-month basis and will be tested quarterly;
- June 30, 2011: the ratio of (i) after-capex cash flow and dividends, to (ii) debt service (interest plus principal repayment) must be greater than or equal to 1.40 until December 31, 2014. This ratio is calculated on a rolling 12-month basis and will be tested half-yearly;
- in 2011: capex must not exceed €11 million (this ceiling will rise to €14 million in 2014). This ratio will be tested annually.

Stahl’s financial restructuring allowed it to comply with its new covenants, and there is no longer any risk of accelerated maturity of bank debt. The bank debt has therefore been classified under non-current liabilities.

The terms of Stahl’s bank debt provides for the normal restrictions for this type of LBO credit. Certain transactions, such as mergers, asset disposals, collateral, acquisitions, additional debt, dividends, share buybacks, and shareholder changes, are prohibited, limited or require the prior consent of the bank lenders.

4.11.4 Managing interest-rate risk

Each subsidiary manages its interest-rate exposure by taking into account the restrictions imposed by its financing agreements (notably in the case of LBO-type financing). Wendel nonetheless tracks the Group’s overall position. Simulations of sensitivity of financing costs to interest-rate trends are nonetheless analyzed regularly and, in any case, whenever an event occurs that is likely to have an impact on interest-rate exposure. On the basis of these analyses, Wendel and its subsidiaries may decide to set up swaps, caps, collars or any other derivative for hedging purposes.

As of December 31, 2009, the Wendel Group’s interest-rate exposure was limited.

In billions of euros	Fixed rate	Capped rate	Floating rate
Gross debt	2.9		7.5
Cash and short-term investments			-2.4
Impact of derivatives	2.6	1.4	-4.0
INTEREST-RATE EXPOSURE	**5.5**	**1.4**	**1.1**
	69%	*18%*	*13%*

The notional value of derivatives is weighted by the duration for which they hedge interest-rate risk over the 12 months of fiscal year 2010.

As of December 31, 2010, the Wendel Group’s interest-rate exposure remained limited.

In billions of euros	Fixed rate	Capped rate	Floating rate
Gross debt	3.3		6.9
Cash and short-term investments*	-0.3		-1.7
Impact of derivatives	2.9	1.3	-4.2
INTEREST-RATE EXPOSURE	**5.9**	**1.3**	**0.9**
	72%	16%	11%

* *Excluding financial investments not sensitive to interest rates: €0.1 billion.*

The notional value of derivatives is weighted by the duration for which they hedge interest-rate risk over the 12 months of fiscal year 2011.

Derivatives serving as interest-rate hedges are described in Note 8-D.

A +/-100 basis point change in the interest rates to which the consolidated Group's interest-rate exposure is indexed would have an impact in the region of -€16/+14 million on net financial expense before tax over the 12 months after December 31, 2010, assuming net financial debt at December 31, 2010, interest rates on this date and taking into account the maturities of interest-rate hedging derivatives.

4.11.5 Managing credit risk

Each operating subsidiary has set up a policy to monitor its customer credit risk, and the receivables for which a risk exists are subject to write-down. At the closing date, owing to the Group's geographical and sector diversification, there was no significant concentration of credit risk in trade receivables.

Cash and short-term investments of Wendel and its holding companies are placed mainly with top-rated financial institutions. For financial investments in short-term bonds, financial institution funds or equity/diversified funds, an in-depth analysis is carried out on the signature risk. Cash and short-term financial investments are monitored regularly to measure Wendel's exposure to each of the counterparties. However, given the high amount of cash and short-term financial investments at December 31, 2010 (see section on the liquidity of Wendel and its holding companies), significant amounts could be placed with the same financial institution.

Derivative contracts are entered into with top-rated financial institutions.

4.11.6 Managing currency risk

Companies controlled by Wendel operate in a number of countries and, as a result, derive a share of their earnings in currencies other than the euro.

4.11.6.1 Bureau Veritas

Because of the international nature of its businesses, Bureau Veritas is exposed to currency risk in several currencies other than the euro.

In 2010, more than half of its net sales were in currencies other than the euro, including 16% in US dollars, 6% in Australian dollars, 5% in Hong Kong dollars, 5% in yuan and 3% in pounds sterling. No other currency individually accounted for more than 5% of Bureau Veritas' net sales. The trend is a result of the strong growth of Bureau Veritas' businesses outside the euro zone and notably in US dollars or dollar-zone currencies. However, as a general rule, natural hedges are in place, as services are supplied locally and costs are therefore proportional to income in most countries where Bureau Veritas operates. As a result, Bureau Veritas has limited exposure to currency risk from transactions in various currencies.

A +/-5% fluctuation in the US dollar against the euro would have had an impact of +/-1.0% on Bureau Veritas' 2010 operating income. A +/-5% fluctuation in the Hong Kong dollar would have had an impact of +/-0.5% on Bureau Veritas' 2010 operating income. The combined impact on operating income would have totaled +/-€7 million.

In addition, Bureau Veritas' multi-currency financing enables it to borrow in local foreign currencies. If it deems it necessary, Bureau Veritas can therefore hedge certain commitments by pegging its financing costs to operating revenues in the currencies concerned.

The USPP loan (see Note 11 "Financial debt") is denominated in US dollars and pounds sterling, currencies that are different from the operating currency of the entity that contracted the loan. In order to protect against currency risk on the income statement and to convert the debt synthetically into euros, the USPP loan has been hedged through a cross-currency swap (see Note 8-D "Derivatives"). Similarly, a portion of the bank debt tranche amortizable in USD has been synthetically converted into euros.

Finally, the impact on income before tax of a +/-5% fluctuation in the US dollar on USD-denominated financial assets and liabilities held by entities having a non-USD operating currency is -€7.5/+9.5 million.

4.11.6.2 Deutsch

As Deutsch operates mainly in the United States, its operating currency is the US dollar. Deutsch estimates that more than 65% of its income from ordinary activities (excluding goodwill allocation and non-recurring expenses) derives from this currency. A +/-5% fluctuation in the value of the US dollar against the euro would have had an impact of less than +/-€3 million on adjusted operating income in Wendel's accounts.

Deutsch has financial debt of about €180 million, denominated in US dollars and carried by a company whose operating currency is the euro. Therefore, in the event of a +/-5% fluctuation in the dollar's value vs. the euro, a translation impact of about -/+€10 million would be recognized in net financial income.

4.11.6.3 Stahl

In 2010, 55% of Stahl's net sales were in currencies other than the euro, including 24% in US dollars and 9% in Singapore dollars. A +/-5% fluctuation in the US dollar and in currencies correlated to it vs. the euro would have had an impact of about +/-5% on 2010 income from ordinary activities (excluding goodwill allocation and non-recurring expenses), or an impact of about +/-€2 million. Stahl also had financial debt of about €148.7 million, denominated in US dollars and carried by a company whose operating currency is the euro. Hence, in the event of a +/-5% fluctuation in the dollar's value to the euro, a translation impact of about -/+€7.4 million would be recognized in net financial expense.

4.11.6.4 Materis

The US dollar's impact on Materis' operating income is limited. it is related to the Materis group's presence in the United States and to certain raw-material purchases. in 2010, a +/-5% fluctuation in the value of the US dollar would have had an immaterial impact on income from ordinary activities.

4.12 Notes to the balance sheet

NOTE 1 Goodwill

In millions of euros	12.31.2010 Gross amount	Impairment	Net amount
Bureau Veritas	479.6	-	479.6
Deutsch	378.6	82.1	296.5
Materis	899.5	225.4	674.2
Stahl	24.1	-	24.1
Subsidiaries of Bureau Veritas	1,345.8	16.4	1,329.3
Subsidiaries of Deutsch	7.8	-	7.8
Subsidiaries of Materis	150.3	-	150.3
TOTAL	**3,285.6**	**323.9**	**2,961.8**

In millions of euros	12.31.2009 Gross amount	Impairment	Net amount
Bureau Veritas	480.4		480.4
Deutsch	359.4	70.0	289.4
Materis	899.5	221.1	678.4
Stallergenes	0.9	-	0.9
Stahl	-	-	-
Subsidiaries of Bureau Veritas	848.7	16.6	832.2
Subsidiaries of Deutsch	7.2	-	7.2
Subsidiaries of Materis	136.4	-	136.4
Subsidiaries of Stallergenes	33.4	-	33.4
TOTAL	**2,766.1**	**307.6**	**2,458.4**

In millions of euros	2010	2009
Net at beginning of year	2,458.4	2,607.6
Business combinations (1)	442.2	17.5
Divestment of Stallergenes	-34.3	-
Sale of Bureau Veritas shares	-	-93.9
Sale of Oranje-Nassau oil & gas businesses	-	-41.5
Impact of changes in currency translation adjustments and other	104.0	64.0
Impairment for the year (2)	-8.5	-95.4
NET AT END OF YEAR	**2,961.8**	**2,458.4**

(1) This item includes (see “Changes in scope of consolidation”):
- *Bureau Veritas acquisitions generated €417 million in goodwill, of which +€389.6 million related to Inspectorate;*
- *Materis’ acquisition of a.b.e. construction chemicals (+€1.6 million);*
- *The +€24.1 million takeover of Stahl.*

(2) Includes -€1.7 million related to Bureau Veritas and -€6.8 million related to a Deutsch division.

Goodwill impairment tests

The tests set out below are based on Wendel's assessment of the facts and circumstances existing at the balance sheet date, as well as information available at the date the financial statements were approved on situations existing at the end of December 2010. The uncertain global economic picture has complicated forecasting, and actual amounts could therefore be different from the forecasts made under these tests. If so, value in use may also be different from that determined on the basis of assumptions and estimates at the end-December 2010 balance sheet date.

Impairment test on Bureau Veritas goodwill

The consolidated book value of Bureau Veritas shares (€17.8 per share) as of the end of 2010 was far below fair value (closing share price: €56.7 per share). As a result, there was no need to use value in use for the impairment test, and no impairment has been recognized.

Impairment test on Materis goodwill

Materis' impairment tests on its own Cash Generating Unit (CGU) led to no additional impairment in 2010.

As Materis constitutes a CGU in Wendel's accounts, an IAS 36 test was also performed on this subsidiary. The value in use determined by Wendel for this test was the discounted value of future cash flows. The business plan assumptions used were prepared by Wendel on the basis of business plans drawn up by Materis for each of its CGUs and the latest information available on the underlying markets. A discount rate of 8.3% was used (vs. 8% in 2009), and a long-term growth rate of 2.25% was applied to post-business plan cash flows (same rate as in 2009). Materis' value in use, calculated thus by Wendel, was above its book value at December 31, 2010, and Wendel recognized no impairment. In addition, Wendel's analysis of the test's sensitivity to the discount rate and to the long-term growth assumption showed there would be no impairment in the event that these parameters fluctuated by +0.5% and -0.5%, respectively. For an impairment loss to be recognized at the Wendel level, a discount rate over 9.7% would be necessary; moreover, even a significant reduction in the long-term growth rate would not result in an impairment loss.

Impairment test on Deutsch goodwill

Deutsch's impairment tests on its own CGUs at December 31, 2010 led to the recognition of a €6.8 million loss in goodwill in one of those CGUs. In accordance with Wendel's accounting principles, this loss has been retained at the level of Wendel's consolidated accounts.

As Deutsch constitutes a CGU in Wendel's accounts, an IAS 36 test was also performed on Deutsch at the level of Wendel's consolidated accounts. The value in use determined by Wendel for this test was the discounted value of future cash flows. The business plan assumptions used were prepared by Wendel on the basis of business plans drawn up by Deutsch for each of its CGU and the latest information available on the underlying markets. A discount rate of 9% was used (same rate as in 2009), and a long-term growth rate of 2.5% was applied to post-business plan cash flows (same rate as in 2009). Deutsch's value in use, calculated thus by Wendel, was above its book value at December 31, 2010, and Wendel recognized no impairment in addition to that recognized by Deutsch. In addition, Wendel's analysis of the test's sensitivity to the discount rate and to the long-term growth assumption showed there would be no impairment in the event that these parameters fluctuated by +0.5% and -0.5%, respectively. For an impairment loss to be recognized at the Wendel level, a large change in the discount rate or long-term growth rate would be necessary.

Impairment test on Stahl goodwill

As Stahl constitutes a CGU in Wendel's accounts, an IAS 36 test was also performed on this subsidiary. The value in use determined by Wendel for this test was the discounted value of future cash flows. The business plan assumptions used were prepared by Wendel on the basis of business plans drawn up by Deutsch for each of its CGU and the latest information available on the underlying markets. A discount rate of 10.3% was used and a long-term growth rate of 2.0% was applied to post-business plan cash flows. Stahl's value in use, calculated thus by Wendel, was above its book value at December 31, 2010, and Wendel recognized no impairment. In addition, Wendel's analysis of the test's sensitivity to the discount rate and to the long-term growth assumption showed there would be no impairment in the event that these parameters fluctuated by +0.5% and -0.5%, respectively. For an impairment loss to be recognized at the Wendel level, a large change in the discount rate or long-term growth rate would be necessary.

Stahl considers for its own accounts that its activity constitutes a single CGU. As a result, Stahl's test on its own activity is similar to Wendel's test on Stahl.

NOTE 2 Intangible assets

In millions of euros	12.31.2010 Gross amount	Amortization and provisions	Net amount
Amortizable assets			
Internally generated	4.8	4.0	0.8
Acquired			
Concessions, patents and licenses	99.1	14.2	85.0
Customer relationships [1]	1,257.3	587.7	669.7
Software	111.9	77.7	34.2
Other intangible assets	29.9	17.4	12.5
	1,498.3	**696.9**	**801.3**
Assets of indefinite useful lives			
Acquired			
Brands [2]	836.2	15.7	820.4
	836.2	**15.7**	**820.4**
TOTAL	**2,339.3**	**716.7**	**1,622.6**

In millions of euros	12.31.2009 Gross amount	Amortization and provisions	Net amount
Amortizable assets			
Generated internally	4.4	3.7	0.7
Acquired			
Concessions, patents and licenses	53.8	10.9	43.0
Customer relationships [1]	1,030.5	485.1	545.4
Software	104.2	67.2	37.0
Other intangible assets	27.7	13.4	14.3
	1,216.2	**576.6**	**639.7**
Assets of indefinite useful lives			
Acquired			
Brands [2]	813.8	14.7	799.1
	813.8	**14.7**	**799.1**
TOTAL	**2,034.4**	**595.0**	**1,439.5**

In millions of euros	2010	2009
Amount at beginning of year	**1,439.5**	**1,509.7**
Acquisitions	12.2	14.6
Internally generated assets	0.9	0.8
Impact of business combinations (3)	250.6	-
Impact of currency translation adjustments and other	41.1	24.6
Amortization and impairment losses for the year	-121.7	-110.2
AMOUNT AT END OF YEAR	**1,622.6**	**1,439.5**
of which		
Bureau Veritas	579.8	468.2
Deutsch	192.3	195.0
Materis	769.0	769.6
Stallergenes	-	6.7
Stahl	81.2	-
Wendel and holding companies	0.3	-
Total	1,622.6	1,439.5

(1) Customer relationships have been recognized mainly upon €236.0 million in acquisitions by Materis and €153.7 million by Deutsch in 2006 and upon the €436.0 million takeover of Bureau Veritas in 2004. In 2010, the main changes related to Bureau Veritas (€145.7 million, due mainly to the acquisition of Inspectorate) and the consolidation of Stahl (€51.6 million).

(2) As of December 31, 2010, "Brands" related mainly to the following, in net value: Bureau Veritas (€197.5 million), Materis (€587.3 million) and Deutsch (€27.8 million).

(3) The impact of business combinations included mainly the impact of Bureau Veritas' acquisition of Inspectorate and the takeover of Stahl.

NOTE 3 Property, plant and equipment

In millions of euros	12.31.2010 Gross amount	Depreciation and provisions	Net amount
Land	99.7	5.7	94.0
Buildings	365.9	171.7	194.2
Plant, equipment and tooling	1,129.7	701.3	428.4
Other property, plant and equipment	556.7	347.3	209.3
Assets under construction	62.5	-	62.5
TOTAL	**2,214.5**	**1, 226.0**	**988.4**

In millions of euros	12.31.2009 Gross amount	Depreciation and provisions	Net amount
Land	78.0	4.5	73.5
Buildings	304.7	148.3	156.3
Plant, equipment and tooling	924.6	575.5	349.1
Other property, plant and equipment	512.0	302.5	209.5
Assets under construction	58.7	-	58.7
TOTAL	**1,878.0**	**1, 030.8**	**847.1**

In millions of euros	2010	2009
Amount at beginning of year	**847.2**	**1 061.6**
Acquisitions (1)	170.5	130.0
Disposals	-7.9	-8.1
Changes related to operations held for sale or sold (2)	-56.4	-213.2
Impact of business combinations (3)	158.4	4.0
Impact of currency translation adjustments	25.8	6.1
Depreciation and provisions recognized during the year	-149.1	-133.4
AMOUNT AT END OF YEAR	**988.4**	**847.1**
of which		
Bureau Veritas	281.1	208.2
Deutsch	84.7	96.3
Materis	517.7	477.9
Stallergenes	-	56.4
Stahl	96.9	-
Wendel and holding companies	8.0	8.3
Total	988.4	847.1

(1) In 2010: mainly at Bureau Veritas (€70.3 million) and Materis (€82.1 million).
(2) In 2010: divestment of Stallergenes.
(3) In 2010: mainly Stahl (€97.7 million) and Bureau Veritas (€55.9 million).

NOTE 4 Equity-method investments

In millions of euros	12.31.2010	12.31.2009
Saint-Gobain	4 ,883.2	4 ,364.9
Legrand	429.8	467.5
Stahl	-	0.0
Helikos	15.2	-
Investments of Bureau Veritas	0.5	0.7
Investments of Materis	3.3	3.1
Investments of Stahl	2.2	-
TOTAL	**5 ,334.1**	**4, 836.2**

The change in equity-method investments broke down as follows:

In millions of euros	2010
Amount at beginning of year	4,836.2
Saint-Gobain shares subscribed as part of the dividend payment in shares (1)	89.8
Share in net income for the year	
Saint-Gobain	116.0
Legrand	99.2
Helikos	-5.6
Other	0.4
Dividends for the year	-135.7
Impact of changes in currency translation adjustments	195.9
Sale of Legrand shares	-119.1
Reversal of Saint-Gobain impairment provision	407.9
Other (2)	-150.8
AMOUNT AT 12.31.2010	**5,334.1**

(1) See “Changes in scope of consolidation”.
(2) Includes the reclassification of Saint-Gobain shares held for sale; see “Changes in scope of consolidation”.

Additional information on Saint-Gobain

The 93 million Saint-Gobain shares held at the 2010 balance sheet date were recognized as follows:

- €89.8 million was recognized as equity-method investments (IAS 28) and subjected to an impairment test based on a valuation of discounted cash flows (IAS 36, see below);
- the 3.1 million shares received as the 2010 Saint-Gobain dividend, which were accounted for by the equity method at June 30, 2010, were reclassified at December 31, 2010 as assets and operations held for sale, in accordance Wendel's decision to sell them in 2011 (see "Changes in scope of consolidation"). They were valued at the closing share price (€38.5 per share).

In millions of euros	12.31.2010	12.31.2009
Book values (100%)		
Total assets (Saint-Gobain)	43,997	43,023
Impact of the revaluation of acquired assets and liabilities	4,996	5,467
Residual goodwill (excluding goodwill in Saint-Gobain's balance sheet)	5,720	3,333
Minority interests	364	302
Total liabilities	25,765	26,809

	2010	2009
Net sales (1)	40,119	37,786
Operating income	3,117	2,216
Business income	2,524	1,240
Recurring net income	1,335	617
Net income, Group share	1,129	202
Impact of the revaluation of acquired assets and liabilities	-471	-471

(1) Growth of 6.2% in 2010, including organic growth of 1.9%.

Additional information on Legrand

In millions of euros	12.31.2010	12.31.2009
Book values (100%)		
Total assets (Legrand)	6,064.7	5,614.4
Goodwill adjustment (Wendel)	-525.5	-522.9
Minority interests	5.4	5.2
Total liabilities	3,328.7	3,220.0

	2010	2009
Net sales (1)	3,890.5	3,577.5
Adjusted operating income (2)	784.1	578.8
Operating income	757.6	524.1
Net income, Group share	418.3	289.8

(1) Growth of 8.7% in 2010, including organic growth of 3.6%.
(2) Operating income restated for accounting items linked to the acquisition of Legrand France in 2002.

Additional information on Helikos

In millions of euros	12.31.2010
Book values (100%)	
Total assets (Helikos)	205.2
of which cash in escrow	202.0
Total liabilities	15.6
of which "public" warrants	13.0

	2010
Net income, Group share (1)	-5.6

(1) Costs incurred by the Helikos IPO were recognized as a deduction from shareholders' equity in the consolidated accounts of Helikos. These costs are recognized on Wendel's consolidated Income statement.

Impairment tests of equity-method investments

No indication of impairment was identified on Legrand, as its book value (€8.4 per share) was far below its fair value (share price at the balance sheet date: €30.48). As a result, no impairment was recognized.

An impairment test was carried out on the Saint-Gobain shares, as their carrying amount in the consolidated accounts, calculated according to the equity method, was higher than their market value. The test was based on Wendel's assessment of the facts and circumstances existing at the balance sheet date, as well as information available at the date the financial statements were approved on situations existing at December 31, 2010. The uncertain global economic picture has complicated forecasting and the actual amounts could ultimately be different from the projections resulting from this test. If so, the investment's value in use may also be different from the value determined on the basis of assumptions and estimates as of December 31, 2010.

In accordance with IAS 36, recoverable value was determined as the higher of (1) fair value, i.e., the share price at the balance sheet date (€38.5 per share, or €3,458 million for 89.8 million Saint-Gobain shares accounted for under the equity method) or (2) value in use, i.e., the discounted value of future cash flows.

Wendel has performed this discounted cash flow valuation. The five-year business plan assumptions used in calculating value in use were prepared by Wendel on the basis of publicly available information, including research on the sector published by leading forecasters, Wendel's internal analyses and studies carried out by Wendel. The assumptions underlying the business plan (including trends in underlying markets, price effects, etc.) reflect Saint-Gobain's operating position brought on by the decline in construction markets and the downturn in the economic environment in 2008 and 2009, as well as prospects for the recovery in these underlying markets. In accordance with IAS 36, these assumptions do not include a strategic acquisition, or any scenario under which Saint-Gobain would divest its packaging business. Lastly, the assumptions used in calculating post-business plan cash flows (i.e., growth in sales and normative profitability) are based on an analysis of the historical performances of Saint-Gobain's activities over more than 20 years.

The long-term growth rate applied to post-business plan cash flows is the same as that used at December 31, 2009: 2%. The discount rate used is identical to that used at December 31, 2009: 8%. It was based mainly on market parameters (i.e., risk-free rate, market premium, and beta) and took into account risks specific to the business plan.

The impairment loss recognized in previous fiscal years amounted to €4.5 per share, or €407.9 million. Value in use calculated at December 31, 2010 was slightly above €60 per share and was higher than gross carrying value. As a result, the impairment recognized in previous fiscal years was written back in full, thus generating €407.9 million in consolidated net income. At December 31, 2010, the carrying amount of the 89.8 million Saint-Gobain shares accounted for under the equity method was therefore €4,883.3 million, or €54.4 per share.

A sensitivity analysis shows that if the discount rate were 0.5% higher, only €383 million of the provision would be reversed, and consolidated net income would then be below €25 million. Conversely, a reduction of 0.5% in the long-term growth assumption would have no impact on the amount of the provision to be reversed. For value in use to be equal to the gross carrying amount (i.e., €54.4 per share), the discount rate would have to be increased to 8.45% or the long-term growth rate reduced to 1.35%. Finally, the model as a whole is sensitive to the assumptions of the five-year business plan.

NOTE 5 Inventories

In millions of euros	12.31.2010 Gross amount	Provisions	Net amount	12.31.2009 Net amount
At:				
Deutsch	117.2	22.0	95.2	63.0
Materis	272.2	16.2	256.0	220.5
Stahl	47.0	3.3	43.7	-
Stallergenes	-	-	-	18.9
TOTAL	**436.4**	**41.5**	**394.9**	**302.5**

NOTE 6 Accounts receivable

In millions of euros	12.31.2010 Gross amount	Provisions	Net amount	12.31.2009 Net amount
At:				
Bureau Veritas	894.2	76.6	817.6	712.1
Deutsch	72.4	3.4	69.0	59.2
Materis	369.0	32.9	336.1	317.2
Stahl	69.6	4.0	65.6	-
Stallergenes	-	-	-	22.7
Wendel and holding companies	0.4	0.2	0.2	0.6
TOTAL	**1,405.5**	**117.1**	**1,288.4**	**1,111.9**

Trade receivables and related accounts due not subject to any impairment came to the following, for the most significant subsidiaries:

- Bureau Veritas: €343.1 million at December 31, 2010 vs. €312.4 million at December 31, 2009, of which €101.0 million and €95.7 million, respectively, was more than three months past due;
- Materis: €83.1 million at December 31, 2010 vs. €71.9 at December 31, 2009, of which €20.3 million and €19.1 million, respectively, was more than three months past due.

NOTE 7 Cash and cash equivalents

In millions of euros	12.31.2010 Net amount	12.31.2009 Net amount
Pledged cash and cash equivalents of Wendel and holding companies classified under non-current financial assets (1)	609.2	682.3
Unpledged cash and cash equivalents of Wendel and holding companies classified under current financial assets	736.7	1481.2
Cash and cash equivalents of Wendel and holding companies (2)	**1,345.9**	**2,163.5**
Bureau Veritas	225.0	147.0
Deutsch	57.0	51.3
Materis	67.2	56.9
Stallergenes	-	22.4
Stahl	20.9	-
Cash and cash equivalents of subsidiaries classified under current financial assets	**370.0**	**277.6**
TOTAL	**1,715.9**	**2,441.1**

(1) Cash collateral granted to banks as part of the financing of the Eufor group. See "Off-balance-sheet commitments" and "Managing liquidity risk".
(2) In addition to this cash, there were €417 million in short-term financial investments at December 31, 2010 (see "Liquidity situation of Wendel").

NOTE 8 Financial assets and liabilities (excluding financial debt and operating receivables and payables)

Financial assets

In millions of euros	Method of recognition for changes	Level	12.31.2010	12.31.2009
Pledged cash and cash equivalents of Wendel and holding companies – A	Income statement (1)	1	609.2	682.3
Unpledged cash and cash equivalents of Wendel and holding companies – A	Income statement (1)	1	736.7	1, 481.2
Short-term financial investments of Wendel	Income statement (1)	2	354.3	15.0
Assets held until maturity	Amortized cost	1	62.7	0.0
Cash and short-term financial investments of Wendel and holding companies			1,762.9	**2,178.5**
Cash and cash equivalents of subsidiaries – A	Income statement (1)	1	370.0	277.6
Assets available for sale – B	Shareholders' equity (2)	3	8.0	12.2
Financial assets at fair value through profit or loss	Income statement (1)	1	2.3	3.4
Loans – C	Amortized cost	N/A	16.3	19.3
Deposits and guarantees	Amortized cost	N/A	30.8	22.4
Derivatives – D	Income statement (1)/Shareholders' equity (2)	see D	266.1	367.3
Other	Income statement (1)	1	29.5	29.0
TOTAL			**2,485.8**	**2,909.6**
of which non-current financial assets			***861.6***	***1,112.9***
of which current financial assets			***1,624.2***	***1,796.6***

Financial liabilities

In millions of euros	Method of recognition	Level	12.31.2010	12.31.2009
Derivatives – D	Income statement (1)/Shareholders' equity (2)	see D	253.8	204.6
Other	N/A	N/A	24.2	12.1
TOTAL			**278.0**	**216.7**
of which non-current financial liabilities			***139.6***	***149.3***
of which current financial liabilities			***138.5***	***67.4***

(1) Change in fair value through profit or loss
(2) Change in fair value through shareholders' equity

The presentation of financial assets and liabilities reflects the hierarchy used to determine the fair value of financial instruments, in accordance with the March 2009 amendment to IFRS 7. Details of this classification can be found under "Accounting principles".

Details of financial assets and liabilities

A - Cash and cash equivalents (pledged and unpledged): pledged cash and cash equivalents are presented as non-current financial assets as they were not immediately available (see Note 7 "Cash and cash equivalents").

B - Assets available for sale at December 31, 2010 corresponded essentially to €5.6 million in investment fund shares held by Oranje-Nassau.

C - Loans corresponded to €15.1 million in loans to VGG.

D - Derivatives:

In millions of euros	Level	12.31.2010 Assets	12.31.2010 Liabilities	12.31.2009 Assets	12.31.2009 Liabilities
Net protection *(puts)* on Saint-Gobain shares – not qualifying for hedge accounting (1)	2	227.2	143.9	341.7 (2)	-
-Derivatives on securities – not qualifying for hedge accounting	3	-	-	7.8	-
-Commodity derivatives – hedging of cash flows	2	-	0.0	-	0.8
Interest rate swaps – hedging of cash flows (3)	2	30.5	84.9	13.2	181.5
Interest rate swaps – not qualifying for hedge accounting (3)	2	6.6	23.5	3.8	22.3
Other derivatives – not qualifying for hedge accounting	2	1.8	1.5	0.8	0.1
TOTAL		**266.1**	**253.8**	**367.3**	**204.6**
of which:					
Non-current portion		172.7	126.9	353.3	148.4
Current portion		93.4	126.9	14.0	56.2

(1) Protection is described in the note below.
(2) At December 31, 2009 protections consisted of a €476.1 million long position and a €134.4 million short position.
(3) The swaps are described in the note below.

Protection on Saint-Gobain shares (puts)

To hedge the risk of a decline in Saint-Gobain's share price, Wendel has purchased put options on a portion of the shares that it owns (13.4 million puts purchased as of at December 31, 2010 valued at €227.2 million). Wendel also wrote put options (6.1 million puts as of December 31, 2010 valued at -€143.9 million). The maturities of the purchased puts extend from December 2011 to March 2012, and of the written puts from September 2011 to March 2012.

The written puts have the same strike prices as some of the purchased puts. The combination of these two positions constitutes a net protection on the value of a portion of the Saint-Gobain shares held. After the sale of puts in late 2009, this net protection covered nearly 25% of the shares held at December 31, 2009, vs. 36% previously. Additional puts were sold in 2010, thus reducing the net protection to 19% of the shares held at June 30, 2010, and 7.8% of the shares held at December 31, 2010.

When Saint-Gobain's share price declines, the value of the net protection rises, and vice versa. This net protection therefore neutralizes the economic impact of a decline in Saint-Gobain's share price on the covered portion of shares held when this share price is below the strike price, which was the case at December 31, 2010. Nevertheless, these derivatives did not qualify as hedges under accounting standards, as the underlying assets were accounted for under the equity-method. At December 31, 2010, a +/-5% change in Saint-Gobain's share price would have led to a change in the value of this net protection of about -/+€12 million, recognized on the income statement.

The book value of this protection is based on a mathematical model used to value options, which takes into account the market parameters prevailing at the balance sheet date, including share price, volatility, liquidity of the underlyings and transaction size. This value is €15 million below the value that would be produced by a mathematical model that ignores transaction size parameters.

In 2010, net protection generated a €46.7 million gain, which was recognized on the income statement, as follows:

- sale of almost 15.1 million puts in 2010 at a sale price of €305.1 million (allocated to repaying €819.3 million in bank debt not subject to collateral calls), compared with a carrying value at the beginning of the fiscal year of €245.1 million, resulting in a gain of €60.1 million. The gain compared to the premium paid when the puts were set up was €158 million;
- Change in value of net protection held: -€13.4 million.

IFRS prohibits valuing the protection on the same basis as the underlying investments, which are accounted for by the equity method. The protection is valued, in accordance with IAS 39, on the basis of markets parameters prevailing on the balance sheet date, whereas the underlying shares are valued, in accordance with IAS 28, by the equity method and are subject to impairment tests based on discounted cash flow valuations (IAS 36). Hence, applying these accounting standards generates a distortion in measurements, which affects the income statement.

The purchased puts have been pledged against the portion of the Saint-Gobain financing that is not subject to collateral calls.

Interest rates swaps

The value of interest rate swaps is calculated by the counterparties on the basis of the yield curve at the balance sheet date and the present value of cash flows expected from the contracts. Wendel's finance department verifies the consistency of these calculations.

Notional amount	Characteristics (1)	Qualified as	Start (1)	Maturity (1)	12.31.2010	12.31.2009
	Sign convention: (+) asset (-) liability					
Hedging of bonds carried by Wendel						
	Hedging of the bond maturing in February 2011		pre-closing	02-2011	0.4	2.0
€100M	Pay 3.98% against 4.21%		pre-closing	05-2016	1.2	1.4
€300M	Pay 12-month Euribor +0.93% between 1.70% and 2.60%. 3.40% if < 1.70% and 3.53% if > 2.60%. Against 3.49%		pre-closing	08-2017	1.1	0.4
					2.7	**3.8**
Hedging of Eufor's bank debt (2)						
€2,000M	Pay 3.88% against Euribor	Hedge	pre-closing	10-2011	-61.0	
€100M	Pay 4.17% against Euribor		pre-closing	12-2012	-5.6	
€800M	Pay 1.73% against Euribor	Hedge	01-2011	01-2014	-	
					-66.6	**-123.7**
Hedging of subsidiaries' debt						
€50M	Pay 3.47% against Euribor		pre-closing	06-2013	-2.2	
€100M	Pay 3.85% against Euribor	Hedge	pre-closing	03-2011	-0.7	
€70M	Pay 4.64% against Euribor	Hedge	pre-closing	04-2013	-5.1	
€50M	4.49%-4.98% interest rate collar on Euribor	Hedge	pre-closing	06-2012	-2.4	
€166M	2.09%-3.01% interest rate collar on Euribor		01-2011	01-2013	-2.5	
€200M	1.13%-2.70%% interest rate collar on Euribor		01-2011	01-2013	-0.7	
€50M	2.15%-2.90% interest rate collar on Euribor		pre-closing	12-2012	-0.8	
€200M	3.30% cap on Euribor		04-2011	04-2013	0.3	
€400M	2.79% cap on Euribor		05-2011	05-2013	1.2	
€200M	2.63% cap on Euribor		07-2011	07-2013	0.8	
€100M	2.48% cap on Euribor		10-2011	10-2013	0.7	
€250M	Pay 2.53% against Euribor	Hedge	01-2011	01-2012	-3.5	
€50M	Pay 1.51% against Euribor	Hedge	01-2011	01-2013	-0.3	
$120M	Pay 5.50% against Libor		pre-closing	07-2011	-2.6	
$95M	3.75% on Libor		12-2011	12-2014	0.8	
€15M	3.50% cap on Euribor		03-2012	12-2014	0.2	
€12.3M	Pay 4.45% against Euribor		pre-closing	03-2012	-0.6	
$95M	Pay 5.14% against Libor		pre-closing	12-2011	-3.1	
Other derivatives				-4.6		
					-25.1	**-53.2**
	Cross currency swaps (3)	Hedge			17.8	-13.7
TOTAL					**-71.2**	**-186.8**

(1) The positions in this table are aggregations of similar contracts. Their characteristics are therefore weighted averages.

(2) These swaps hedge the risk of a fluctuation in interest rates related to Eufor group floating-rate financing. Their value is €66.6 million. New swaps were set up in the first half of 2010 (with €1 billion in notional value); €800 million in notional value have a deferred start date, such that the hedging period of these new swaps follows on the maturity of certain current swaps to extend the overall current hedging period (€2.1 billion in notional value). These new swaps have been qualified as cash flow hedges, and changes in their fair value are therefore recognized under shareholders' equity. The change in value of all swaps qualified as hedges and recognized under shareholders' equity is +€51.7 million for fiscal year 2010. The change in fiscal year 2010 recognized in the income statement on non-qualified instruments or on partially-effective hedges was +€5.4 million.

(3) Bureau Veritas: a currency hedge was set up on USPP debt (see Note 11 "'Financial debt") denominated in US dollars and pounds sterling, as well as on part of the US dollar-denominated amortizable tranche of bank debt, so as to convert the debt into euros. The change in value of these instruments is recognized under shareholders' equity and transferred to the income statement over the duration of the debt.

NOTE 9 Shareholders' equity

Number of shares outstanding

	Par value	Total number of shares	Treasury shares
At 12.31.2009	€4	50,436,175	571,005
At 12.31.2010	€4	50,501,779	1,078,387

Treasury shares

There was no change in the number of shares held for the purposes of the liquidity contract, i.e., 100,000 shares at December 31, 2010 (unit cost: €66.91 per share).

As of December 31, 2009, 471,005 treasury shares were held to cover stock options that had been awarded as of this date.

At December 31, 2010, Wendel held 978,387 of its shares outside of the context of the liquidity contract. These treasury shares are allocated to covering awards of stock options, bonus shares and performance shares.

2.14% of total share capital was held in treasury at December 31, 2010.

Main items in the statement of recognized profit (loss)

	Assets available for sale	Qualified hedges	Deferred taxes	Total Group share	Minority interests	Total shareholders' equity
AT 12.31.2008	**10.0**	**-143.9**	**-2.0**	**-135.9**	**-13.0**	**-148.9**
Change in fair value during the year	-2.3	36.9	-11.2	23.4	13.2	36.6
Amount recognized on the income statement	0.0	-35.1	17.5	-17.5	0.0	-17.5
AT 12.31.2009	**7.7**	**-142.1**	**4.3**	**-130.1**	**0.2**	**-129.8**
Change in fair value during the year	2.3	51.3	-5.0	48.5	35.1	83.6
Amount recognized on the income statement	-5.5	51.7	0.1	46.2	-0.2	46.1
Other	-	-11.6	-	-11.6	-	-11.6
AT 12.31.2010	**4.4**	**-50.7**	**-0.6**	**-46.9**	**35.2**	**-11.7**

Minority interests

In millions of euros	12.31.2010	12.31.2009
Bureau Veritas group	500.7	340.2
Deutsch group	-3.4	25.3
Materis group	1.3	2.7
Stallergenes group	-	55.3
Stahl group	-0.3	-
Other	10.4	2.9
TOTAL	**508.7**	**426.5**

NOTE 10 Provisions

Provisions

In millions of euros	12.31.2010	12.31.2009
Provisions for liabilities and charges	155.0	161.7
Employee benefits	164.6	131.2
TOTAL	**319.6**	**292.9**
Of which non-current	*312.1*	*280.8*
Of which current	*7.5*	*12.2*

Details on provisions for liabilities and charges

In millions of euros	12.31.2009	Additions	Reversals: used provisions	Reversals: unused provisions	Impact of discounting	Business combinations/ disposals	Translation adjustments, reclassifications	12.31.2010
Wendel and holding companies (1)	33.2	5.8	-	-9.3	-	-	-0.0	29.6
Bureau Veritas (2)								
Claims and litigation	70.1	10.9	-4.4	-12.1	1.1	9.2	-0.1	74.7
Other	32.7	14.2	-15.4	-8.6	-	2.7	0.9	26.5
Deutsch	6.9	1.6	-3.8	-0.2	-		0.2	4.7
Materis								
Restructuring	4.4	0.9	-0.5	-	-	-	0.1	4.8
Claims and litigation	3.9	0.7	-2.0	-	-	-	-0.2	2.4
Other	9.0	3.9	-3.1	-	-	-	0.4	10.2
Stallergenes	1.5	-	-	-	-	-1.5	-	-
Stahl								
Restructuring	-	0.3	-0.6	-	-	0.9	0.0	0.7
Claims and litigation	-	-	-0.1	-0.1	-	0.5	0.0	0.4
Other	-	-	-0.3	-	-	1.4	0.1	1.2
TOTAL	**161.7**	**38.2**	**-30.2**	**-30.3**	**1.1**	**13.1**	**1.3**	**155.0**
of which current	**12.2**							**7.5**

In millions of euros	12.31.2008	Additions	Reversals: used	Reversals: unused	Impact of discounting	Business combinations/ disposals	Translation adjustments, reclassifications	12.31.2009
Wendel and holding companies	18.0	16.1	-	-1.0	-	-	-	33.2
Bureau Veritas								
Claims and litigation	63.3	13.5	-2.2	-7.2	0.1	2.8	-0.2	70.1
Other	24.6	21.6	-6.6	-8.0	-	-	1.1	32.7
Deutsch	7.3	2.6	-2.9	-	-	-	-0.1	6.9
Materis								
Restructuring	8.2	0.1	-2.3	-	-	-	-1.6	4.4
Claims and litigation	2.9	0.6	-0.9	-	-	-	1.3	3.9
Other	11.0	2.9	-6.0	-	-	0.1	0.9	9.0
Oranje-Nassau Groep								
Dismantling of oil & gas installations	105.0	-	-	-	-	-105.0	-	-
Other	2.5	-	-	-	-	-2.5	-	-
Stallergenes	2.1	0.5	-1.1	-	-	-	-	1.5
TOTAL	**244.9**	**58.0**	**-22.0**	**-16.2**	**0.1**	**-104.6**	**1.5**	**161.7**
of which current	**9.3**							**12.2**

(1) These provisions cover litigation, a polluted land clean-up risk, and a fine inflicted by the AMF sanctions commission.
The Odile Jacob publishing house has initiated litigation against the company in the Commercial Court, seeking to cancel Wendel's acquisition and subsequent resale of the Editis group. No provision has been set aside for this litigation.

(2) In the normal course of its activities, Bureau Veritas is party to various disputes and legal actions that aim to invoke its professional liability as service providers. While Bureau Veritas pays the greatest attention to risk control and the quality of its services, some of those services may give rise to claims and litigation cases that it may lose. Provisions have been set aside on the expenses that may result from such litigation.
Provisions for liabilities and charges on the December 31, 2010 balance sheet included the following main claims:
- *Terminal 2E of Paris-Roissy CDG airport;*
- *a claim relating to the construction of a hotel and retail complex in Turkey;*
- *a claim pertaining to the accident of a Gabon Express plane.*

On the basis of available insurance guarantees and provisions set aside by Bureau Veritas, and based on the information currently available, the Company believes that these claims will not have a significant adverse impact on the Group's consolidated financial statements.

Employee benefits

In millions of euros	12.31.2010	12.31.2009
Defined-benefit plans	74.6	51.9
Retirement bonuses	64.3	57.7
Other	25.7	21.6
TOTAL	**164.6**	**131.2**
Of which non-current	*164.6*	*131.2*
Of which current	-	-

Of which:

	12.31.2010	12.31.2009
Bureau Veritas	102.7	88.0
Deutsch	14.2	12.6
Materis	31.2	27.3
Oranje-Nassau Groep	1.5	0.7
Stallergenes	-	2.1
Stahl	14.2	-
Wendel and holding companies	0.8	0.6
	164.6	**131.2**

The change in provisions for employee benefits broke down as follows for 2010:

Commitments	12.31.2009	Service costs	Actuarial gains and losses	Benefits paid	Interest cost	Curtailment and settlement	Business combinations	Translation adjustments and other	12.31.2010
Defined benefit plans	160.6	4.6	18.1	-7.7	10.7	-	84.9	-3.9	267.3
Retirement bonuses	86.4	6.4	4.9	-8.6	4.0	0.5	0.3	-2.8	91.2
Other	27.6	2.4	1.8	-2.3	1.3	0.0	0.2	0.3	31.2
	274.6	**13.4**	**24.7**	**-18.6**	**16.0**	**0.5**	**85.4**	**-6.4**	**389.7**

Partially funded plan assets	12.31.2009	Return on assets	Employer contributions	Amounts used	Actuarial gains and losses	Business combinations	Translation adjustments and other	12.31.2010
Defined-benefit plans	108.7	5.6	4.8	3.0	2.6	70.2	-2.3	192.6
Retirement bonuses	28.7	1.5	-0.5	-	-	-	-2.7	26.9
Other	6.1	0.4	-	-	-0.9	-	-	5.6
	143.4	**7.5**	**4.4**	**3.0**	**1.6**	**70.2**	**-5.0**	**225.1**
Provision for employee benefits	**131.2**							**164.6**

The change in provisions for employee benefits broke down as follows for 2009:

Commitments	12.31.2008	Service costs	Actuarial gains and losses	Benefits paid	Interest cost	Curtailment and settlement	Business combinations	Translation adjustments and other	12.31.2009
Defined benefit plans	147.7	4.0	12.7	-4.6	7.0	0.3	-0.0	-6.3	160.6
Retirement bonuses	81.0	5.8	8.6	-9.0	4.3	0.0	0.6	-4.9	86.4
Commitments	25.6	2.1	0.8	-1.8	1.0	0.1	-	-0.3	27.6
	254.3	**11.8**	**22.1**	**-15.4**	**12.3**	**0.4**	**0.5**	**-11.4**	**274.6**

Partially funded plan assets	12.31.2008	Return on assets	Employer contributions	Amounts used	Actuarial gains and losses	Business combinations	Translation adjustments and other	12.31.2009
Defined-benefit plans	100.5	3.1	4.7	7.1	-2.1	-	-4.6	108.7
Retirement bonuses	26.2	1.4	1.5	-0.0	0.5	0.0	-1.0	28.7
Other	5.9	0.2	-	-	-0.1	-	-	6.1
	132.6	**4.7**	**6.2**	**7.1**	**-1.6**	**0.0**	**-5.6**	**143.4**
Provision for employee benefits	**121.7**							**131.2**

Liabilities on defined-benefit plans broke down as follows:

	12.31.2010	12.31.2009
Fully unfunded liabilities	70.8	62.5
Partially or fully funded liabilities	318.9	212.1
TOTAL	**389.7**	**274.6**

Assets of defined-benefit plans at December 31, 2010 broke down as follows:

	2010
Insurance company funds	40%
Equity instruments	22%
Debt instruments	27%
Cash and other	10%

Expenses recognized on the income statement

Since January 1, 2006, Wendel has chosen to apply the option allowed under IAS 19.93A and recognize actuarial differences directly in shareholders' equity (see "Accounting principles").

	2010	2009
Expenses recognized on the income statement with respect to defined-benefit plans		
Service costs	13.4	11.8
Interest cost	14.3	12.3
Expected return on plan assets	-7.6	-4.7
Past service costs	0.5	0.1
Impact of plan curtailments or settlements	0.8	-1.3
TOTAL	**21.5**	**18.3**
Expenses recognized on the income statement with respect to defined-contribution plans (1)	**51.9**	**47.7**

(1) Primarily at Bureau Veritas.

Wendel

The retirement plan set up in 1947 by "Les Petit-fils de François de Wendel et Cie", which has since become Wendel, is a defined-benefit plan that was closed to new entrants on December 31, 1998. It still covers employees who worked at the Company prior to that date, provided they retire while employed by the Company. Its main actuarial assumptions were as follows: a discount rate of 3.5%, an inflation rate of 1.5%, a salary increase rate between 1.5% and 3% depending on the categories, and an employee turnover rate that is proportional to age.

Bureau Veritas

Employee benefits at Bureau Veritas included the following defined-benefit plans:

- pension plans, most of which have been closed for several years. Pension plans are generally unfunded, with the exception of a very limited number of plans funded by contributions paid to insurance companies and valued on the basis of actuarial calculations;
- retirement bonuses;
- long-service medals.

The main actuarial assumptions used in France to calculate these commitments are as follows: a discount rate of 4.3% and a salary increase rate between 2% (France, Germany and Netherlands) and 3.4% (United Kingdom).

Materis

Retirement bonuses: calculated mainly on the basis of employees' seniority when they retire. These plans concern France, the United States, Belgium, Portugal, Italy, Brazil and South Africa. Actuarial assumptions vary from one country to another. The main assumptions are a discount rate between 4.75% (Europe) and 10.75% (Brazil), an inflation rate between 2% (Europe) and 5.40% (South Africa), a salary increase rate between 2% (Europe) and 7% (Brazil), and a return on assets between 4.50% (Europe) and 13.9% (Brazil).

Deutsch

The defined-benefit plans in place at Deutsch correspond mainly to retirement bonuses and long-service medals, particularly in France.

The main actuarial assumptions used are a discount rate of about 5.5%, and an average inflation rate of 2.75%.

Stahl

Stahl employee benefits in the Netherlands, Italy, the United Kingdom, the United States and Mexico concern the following defined-benefit plans:

- partially funded retirement plans;
- retirement bonuses, particularly in Italy;
- long-service medals.

The main actuarial assumptions used are a discount rate of 4.8% and an average inflation rate of 1.9%.

NOTE 11 Financial debt

In millions of euros	Currency	Coupon rate	Effective interest rate (2)	Maturity	Repayment	Overall amount	Amounts used 12.31.2010	Amounts used 12.31.2009
Wendel								
2011 bonds	EUR	5.0000%	5.16%	02.2011	*at maturity*		334.8	466.2
2014 bonds	EUR	4.8750%	4.93%	11.2014	*at maturity*		400.0	400.0
2014 bonds – tranche 2	EUR	4.8750%	8.78%	11.2014	*at maturity*		300.0	300.0
2015 bonds	EUR	4.8750%	4.91%	09.2015	*at maturity*		400.0	400.0
2016 bonds	EUR	4.8750%	5.02%	05.2016	*at maturity*		400.0	400.0
2016 bonds – tranche 2	EUR	4.8750%	6.14%	05.2016	*at maturity*		300.0	
2017 bonds	EUR	4.3750%	5.73%	08.2017	*at maturity*		300.0	300.0
2017 bonds – tranche 2	EUR	4.3750%	4.46%	08.2017	*at maturity*		400.0	400.0
Syndicated credit line	EUR	Euribor+margin		09.2013	revolving credit	€950M		
	EUR	Euribor+margin		09.2014	revolving credit	€250M		
Amortized cost of obligations							-89.3	-85.2
Accrued interest	EUR						40.0	55.7
							2,785.5	**2,636.7**
Eufor – financing of the Saint-Gobain investment								
Bank borrowings	EUR	Euribor+margin		07.2013, 03.2014, 12.2014	amortizing revolving credit		800.0	800.0
Bank borrowings	EUR	Euribor+margin		12.2011, 03.2012	amortizing		729.1	1,548.4
Bank borrowings (1)	EUR	Euribor+margin		06.2014, 06.2015	amortizing		455.0	455.0
Bank borrowings (1)	EUR	Euribor+margin		06.2015	*at maturity*		800.0	800.0
Bank borrowings (1)	EUR	Euribor+margin		04.2013/ 2014/2015	amortizing		630.6	930.6
Bank borrowings	EUR	Euribor+margin		11.2013, 05.2014, 11.2014	amortizing revolving credit	€300M		
Bank borrowings (1)	EUR	Euribor+margin		06.2014, 06.2015	amortizing	€600M		
Other financial debt	EUR							7.0
Accrued interest							25.4	11.2
							3,440.1	**4,552.1**
Holding companies								
Minority shareholder loans							10.7	12.2
							10.7	**12.2**

In millions of euros	Currency	Coupon rate	Effective interest rate (2)	Maturity	Repayment	Overall amount	Amounts used	
							12.31.2010	12.31.2009
Bureau Veritas								
Bank borrowings	USD	Libor+margin		05.2013	amortizing		153.4	199.2
Bank borrowings	EUR	Euribor+margin		05.2013	amortizing		8.4	11.7
Bank borrowings	EUR	Euribor+margin		05.2012/ 2013	revolving credit	€550M	150.0	145.0
Bank borrowings	GBP	Libor+margin		05.2012/ 2013	revolving credit		52.3	27.0
Bank borrowings	USD	Libor+margin		05.2012/ 2013	revolving credit		222.7	
Bank borrowings	EUR	Euribor+margin		10.2012	*at maturity*		150.0	150.0
French private placement	EUR	Euribor+margin		06.2015	*at maturity*	€200M	50.0	
US private placement	EUR	Fixed		07.2019	*at maturity*		184.1	
US private placement	USD	Fixed		07.2018, 07.2020	amortizing		199.1	184.6
US private placement	GBP	Fixed		07.2018, 07.2020	amortizing		73.2	70.9
Deferred issuance costs							-3.8	-2.8
Other borrowings							55.2	40.6
							1,294.6	**826.3**
Deutsch								
Bank borrowings (mezzanine)	EUR	Euribor+margin		06.2018	*at maturity*		33.5	31.6
Bank borrowings (mezzanine)	USD	Libor+margin		06.2018	*at maturity*		16.2	31.6
Bank borrowings (second lien)	USD	Libor+margin		12.2015	*at maturity*		38.9	41.6
Bank borrowings (revolving credit)	USD	Libor +margin		06.2013	revolving credit	$40M		19.4
Bank borrowings (revolving credit)	EUR	Euribor +margin		06.2013	revolving credit			6.5
Bank borrowings (senior)	EUR	Euribor+margin		12.2013, 06.2014	*at maturity*		31.4	40.8
Bank borrowings (senior)	USD	Libor+margin		12.2013, 06.2014	*at maturity*		121.5	112.7
Bank borrowings (senior)	GBP	Libor+margin		12.2013, 06.2014	*at maturity*		23.0	22.3
Bank borrowings (senior)	EUR	Euribor+margin		12.2014, 06.2015	*at maturity*		34.7	34.7
Bank borrowings (senior)	USD	Libor+margin		12.2014, 06.2015	*at maturity*		141.9	131.6
Bank borrowings (acquisition)	USD/ GBP	Libor+margin		06.2013	amortizing		37.5	43.3
Deferred issuance costs							-6.8	-7.5
Shareholder loans							32.9	22.4
Other borrowings and accrued interest							5.9	12.4
							510.8	**543.4**

In millions of euros	Currency	Coupon rate	Effective interest rate (2)	Maturity	Repayment	Overall amount	Amounts used 12.31.2010	Amounts used 12.31.2009
Materis								
Bank borrowings (mezzanine)	EUR	Euribor+margin		04.2016	*at maturity*		341.8	310.1
Bank borrowings (second lien)	EUR	Euribor+margin		10.2015	*at maturity*		140.0	140.0
Bank borrowings (senior)	EUR	Euribor+margin		04.2013	*at maturity*		169.2	188.8
Bank borrowings (senior)	EUR	Euribor+margin		04.2014	*at maturity*		387.7	395.4
Bank borrowings (senior)	EUR	Euribor+margin		04.2015	*at maturity*		421.1	421.1
Bank borrowings	EUR	Euribor+margin		04.2013	*at maturity*	€145M	108.4	116.5
Bank borrowings (revolving credit)	EUR	Euribor+margin		04.2013	revolving credit	€125M	49.0	34.8
Bank borrowings (acquisition)	EUR	Euribor+margin		04.2013	*at maturity*	€150M	127.7	136.5
Bank borrowings (acquisition 2)	EUR	Euribor+margin		04.2014, 04.2015	amortizing	€100M	25.3	-
Deferred issuance costs							-33.6	-42.3
Shareholder loans							44.2	39.0
Other borrowings and accrued interest							99.7	71.1
							1,880.6	**1,811.1**
Stahl								
Bank borrowings (second lien)	USD	Libor+margin		12.2017	*at maturity*		48.1	
Bank borrowings (senior)	USD	Libor+margin		12.2014	amortizing		103.1	
Bank borrowings (senior)	EUR	Euribor+margin		12.2014	amortizing		44.3	
Bank borrowings (revolving credit)	USD	Libor+margin		11.2014	revolving credit	$36M	4.5	
Deferred issuance costs							-1.8	
Shareholder loans							4.0	
Other borrowings and accrued interest							2.0	
							204.1	
Stallergenes	EUR	Floating					-	**17.6**
TOTAL							**10,126.5**	**10,399.5**
Of which non-current							9,235.7	9,697.5
Of which current							890.8	702.0

(1) To enable repayment of the funds, these facilities were extended by the banks as combined financial instruments that are contractually and indissociably linked. The combination of these instruments is equivalent to a conventional bank loan.

(2) Effective interest is calculated by including issue premiums and bank issuance fees.

Main transactions in 2010

Wendel

In late October 2010, Wendel successfully issued bonds with a nominal value of €300 million, bearing interest at 4.875% and maturing on May 26, 2016. The issue price was 94.777%, and net proceeds were €284.3 million. The overall financing cost is 6%. Proceeds from the bond issue were used for early repayment of bank debt subject to collateral calls and maturing in 2012-2013 (financing the investment in Saint-Gobain). This extended the average debt maturity of Wendel and its holding companies and simplified the financial structure by shifting towards bond debt without financial covenants and away from bank borrowings subject to collateral calls. These newly issued bonds form a single series with the existing €400 million 2016 bond, and bring total 2016 maturities to €700 million.

As part of its cash management, Wendel bought back €131.4 million in nominal value of 2011 bonds for €134.4 million. The €3 million difference between the buyback price and nominal value was recognized as a financial expense. These buybacks resulted in a €4.8 million reduction in the coupon to be paid on this bond between the buyback dates and the bond's February 2011 maturity date. The repurchased bonds were canceled in accordance with the issue's legal documentation. The residual nominal amount of the 2011 bond was €334.8 million at December 31, 2010 and was repaid on maturity on February 16, 2011.

Eufor (Saint-Gobain investment financing structure)

Bank borrowings not subject to collateral calls are collateralized by the Saint-Gobain shares they finance and by puts purchased on Saint-Gobain. Divestment of puts therefore triggers early repayment of debt not subject to collateral calls, in proportion to the number of puts sold. Hence, as part of the divestment of Saint-Gobain in 2010 (see Note 8-D "Financial assets and liabilities"), €819.3 million in bank debt not subject to collateral calls was repaid, i.e., all June and September 2011 maturities and part of the December 2011 maturity. This repayment was made possible in part by the proceeds on the sales of these puts (€305.1 million), with Wendel covering the rest in cash. Following the transaction, bank debt not subject to collateral calls contracted for financing Saint-Gobain shares came to €729.1 million. Maturities on bank debt not subject to collateral calls now extend from December 2011 to March 2012.

Wendel used the proceeds from its October 2010 bond issue (see above) for early repayment of €300 million in 2012-2013 bank debt subject to collateral calls.

Bureau Veritas

Bureau Veritas' debt increased between December 31, 2009 and December 31, 2010 mainly because the company resumed acquisitions in 2010, including Inspectorate in the second half of the year. In 2010, Bureau Veritas borrowed €184.1 million under a US private placement maturing in 2019. In June 2010, Bureau Veritas also set up a five-year, €200 million line of credit maturing in June 2015 with French institutionals, of which €50 million had been drawn as of the 2010 balance sheet date.

Deutsch

Bank debt was reclassified under non-current liabilities. See "Risk management" with respect to Deutsch's liquidity situation.

Stahl

Since the February 2010 takeover of Stahl as part of its financial restructuring, Stahl has been fully consolidated and its debt is therefore included on the consolidated balance sheet.

Breakdown in debt by currency

In millions of euros	12.31.2010	12.31.2009
Euro (1)	9,180.6	9,843.7
Other	945.9	555.8

(1) The Bureau Veritas USPP, with tranches in pounds sterling and US dollars, as well as a part of the USD-denominated bank debt, have been synthetically converted into euros and are therefore included under the "Euro" category (see Note 8-D "Derivatives").

Financial debt maturity schedule

In millions of euros	Less than 1 year	Between 1 and 5 years	More than 5 years	Total
Wendel nominal value	-336	-1,100	-1,400	-2,836
Eufor nominal				
■ with collateral calls	-	-2,686	-	-2,686
■ without collateral calls (1)	-304	-425	-	-729
Wendel and Eufor interest (2)	-338	-792	-63	-1,192
Subsidiaries				
■ nominal value	-194	-2,714	-896	-3,804
■ interest (2)	-177	-405	-467	-1,049
TOTAL	**-1,349**	**-8,121**	**-2,827**	**-12,297**

Interest is calculated on the basis of the yield curve prevailing on December 31, 2010.

(1) Maturities on Saint-Gobain purchased puts are aligned with maturities on debt not subject to collateral calls. Their carrying amount is €227.2 million (see Note 8-D "Derivatives").

(2) Interest on debt and interest-rate hedges. This figure does not include interest earned on invested cash.

Market value of gross financial liabilities

The fair value of bond debt is the market price on December 31, 2010. LBO borrowings (Deutsch, Materis and Stahl) were valued on the basis of quotes received from top-tier banks. For Eufor borrowings, book value was considered representative of market value, given the specific structure, the variable interest-rate indexation and the level of collateral.

In millions of euros	12.31.2010	12.31.2009
Wendel	2,746.8	2,408.6
Eufor (Saint-Gobain investment financing structure)	3,440.1	4,552.2
Operating subsidiaries	3,656.4	2,620.1
TOTAL	**9,843.3**	**9,580.9**

NOTE 12 Trade payables

In millions of euros	12.31.2010	12.31.2009
At:		
Bureau Veritas	225.0	179.9
Deutsch	28.2	19.4
Materis	252.7	237.5
Stahl	29.5	-
Stallergenes	-	28.0
Wendel and holding companies	5.5	7.2
TOTAL	**540.9**	**472.0**

NOTE 13 Other current liabilities

In millions of euros	12.31.2010	12.31.2009
Other borrowings		
Bureau Veritas	423.7	361.1
Deutsch	26.7	22.3
Materis	160.7	134.5
Stahl	25.5	-
Stallergenes	-	19.8
Wendel and holding companies	15.4	16.4
	652.0	**554.2**
Deferred revenue (1)	91.3	95.4
TOTAL	**743.3**	**649.6**

(1) Mainly at Bureau Veritas.

NOTE 14 Current and deferred taxes

Current taxes

In millions of euros	12.31.2010	12.31.2009
Current tax assets		
Bureau Veritas	21.3	16.4
Deutsch	0.6	0.7
Stahl	2.7	-
Stallergenes	-	6.8
Wendel and holding companies	5.5	7.0
	30.0	**30.9**
Current tax liabilities		
Bureau Veritas	81.4	53.3
Deutsch	3.8	1.2
Materis	1.6	3.9
Stahl	0.8	-
Stallergenes	-	1.1
Wendel and holding companies	-	0.2
	87.5	**59.7**

Deferred taxes

In millions of euros	12.31.2010	12.31.2009
Deferred tax assets		
Bureau Veritas	74.2	66.3
Deutsch	2.0	17.7
Materis	45.5	48.1
Stahl	7.6	-
Stallergenes	-	2.3
Wendel and holding companies	0.4	0.2
	129.8	**134.7**
Deferred tax liabilities		
Bureau Veritas	145.7	137.3
Deutsch	7.9	26.2
Materis	405.0	405.6
Stahl	22.2	-
Stallergenes	-	2.8
Wendel and holding companies	-	-
	580.9	**571.9**
NET DEFERRED TAXES	**-451.1**	**-437.1**

The change in deferred taxes is as follows:

In millions of euros	2010	2009
Amount at the beginning of the year	**-437.1**	**-433.9**
Changes recognized on the income statement	52.8	36.9
Changes recognized in shareholders' equity	-3.2	-70.8
Translation adjustments	-1.8	-3.2
Business combinations	-61.8	37.5
Other	-	-3.6
AMOUNT AT END OF YEAR	**-451.1**	**-437.1**

NOTE 15 Assets and operations held for sale

In millions of euros	12.31.2010	12.31.2009
Saint-Gobain shares	121.0	-
At Stahl	4.9	-
TOTAL	**125.9**	**-**

Assets and operations held for sale consist mainly of Saint-Gobain shares received as the 2010 dividend and which Wendel decided to sell in 2011. See “Changes in scope of consolidation” with respect to Saint-Gobain.

4.13 Notes to the income statement

NOTE 16 Net sales

In millions of euros	2010	2009	% change	Organic growth
Bureau Veritas	2,929.7	2,647.8	10.6%	2.8%
Deutsch	422.6	321.3	31.5%	27.2%
Materis	1,854.7	1,703.5	8.9%	4.9%
Stahl	284.0	-	-	-
CONSOLIDATED NET SALES	**5,491.0**	**4,672.7**	**17.5%**	**5.2%**
Stahl (12-month contribution)	330.1	253.5	30.2%	24.1%
TOTAL INCLUDING STAHL IN 2009 AND 2010	**5,537.1**	**4,926.2**	**12.4%**	**6.2%**

	2010	2009
Breakdown of consolidated net sales		
Sales of goods	2,556.0	2,030.3
Sales of services	2,935.0	2,642.4
CONSOLIDATED NET SALES	**5,491.0**	**4,672.7**

NOTE 17 Operating expenses

In millions of euros	2010	2009
Purchases and external charges	2,441.1	2,014.7
Personnel costs	2,060.5	1,821.7
Tax	84.3	89.7
Other operating expenses	20.5	4.4
Depreciation and amortization	264.6	235.6
Net additions to provisions	-3.9	19.5
TOTAL	**4,867.1**	**4,185.6**

R&D costs recognized as expenses at

In millions of euros	2010	2009
Deutsch	1.1	0.3
Materis	20.9	19.4
Stahl	3.0	-

Average number of employees at consolidated companies

	2010	2009
Bureau Veritas	47,969	39,067
Deutsch	2,928	2,547
Materis	9,488	8,902
Stahl	1,159	-
Wendel and holding companies	72	76

NOTE 18 Income from ordinary activities

In millions of euros	2010	2009
Bureau Veritas	420.5	366.4
Deutsch	60.5	12.2
Materis	165.4	166.2
Stahl	20.3	-
Wendel and holding companies	-42.3	-55.9
INCOME FROM ORDINARY ACTIVITIES	**624.5**	**489.0**

NOTE 19 Other operating income and expenses

In millions of euros	2010	2009
Net gains (losses) on disposals of property, plant and equipment and intangible assets	-3.5	5.5
Net gains (losses) on disposals of consolidated investments (1)	-8.9	118.4
Restructuring costs	-11.4	-21.0
Impairment of assets (2)	-15.9	-95.4
Other income and expenses	-6.5	-34.1
TOTAL	**-46.2**	**-26.6**

(1) In 2009: net gain on the sale of 10% of Bureau Veritas.
(2) In 2010: €14.2 million in asset impairment at Deutsch.
In 2009: asset impairment at Materis (€30.0 million) and Deutsch (€63.4 million).

NOTE 20 Finance costs, net

In millions of euros	2010	2009
Income from cash and cash equivalents		
Interest generated by cash and cash equivalents (1)	**11.3**	26.9
	11.3	**26.9**
Finance costs, gross		
Interest expense	**-520.5**	-566.3
Interest expense on the minority portion of shareholder loans	**-9.9**	-7.6
Deferral of debt issuance costs and premiums (calculated using the effective interest method)	**-22.2**	-20.5
	-552.5	**-594.5**
TOTAL	**-541.2**	**-567.6**

(1) Includes €8.4 million at the level of Wendel and its holding companies. An additional €16.2 million in income on short-term investments is recognized under "Other financial income and expenses", comprising total income of €24.6 million in 2010 on cash and short-term financial investments of Wendel and its holding companies.

NOTE 21 Other financial income and expenses

In millions of euros	2010	2009
Gains (losses) on disposals of assets available for sale	2.0	2.3
Dividends received from non-consolidated companies	5.2	3.6
Income on interest-rate, currency and equity derivatives (1)	71.4	-229.3
Interest on other financial assets	6.1	10.9
Net currency exchange gains/losses	17.0	-8.1
Impact of discounting	-7.8	-7.5
Gain on buyback of discounted debt	11.0	2.4
Other	-7.1	17.6
TOTAL	**97.7**	**-208.1**

(1) In 2010 includes the gain or loss on sale and the change in fair value of protection acquired to hedge a decline in the share price of Saint-Gobain (+€46.7 million, vs. -€225.2 million in 2009). See Note 8-D "Financial assets and liabilities".

NOTE 22 Tax expense

In millions of euros	2010	2009
Current tax	-180.1	-118.5
Deferred tax	52.8	39.1
TOTAL	**-127.3**	**-79.4**

The CVAE portion of the new CET tax, which replaced the French business license tax *(taxe professionnelle)* in 2010 was recognized as an income tax, in accordance with IAS 12 and the January 14, 2010 statement of the French National Accounting Board.

This reclassification under income tax had an impact of €17.0 million in 2010.

The difference between the Group's effective income tax rate and the standard income tax rate applicable in France broke down as follows:

	2010
Standard corporate tax in France	34.43%
Impact of:	
Transactions subject to reduced tax rates or foreign tax rates	-38.79%
Uncapitalized tax losses generated in the current year and use of existing, uncapitalized tax losses of Wendel and holding companies	74.89%
Uncapitalized tax losses generated in the current year and use of existing, uncapitalized tax losses of operating subsidiaries	17.77%
CVAE tax	12.64%
Other	-6.39%
EFFECTIVE TAX RATE	**94.55%**

The effective income tax rate is the ratio of income tax expense recognized on the income statement to the sum of operating income, net finance cost and other financial income and expenses.

NOTE 23 Net income from equity-method investments

In millions of euros	2010	2009
Net income including impact of goodwill allocation		
Saint-Gobain	116.0	-50.1
Legrand	99.2	88.7
Stahl	-	-2.3
Helikos	-5.6	-
Other companies	0.4	-0.1
Sale of Legrand shares	**225.9**	**161.6**
Impact of Legrand dilution	**-0.2**	**9.2**
Impairment of equity-accounted Saint-Gobain shares (1)	**373.4**	**-225.4**
Impact of dilution on the Saint-Gobain investment	**0.8**	**-782.2**
TOTAL	**809.8**	**-800.6**

(1) *In 2010, this line item reflected a reversal in the impairment provision (see Note 4) and the impact of recognizing Saint-Gobain share dividends under assets and operations held for sale (see "Changes in scope of consolidation" with respect to Saint-Gobain).*

NOTE 24 Net income from discontinued activities and activities held for sale

In millions of euros	2010	2009
Gain (loss) on divestments		
Stallergenes	300.2	-
Oranje Nassau Groep – oil & gas businesses	-	346.3
	300.2	**346.3**
Share in net income for the year from discontinued activities		
Stallergenes	26.6	22.2
Oranje Nassau Groep – oil & gas businesses	-	15.7
Bureau Veritas companies	-	0.4
	26.6	**38.3**
TOTAL	**326.7**	**384.6**

NOTE 25 Net income

In millions of euros	2010	2009
Consolidated companies:		
Wendel and holding companies	88.5	-432.8
Oranje-Nassau Groep	-	360.5
Bureau Veritas	266.7	225.4
Deutsch	-16.1	-74.6
Stahl	-3.9	-
Materis	-27.8	-108.9
Stallergenes	26.6	22.2
	334.1	**-8.2**
Share in net income from equity-method investments (see Notes 4 and 23)	809.8	-800.6
	1,143.9	**-808.8**
Minority interests (see Note 9 and “Segment information”)	141.6	109.4
NET INCOME, WENDEL SHARE	**1,002.3**	**-918.3**

NOTE 26 Earnings per share

In euros and millions of euros	2010	2009
Net income, Group share	1,002.3	-918.3
Impact of dilutive instruments on subsidiaries	-6.4	-3.0
DILUTED EARNINGS	**995.9**	**-921.3**
Average number of shares, net of treasury shares	49,707,545	50,153,196
Potential dilution due to Wendel stock options (1)	565,666	-
DILUTED NUMBER OF SHARES	**50,273,211**	**50,153,196**
Basic earnings per share (in euros)	20.16	-18.31
Diluted earnings per share (in euros)	19.81	-18.37
Basic earnings per share from continuing operations (in euros)	13.88	-25.74
Diluted earnings per share from continuing operations (in euros)	13.60	-25.80
Basic earnings per share from discontinued operations (in euros)	6.28	7.43
Diluted earnings per share from discontinued operations (in euros)	6.21	7.43

(1) Using the treasury share method, it is assumed that the cash received from the exercise of dilutive instruments is used to buy shares and partially neutralize the dilution. The potential dilution is thus the net impact.

4.14 Notes on changes in cash position

NOTE 27 Acquisitions of property, plant and equipment and intangible assets

In millions of euros	2010	2009
By Bureau Veritas	77.3	65.3
By Deutsch	13.0	11.4
By Materis	86.7	53.4
By Stahl	4.3	0.0
By Stallergenes	0.0	14.4
By Wendel and holding companies	1.1	1.0
TOTAL	**182.4**	**145.4**

NOTE 28 Acquisition of equity investments

In millions of euros	2010	2009
Helikos (1)	22.3	-
Saint-Gobain	-	115.9
By Bureau Veritas (2)	583.0	37.0
By Materis (3)	25.3	5.6
By Deutsch (4)	30.2	-
Other shares	0.9	2.0
TOTAL	**661.7**	**160.5**

(1) *IPO investment in Helikos. See "Changes in scope of consolidation".*
(2) *Acquisitions by Bureau Veritas, mainly Inspectorate.*
(3) *Acquisitions by Materis, mainly a.b.e. construction chemicals.*
(4) *Deutsch's buyout of minority interests in its LADD subsidiary. See "Changes in scope of consolidation".*

NOTE 29 Divestments

In millions of euros	2010	2009
Sale of Stallergenes	357.7	-
Sale of Legrand block	344.9	275.8
Oranje-Nassau Groep – Energy division	-	582.0
Sale of Bureau Veritas block	-	272.8
Sales by Bureau Veritas	6.8	15.5
Other	0.2	0.3
TOTAL	**709.7**	**1,146.3**

NOTE 30 Impact of changes in scope of consolidation and activities held for sale

In 2010, this item corresponded mainly to the consolidation of Stahl (€14.9 million) and the divestment of Stallergenes (€22.4 million). In 2009 it reflected the divestment of Oranje-Nassau's oil & gas activities, which occurred during the first half of 2009.

NOTE 31 Changes in other financial assets and liabilities and other

In 2010, this line item included:

- cash that Wendel contributed to Stahl for its financial restructuring: €60 million (see "Changes in scope of consolidation");
- -€390 million in Wendel's short-term financial investments (classified under current financial assets; see the section on Wendel's liquidity situation); and
- +€305 million in proceeds from the sale of Saint-Gobain protection (see Note 8-D "Derivatives").

In 2009 this item included €193.5 million in proceeds from the sale of protection and €65.5 million in proceeds from the sale of Saint-Gobain share warrants.

NOTE 32 Dividends received from equity-method or non-consolidated companies

Dividends received in 2010 included €45.9 million from Legrand in 2010 (€56.4 million in 2009) and from funds held by Oranje Nassau Groep (€5.1 million).

The Saint-Gobain dividend was received in the form of shares (see "Changes in scope of consolidation") and had no impact on Group cash.

The €3.3 million dividend from Stallergenes is presented under changes in scope of consolidation, while Bureau Veritas' €47.3 million was eliminated upon consolidation.

NOTE 33 Net change in borrowings and other financial liabilities

In millions of euros	2010	2009
New borrowings at:		
Wendel bond issue (net of issuance costs) [(1)]	282.5	146.2
Eufor group (Saint-Gobain investment structure)	0.0	106.6
Bureau Veritas	744.6	105.8
Deutsch	7.9	10.8
Materis	200.0	165.0
Oranje-Nassau Groep	-	4.0
Stahl	4.3	-
Other Wendel holding companies	-	11.1
	1,239.4	**549.4**
Borrowings repaid at:		
Wendel – Capgemini 2% bond	-	279.0
Wendel – Redemption of 2011 bond [(1)]	134.4	21.0
Eufor group (Saint-Gobain investment structure) [(1)]	1,119.2	1,024.9
Bureau Veritas	304.5	334.4
Deutsch	58.7	12.9
Materis	198.0	226.7
Oranje-Nassau Groep	-	101.0
Stallergenes	-	1.4
Stahl	8.4	-
Other Wendel holding companies	3.2	-
	1,826.5	**2,001.3**
TOTAL	**-587.1**	**-1,451.9**

(1) See Note 11 "Financial debt".

4.15 Segment information

The income statement is broken down between "net income from business sectors" and non-recurring items.

Net income from business sectors

Net income from business sectors is the Group's "recurring" income. It consists of net income from investments and from holding companies and excludes non-recurring items and the impact of goodwill, as defined below:

- "Net income from investments" is defined as the net income of companies under exclusive control (full consolidation: Bureau Veritas, Materis, Stallergenes until its divestment in November 2010, Deutsch and Stahl, effective when Wendel took control on March 1, 2010) and Wendel's share in the net income of associates accounted for under the equity method (Saint-Gobain, Legrand and Stahl until the date when Wendel took control) before non-recurring items and the impact of goodwill allocation;
- "Net income from holding companies" includes the overheads of Wendel and holding companies, Oranje-Nassau for its holding company activities, effective July 2009, excluding the Energy division, the cost of net debt set up to finance Wendel and its holding companies, the cost of financing the Eufor group (the Saint-Gobain investment structure) and income tax related to these items. It includes amounts recognized at the level of Wendel and at that of all consolidated financial holding companies (excluding acquisition holding companies and operating subsidiaries).

Non-recurring income

"Non-recurring income" includes, for the entire scope of consolidation, the net after-tax amounts not linked to the operating activity of subsidiaries and associates or to the recurring operations of Wendel and its holding companies:

- capital gains and losses on divestment of assets;
- restructuring costs considered exceptional;
- exceptional legal disputes, notably those that are not linked to operating activities;
- interest income and expenses on shareholders' loan, as these are linked to the financial structure used to realize the investment in the subsidiaries and associates. These items do not usually give rise to a settlement in cash prior to divestment. The tax impact related to these items is considered recurring if it is a structural one;
- changes in fair value;
- impairment losses on assets, and in particular on the value of goodwill;
- currency impact on financial liabilities;
- financial restructuring expenses and the income and expenses related to the extinguishing of debt;
- any other significant item unconnected with the Group's recurring operations.

Impact of goodwill allocation

The impact of goodwill on the income statement derives from the revaluation of assets and liabilities carried out at the time of the acquisition (or from changes to them within 12 months after the transaction). The affected items are primarily:

- inventories and work in progress;
- property, plant and equipment;
- intangible assets, including brands and contracts; and
- the related deferred taxes.

These accounting items modify net income from investments, by disconnecting the income statement from the cash flows deriving from the business activity of those companies (because the accounting entries relate to the companies' acquisition prices and not their business activities).

Income statement by operating segment for fiscal year 2010

	Bureau Veritas	Materis	Deutsch	Stallergenes	Stahl	Equity-method investments: Saint-Gobain	Equity-method investments: Legrand	Equity-method investments: Stahl	Holding companies	Total
Net income from business sectors										
Net sales	**2,929.7**	**1,854.7**	**422.6**		**284.0**					**5,491.0**
Ebitda		**250.5**	**100.2**		**47.1**					
Adjusted operating income [1]	**490.5**	**191.0**	**85.0**		**39.7**					
Other recurring operating items			-3.0		0.1					
Operating income	**490.5**	**191.0**	**82.0**		**37.8**				**-40.3**	**760.9**
Finance costs, net	-34.8	-139.9	-28.8		-15.3				-314.6	-533.5
Other financial income and expenses	-10.8	-1.2	2.8						16.2	7.1
Tax expense	-122.4	-30.4	-7.6		-7.2				-0.6	-168.2
Share of net income from equity-method investments	-0.1	0.2			0.4	235.3	114.7		0.0	350.5
Net income from discontinued operations and operations held for sale				26.6					-0.0	26.5
RECURRING NET INCOME FROM BUSINESS SECTORS	**322.3**	**19.6**	**48.4**	**26.6**	**15.6**	**235.3**	**114.7**	**-**	**-339.3**	**443.3**
Recurring net income from business sectors, minority interests	158.7	5.7	7.7	14.4	1.3	-	-	-	0.2	188.0
RECURRING NET INCOME FROM BUSINESS SECTORS, GROUP SHARE	**163.6**	**13.9**	**40.8**	**12.2**	**14.3**	**235.3**	**114.7**	**-**	**-339.5**	**255.3**
Non-recurring income										
Operating income	-81.4	-36.5	-44.5		-23.1				2.9	-182.6
Net financial income		-16.1	-24.8		-1.1				124.8	82.9
Tax expense	25.6	5.4	4.8		5.0					40.8
Share of net income from equity-method investments						289.4	-15.8		185.7	459.3
Net income from discontinued operations and operations held for sale									300.2	300.2
Non-recurring net income	-55.8	-47.2	-64.5	-	-19.1	289.4	-15.8	-	613.7	700.6
OF WHICH:										
Non-recurring items	-6.0	-30.4	-39.1	-	-6.5	5.9	-11.6	-	648.2 [2]	560.6
■ Impact of goodwill allocation	-48.1	-16.8	-18.7	-	-12.6	-83.0	-4.2	-	-	-183.3
■ Asset impairment	-1.7	-	-6.8	-	-	366.4	-	-	-34.5 [3]	323.4
■ Non-recurring net income, Group share	-28.9	-35.7	-58.0	-	-17.5	289.4	-15.8	-	613.6	747.0
	-	-	-	-	-	-	-	-	-	-
CONSOLIDATED NET INCOME	**266.6**	**-27.6**	**-16.1**	**26.6**	**-3.5**	**524.7**	**99.0**	**-**	**274.4**	**1,143.9**
Consolidated net income, minority interests	131.9	-5.9	1.2	14.4	-0.3				0.3	141.6
CONSOLIDATED NET INCOME, GROUP SHARE	**134.7**	**-21.7**	**-17.3**	**12.2**	**-3.2**	**524.7**	**99.0**		**274.1**	**1,002.3**

(1) Before impact of goodwill allocations, non-recurring items and management fees.

(2) Includes a €300.2 million gain on the sale of Stallergenes, €225.9 million from the sale of the Legrand block of shares, and a €46.7 million gain on the sale of and changes in fair value on Saint-Gobain protection (puts).

(3) Includes the reversal of the impairment provision (see Note 4) and the impact of recognizing Saint-Gobain share dividends under assets and operations held for sale (see section "Changes in scope of consolidation" with respect to Saint-Gobain), as well as the -€41.4 million asset impairment recognized by Saint-Gobain.

Income statement by business sector for fiscal year 2009

						Equity-method investments				
	Bureau Veritas	Materis	Oranje-Nassau Groep (Energy)	Deutsch	Stallergenes	Saint-Gobain	Legrand	Stahl	Holding companies	Total
Net income from business sectors										
Net sales	**2,647.8**	**1,703.5**		**321.3**						**4 672.7**
Ebitda		**238.3**		**58.8**						
Adjusted operating income (1)	**433.2**	**184.9**		**37.0**						
Operating income before R&D	**N/A**	**N/A**		**N/A**						
R&D										
Other recurring operating items	0.0	2.0		-3.2						
Operating income	**433.2**	**186.9**	**-1.3**	**33.8**					**-49.7**	**602.9**
Finance costs, net	-44.0	-153.0	-0.6	-37.2					-326.5	-561.3
Other financial income and expenses	-17.1	-1.2	-0.2	-2.3					-8.0	-28.7
Tax expense	-94.1	-32.3	0.2	-2.5					-0.1	-128.9
Share of net income from equity-method investments	0.1	-0.2				115.0	115.7			230.6
Net income from discontinued operations and operations held for sale	0.4		15.7	0.0	22.2					38.3
RECURRING NET INCOME FROM BUSINESS SECTORS	**278.5**	**0.1**	**13.8**	**-8.2**	**22.2**	**115.0**	**115.7**	**-**	**-384.3**	**152.9**
Recurring net income from business sectors, minority interests	131.3	0.8	-	2.4	12.0	-	-	-	0.1	146.5
RECURRING NET INCOME FROM BUSINESS SECTORS, GROUP SHARE	**147.3**	**-0.7**	**13.8**	**-10.5**	**10.2**	**115.0**	**115.7**	**-**	**-384.4**	**6.4**
Recurring net income										
Operating income	-77.0	-91.0	-0.6	-70.5					98.5	-140.6
Net financial income		-28.8	1.4	-9.7					-148.6	-185.6
Tax expense	24.0	10.6	-0.4	13.7					1.6	49.4
Share of net income from equity-method investments						-1,172.8	-17.8	-2.3	161.6	-1,031.2
Net income from discontinued operations and operations held for sale			346.3							346.3
NON-RECURRING NET INCOME	**-53.0**	**-109.2**	**346.7**	**-66.5**	**-**	**-1,172.8**	**-17.8**	**-2.3**	**113.1**	**-961.7**
of which:										
■ Non-recurring items	-4.0	-32.3	346.7 (2)	-31.1	-	-794.7 (3)	-4.8	-2.3	113.1 (5)	-409.4
■ Impact from goodwill	-47.0	-13.5	-	-15.8	-	-87.8	-8.1			-172.2
■ Asset impairment	-1.9	-63.4	-	-19.6	-	-290.2 (4)	-5.0			-380.1
RECURRING NET INCOME, GROUP SHARE	**-28.6**	**-94.2**	**346.7**	**-68.9**	**-**	**-1,172.8**	**-17.8**	**-2.3**	**113.1**	**-924.6**
CONSOLIDATED NET INCOME	**225.5**	**-109.1**	**360.5**	**-74.6**	**22.2**	**-1,057.7**	**97.9**	**-2.3**	**-271.2**	**-808.8**
Consolidated net income, minority interests	106.8	-14.2		4.8	12.0				0.1	109.4
CONSOLIDATED NET INCOME, GROUP SHARE	**118.7**	**-94.9**	**360.5**	**-79.4**	**10.2**	**-1,057.7**	**97.9**	**-2.3**	**-271.2**	**-918.3**

(1) Before the impact of goodwill allocation, non-recurring items and management fees.
(2) Includes a €346.3 million gain from the divestment of Oranje-Nassau oil & gas assets.
(3) Includes a €782.2 million dilution loss on Saint-Gobain.
(4) Includes €225.4 million in impairment on Saint-Gobain assets recognized at Wendel and €64.9 million recognized at Saint-Gobain.
(5) Includes:
- *€118.4 million gain on the sale of the Bureau Veritas block of shares;*
- *€161.6 million gain on the sale of the Legrand block of shares;*
- *€225 million loss on the sale of and changes in the fair value of Saint-Gobain protection (puts);*
- *€65.5 million gain from the sale of Saint-Gobain share warrants;*
- *€26.2 million negative adjustment to the fair value of VGG.*

Cash flow statement by business segment for fiscal year 2010

In millions of euros	Bureau Veritas	Deutsch	Materis	Stallergenes	Stahl	Wendel and holding companies	Eliminations and non allocated	Group total
Net cash flows from operating activities, excluding tax	534.2	61.7	218.3	-	28.3	-39.9	-	802.6
Net cash flows from investing activities, excluding tax	-648.8	-42.8	-102.9	-22.4	-49.3	699.2	-47.3	-214.3
Net cash flows from financing activities, excluding tax	314.1	-13.4	-84.4	-	46.3	-1,479.7	47.3	-1,169.8
Net cash flows related to taxes	-136.9	-4.0	-24.4	-	-5.4	2.7	-	-168.1

Cash flow statement by business segment for fiscal year 2009

In millions of euros	Bureau Veritas	Deutsch	Materis	Oranje-Nassau Energy	Staller-genes	Wendel and Holding companies	Eliminations and non-allocated	Group total
Net cash flows from operating activities, excluding tax	528.7	81.3	217.7	-4.3	42.1	-40.2	-	825.2
Net cash flows from investing activities, excluding tax	-72.0	-13.0	-60.7	464.4	-16.0	891.0	-43.3	1,150.6
Net cash flows from financing activities, excluding tax	-353.2	-44.8	-148.2	-97.4	-4.7	-1,518.1	43.3	-2,123.1
Net cash flows related to taxes	-110.1	-3.5	-14.8	-1.6	-8.4	0.7	-	-137.7

4.16 Additional information

4.16.1 Off-balance-sheet commitments

At December 31, 2010, no commitment is likely to have a significant impact on the Group's financial position, other than those mentioned below.

Collateral and other security given in connection with financing

	12.31.2010	12.31.2009
(i) Pledge by Materis Parent (Materis group) of shares of the principal companies of the Materis group and of certain bank accounts and trade receivables as collateral for the repayment of the debt owed by the Materis group	1,869.9	1,814.4
(ii) Pledge by Deutsch group of shares of the principal companies of the Deutsch group and of certain bank accounts, trade receivables and assets as collateral for the repayment of debt owed by the Deutsch group	432.9	528.5
(iii) Pledge by Stahl group SA of shares of the principal companies of the Stahl group and of certain bank accounts, trade receivables and assets as collateral for the repayment of debt owed by the Stahl group	202.0	-
(iv) Pledge of listed shares in connection with the Saint-Gobain investment financing structure (market value) [(1)]	3,729.0	4,547.3
(v) Collateral given in connection with financing not subject to collateral calls and relative to hedging transactions [(1)]	227.2	476.1
(vi) Pledge of cash in connection with the Saint-Gobain investment financing structure [(1)]	609.2	653.0
(vii) Other security given in connection with the Eufor group financing	-	232.6
(viii) Other	2.6	39.5
TOTAL	**7,072.7**	**8,291.4**

(1) These items are detailed under "Managing liquidity risk" with respect to Eufor group liquidity.

Guarantees given as part of asset disposals

	12.31.2010	12.31.2009
Commitments given in connection with asset disposals Tax guarantees given in connection with the divestment of Oranje-Nassau Groep oil & gas activities, expiring in May 2016 (there were no guarantees of environmental risk or site remediation costs connected with this divestment) and guarantees given in connection with the sale of Editis in 2008, expiring in January 2012.	353.1	353.1

Off-balance-sheet commitments given related to operating activities

	12.31.2010	12.31.2009
(i) Market counter-guarantees	69.8	66.7
(ii) Other commitments given		
by Bureau Veritas	49.7	50.1
by Materis	48.7	51.4
by Deutsch	3.1	5.9
	101.5	**107.4**
TOTAL	**171.3**	**174.1**

Off-balance-sheet commitments received related to operating activities

	12.31.2010	12.31.2009
Other engagements received	7.0	7.0

Shareholders' agreements

As of December 31, 2010, the Wendel Group was party to numerous agreements governing its relations with its co-shareholders in Materis, Deutsch and Stahl, whether financial investors or the managers of these companies, under mechanisms that enable managers to benefit from the performance of their company (as described in "Participation of subsidiaries' managers in the performance of their companies").

These agreements include various clauses related to:

- governance (composition of governing bodies and rights to information);
- terms of share transfers (lock-up periods, pre-emptive rights);
- exit terms in the event of divestment (tag-along and drag-along rights) or IPO;
- executive departures (commitment to sell to Wendel Group in the event the subsidiary executive resigns and/or commitment to buy from certain executives in certain special cases);
- liquidity in certain situations, including in the absence of a sale or IPO beyond a certain period of time (6-14 years after Wendel's investment, depending on the company).

As part of these agreements and of those entered into with Wendel managers as part of co-investment mechanisms, the Wendel Group may be contractually required at certain pre-set dates to buy back the shares held by manager/co-investors of Wendel and investments in Materis, Deutsch and Stahl. This would be the case if no liquidity event (i.e., divestment or IPO) occurred prior to these dates. The value applied to these buyback commitments would be market value, as determined by an appraiser, or a calculation based on an operating income multiple. At December 31, 2010, on the basis of the value of investments included in the calculation of net asset value at that date, the value of the portion of the investment by minorities subject to the same risk and return conditions as Wendel was €70 million. The value of the co-investment of Wendel, Materis, Deutsch and Stahl managers having dilutive effects on the Wendel Group's ownership interest (notably the index-based or preferred shares, or stock options) was €32 million. These amounts vary with the value of each investment. They may therefore be lower (or nil) or higher (see "Participation of subsidiaries' managers in the performance of their companies").

Stahl co-shareholders' earn-out rights on capital gains

See "Changes in scope of consolidation" with respect to the Stahl restructuring.

Leasing

Apart from the transactions described below, no finance lease is likely to have a significant impact on Wendel's financial position.

Finance leases (contracts under which the Group retains the risks and rewards of ownership of the leased item)

Amount of future rents under finance leases:

In millions of euros	12.31.2010	12.31.2009
Due in more than 5 years	9.6	2.4
Due in 1 to 5 years	3.9	8.9
Due in less than 1 year and accrued interest	1.1	0.9
TOTAL	**14.6**	**12.2**

Operating leases (contracts under which the Group does not retain the risks and rewards of ownership of the leased item)

Amount of future rents under operating leases:

In millions of euros	12.31.2010	12.31.2009
Due in more than 5 years	74.5	84.7
Due in 1 to 5 years	212.0	152.0
Due in less than 1 year and accrued interest	101.4	64.7
TOTAL	**388.0**	**301.5**

Future rents relate mainly to Bureau Veritas (€237.9 million).

4.16.2 Unavailable assets

	12.31.2010		
In millions of euros	Consolidated value of unavailable assets	Total of balance sheet line item	As a % of balance sheet line item
	-		
Intangible assets	-	1,622.6	0.0%
Property, plant and equipment	-	988.4	0.0%
Bureau Veritas	9.8		
Eufor group (Saint-Gobain investment financing structure) (1) (2)	836.5		
Non-current financial assets	846.3	861.6	98.2%
Equity-method investments (1) (3)	3,175.8	5,334.1	59.5%
Other non-current assets	-	3,091.5	
TOTAL NON-CURRENT ASSETS	**4,022.1**	**11,898.2**	**33.8%**

(1) These assets become available once Eufor group financing matures.
(2) Including cash and cash equivalents of €609.2 million.
(3) Consolidated value (Legrand and Saint-Gobain shares pledged as collateral. See "Off-balance-sheet commitments").

Certain other assets eliminated in consolidation, such as shares in consolidated companies or intra-Group receivables have been pledged to banks as collateral. These assets are as follows:

- some shares of Materis group companies have been pledged to banks as collateral on €1,869.9 million in loans;
- as part of the Deutsch group financing arrangement set up at in late June 2006, shares of the main Deutsch group companies were pledged to banks as collateral on €432.9 million in loans;
- as part of the Stahl group financing arrangement, shares in the main Stahl group companies were pledged to banks as collateral on €202.0 million in loans;
- Bureau Veritas group shares pledged under Eufor group financing (see "Liquidity risk" with respect to Eufor group financing).

4.16.3 Stock options and bonus shares

The total expense related to stock options or other share-based compensation for fiscal year 2010 was €21.0 million vs. €7.5 million in 2009.

In millions of euros	2010	2009
Stock options at Wendel	2.1	0.4
Grant of bonus shares at Wendel	2.2	0.1
Stock options at Bureau Veritas	1.7	1.6
Grant of bonus shares at Bureau Veritas	10.1	5.0
Stock appreciation rights at Bureau Veritas	0.9	0.1
Deutsch	2.9	0.4
Stahl	1.1	-
TOTAL	**21.0**	**7.5**

New stock-option grants in 2010 were as follows:

Wendel

Pursuant to the authorization given by shareholders at their June 5, 2009 Annual Meeting:

- options giving the right to subscribe to 7,000 shares were granted on February 8, 2010 with a strike price of €41.73 and a 10-year life. These stock options are subject to gradual vesting over three years, by annual tranche of one-third of the total grant, with the first tranche vesting at the end of the first year. These options have been valued at €5.77 each. The expense is spread out on the basis of the maturity schedule of the vesting rights;
- options giving the right to acquire 353,177 shares were granted on June 4, 2010, with a strike price of €44.32 and a 10-year life. These stock options are subject to (i) a performance condition, i.e., a 5% annual increase in NAV; and (ii) gradual vesting over three years by annual tranche of one-third of the total grant, with the first tranche vesting at the end of the first year. These options have been valued using a binomial model, based on the following main assumptions: a risk-free rate of 3.27% and volatility of 36%; staff turnover is considered to be zero. The illiquid nature of these stock options has been taken into account in this model, which is usually applied to options that can be freely traded on a market. These options have been valued at €7.37 each. The expense has been spread out on the basis of the maturity schedule of the vesting rights;
- 83,450 bonus shares were granted on January 12, 2010. They have been valued at €40.66 per share;
- 10,500 bonus shares were granted on May 17, 2010. They have been valued at €41.67 per share;
- 151,362 performance shares were granted on June 4, 2010. Vesting is subject to a performance condition, i.e., a 5% annual increase in NAV and a 10.25% increase over two years. These performance shares have been valued at €12.18 per share, based on a binomial mathematical model using the same assumptions as those used to value the stock options granted on June 4, 2010.

Instruments granted to employees and not exercised or vested were as follows:

Stock options	Number of options outstanding at 12.31.2009	Options granted in 2010	Options canceled in 2010	Options exercised in 2010	Adjustment	Number of options outstanding 12.31.2010	Number of exercisable options	Exercise price (in euros)	Average exercise price (in euros)	Average residual life
Purchase-type options	201,601	7,000		-14,811		193,790	64,966	22.58 and 41.73	23.50	8.4 years
Purchase-type options subject to performance conditions	200,000	353,177	-400			552,777		22.58 and 44.32	36.45	8.5 years
Subscription-type options	217,723		-30,922	17,718		169,083	169 083	24.59 to 90.14	57.75	4.1 years
Subscription-type options subject to performance conditions	1,210,700		-41,900			1,168,800		18.96 to 132.96	87.08	7.2 years

Bonus shares and performance shares	Shares granted at 12.31.2009	Awards during the fiscal year	Options exercised/ vested	Cancelations	Shares granted as of 12.31.2010	Grant date
Bonus shares	1,820		-1,820			06.09.2008
	6,900	-	-	-200	6,700	07.16.2009
	-	83,450	-	-500	82,950	01.12.2010
	-	10,500	-	-	10,500	05.17.2010
Performance shares	-	151,362	-	-800	150,562	06.04.2010
	8,720	**245,312**	**-1,820**	**-1,500**	**250,712**	

Bureau Veritas

In July 2010, Bureau Veritas granted 244,200 stock options with an exercise price of €46.31. To qualify for the grant, the beneficiary must have completed three years of service. There is also a performance condition based on 2010 adjusted operating income. The options have a lifetime of eight years from the grant date. Their average fair value per option of options granted during the fiscal year was €9.79.

They were valued using the Black & Scholes model, with the following assumptions: volatility of 26%, a risk-free rate of 1.59%, and an estimated life of four years.

In 2010, Bureau Veritas granted 456,100 bonus shares subject to certain employment and/or performance conditions. The weighted average fair value of bonus shares granted in 2010 was €43.47 per share.

The instruments granted and not exercised or vested were as follows:

Stock options	Number of options outstanding at 12.31.2009	Options granted in 2010	Options canceled in 2010	Options exercised in 2010	Adjustment	Number of options outstanding 12.31.2010	Number of exercisable options	Exercise price (in euros)	Average exercise price (in euros)	Average residual life
Bureau Veritas	2,674,837	244,200	-102,500	-172,177	-	2,644,360	29,460	6.19 to 46.31	21.65	4.9 years

Bonus shares	Shares granted as of 12.31.2010	Grant date
Employees and executives	137,650	06.09.2008
	226,250	06.09.2008
	339,400	07.03.2009
	456,100	07.23.2010
Employees	71,150	12.13.2007
Executives	55,000	09.22.2008
	1,285,550	

Stock appreciation rights			Number of options (share equivalents)	
Start date	Expiration date	Exercise price per share	2010	2009
December 13, 2007 plan	12.12.2013	30.20	57,344	62,054
NUMBER OF OPTIONS AT DECEMBER 31			**57,344**	**62,054**

Deutsch

In December 2010, Deutsch granted 7,922,760 stock options (out of a theoretical maximum of 10,000,000) with an exercise price of €1 and a four-year life. This plan replaced a previous plan implemented in 2006 and the previous co-investment mechanisms in Deutsch. Vesting is subject to the beneficiary's presence in the company and Wendel's realization of a minimum return on its entire investment in Deutsch. The options have been valued at €4.9 million using the Monte Carlo model. The canceled plan was valued at €1.6 million on the same date. The valuation difference between the two plans will be spread out over the new plan's vesting period.

Stock options	Number of options outstanding at 12.31.2009	Options granted in 2010	Options canceled in 2010	Options exercised in 2010	Adjustment	Number of options outstanding 12.31.2010	Number of exercisable options	Exercise price (in euros)	Average exercise price (in euros)	Average residual life
Deutsch 2006 plan	2,647,832		-2,647,832					-	-	-
Deutsch 2010 plan		7,922,760				7,922,760		1.00	1.00	4 years

4.17 Subsequent events

4.17.1 Sale of a 21.8 million block of Legrand shares in March 2011

On March 4, 2011, Wendel and KKR successfully placed 40 million Legrand shares (15.2% of the share capital) at a price of €28.75 per share. At this time Wendel sold about 21.8 million shares (equal to 8.3% of Legrand's share capital) for €627 million. This generated a capital gain of about €430 million. The transaction left Wendel with about 11.1% of Legrand's share capital and about 17.8% of its voting rights. In light of their respective interests in Legrand after this deal, KKR and Wendel plan to reduce their representation on Legrand's board of directors from three to two directors each. Given this board representation, Legrand will continue to be accounted for by the equity method in Wendel's consolidated accounts.

4.17.2 Call options written on Saint-Gobain shares

As part of the process of monetizing the 3.1 million Saint-Gobain shares received as the 2010 dividend (subscription price: €28.58 per share), Wendel has written call options covering all of these shares. These options expire prior to the end of the first half of 2011. Wendel received a €3.5 million premium for the call options, which may require Wendel to sell these shares at a higher price than the price on the day the financial statements were approved, if the options are exercised by the counterparty.

4.17.3 Acquisition of Parcours, an independent vehicle leasing specialist in France

In March 2011, Wendel signed a contract to become the majority shareholder in Parcours, via Oranje-Nassau Développement. Wendel will invest €107 million, entirely in equity, with no additional debt, for 95% of Parcours' share capital. The rest will be held by Parcours managers. The acquisition of Parcours is expected to close in the second quarter of 2011.

4.17.4 Disposals of Saint-Gobain puts in March 2011

2.8 million put options on Saint-Gobain shares were sold in March 2011. The €47.5 million in proceeds on the sale were applied to the repayment of €155 million in debt not subject to collateral calls, with the balance deriving from Wendel's cash holdings. Wendel now holds 10.5 million puts and has €574 million in borrowings not subject to collateral calls. The number of puts issued by Wendel remains at 6.1 million. This transaction raised Wendel's exposure on its 93.0 million Saint-Gobain shares from 92.2% to 95.2%.

4.18 List of main consolidated companies at December 31, 2010

Method of consolidation	% interest, net of treasury shares	Company name	Country	Business segment
FC	**100.00**	**Wendel**	**France**	**Management of shareholdings**
FC	39.61	Butterfly management	France	«
FC	100.00	Coba	France	«
FC	99.52	Compagnie de Butterfly	France	«
FC	100.00	Compagnie Financière de la Trinité	France	«
FC	100.00	Eufor	France	«
FC	100.00	Hirvest 1	France	«
FC	100.00	Hirvest 2	France	«
FC	100.00	Hirvest 3	France	«
FC	100.00	Hirvest 4	France	«
FC	100.00	Hirvest 5	France	«
FC	100.00	Hirvest 6	France	«
FC	100.00	Hirvest 7	France	«
FC	100.00	Sofiservice	France	«
FC	100.00	Winbond	France	«
FC	100.00	Winvest 11	France	«
FC	100.00	Winvest 14	France	«
FC	100.00	Xevest holding	France	«
FC	100.00	Xevest1	France	«
FC	100.00	Xevest 2	France	«
FC	99.52	2MWIN	Luxembourg	«
FC	100.00	Froeggen	Luxembourg	«
FC	100.00	Grauggen	Luxembourg	«
FC	100.00	Hourggen	Luxembourg	
FC	100.00	Ireggen	Luxembourg	«
FC	100.00	Jeurggen	Luxembourg	«
FC	99.36	Karggen	Luxembourg	«
FC	99.52	Luxconnecting Parent	Luxembourg	«
FC	90.11	LuxButterfly	Luxembourg	«
FC	97.24	Materis Investors	Luxembourg	«
FC	99.52	Stahl Lux 1	Luxembourg	«
FC	97.44	Stahl Lux 2	Luxembourg	«
FC	100.00	Trief Corporation	Luxembourg	«
FC	100.00	Truth 2	Luxembourg	«
FC	87.41	Waldggen	Luxembourg	«
FC	100.00	Winvest Conseil	Luxembourg	«
FC	100.00	Winvest Part 6	Luxembourg	«

Method of consolidation	% interest, net of treasury shares	Company name	Country	Business segment
FC	99.52	Winvest International	Luxembourg	«
FC	99.52	Win Securitization 2	Luxembourg	«
E	6.75/88.00 (1)	Helikos SE	Luxembourg	«
FC	100.00	Oranje-Nassau Groep	Netherlands	«
FC	100.00	Legron	Netherlands	«
FC	99.52	Stahl group BV	Netherlands	«
FC	100.00	Sofisamc	Switzerland	«
FC	100.00	Wendel Japan	Japan	«
FC	**51.87**	**Bureau Veritas**	**France**	**Certification and verification**
FC	**75.53 (2)**	**Materis Parent**	**Luxembourg**	**Specialty chemicals for construction**
FC	**89.46 (2)**	**Deutsch group**	**France**	**High-performance connectors**
FC	**91.46 (2)**	**Stahl group**	**Netherlands**	**High-performance coatings and leather treatment products**
E	**19.49**	**Legrand S.A.**	**France**	**Products and systems for low-voltage installations**
E	**17.08 (3)**	**Saint-Gobain**	**France**	**Production, transformation and distribution of construction materials**

(1) See “Changes in scope of consolidation” with respect to Helikos.
(2) Interest rates: see “Accounting principles”.
(3) See “Changes in scope of consolidation” with respect to Saint-Gobain.
FC: Full consolidation. Wendel exercises exclusive control over these companies.
E: Equity-method investment. Wendel exercises significant influence over these companies.

4.19 Statutory Auditors' report on the Consolidated Financial Statements

For the year ended December 31, 2010

This is a free translation into English of the Statutory Auditors' report on the consolidated financial statements issued in French and it is provided solely for the convenience of English-speaking readers. The Statutory Auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the consolidated financial statements and includes an explanatory paragraph discussing the Auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions or disclosures.

This report also includes information relating to the specific verification of information given in the Group's management report.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

In compliance with the assignment entrusted to us by your General Shareholders' Meeting, we hereby report to you, for the year ended December 31, 2010, on:

- the audit of the accompanying consolidated financial statements of Wendel;
- the justification of our assessments;
- the specific verification required by law.

These consolidated financial statements have been approved by the Executive Board. Our role is to express an opinion on these financial statements based on our audit.

I - Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group at December 31, 2010 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Without qualifying our opinion, we draw your attention to:

- Note 4 to the consolidated financial statements related to the investments in associates which describes the impairment test methodology for the interests held in Saint-Gobain, performed in accordance with IFRS and based on the value in use of this investment and particularly the following points:
  - the value in use of the interest in Saint-Gobain was assessed by the Company as at December 31, 2010. For the purposes of this assessment, the facts and circumstances existing at the balance sheet date were taken into account as well as the information available at the date of approval of the financial statements. This assessment led to a complete reversal in the income statement of the impairment loss previously booked for an amount of € 407.9 million,
  - because of the uncertainties inherent to the global economy outlook, the forecasts are difficult and the actual amounts could be at variance from the forecasts used in the context of the impairment test performed. It is therefore possible that the value in use of the interest held in Saint-Gobain might be different from that determined on the basis of the assumptions and estimates applied at December 31, 2010,
  - the sensitivity to a +/-0.5% change in the discount rate and the sensitivity to a +/-0.5% change in the long-term growth rate;
- Note 8 to the consolidated financial statements related to financial assets and liabilities (excluding financial debt and operating receivables and payables) which describes the accounting for derivatives used as "protection" against a fall in the market price of Saint-Gobain shares and indicates that these instruments are valued in accordance with IAS 39 on the basis of the fair value at the balance sheet date, including some market parameters and their impact on the financial statements.

II - Justification of our assessments

In accordance with the requirements of Article L.823-9 of the French Commercial Code *(Code de commerce)* relating to the justification of our assessments, we bring to your attention the following matters:

Accounting estimates

In preparing its financial statements, your Company makes estimates and assumptions concerning, in particular, the value of certain assets, liabilities, income and expenses. The accounting estimates used in the preparation of the consolidated financial statements for the year ended December 31, 2010 were made in a context in which, since 2008, the uncertainties with regard to the outlook for the global economy make forecasting difficult, as described in the Note “Accounting principles – Use of estimates” to the consolidated financial statements.

It is in this specific context that at December 31, 2010 the Company carried out impairment tests on goodwill, intangible assets with indefinite useful lives and equity-method investments, in accordance with the methods described in the Notes to the consolidated financial statements “Accounting principles – Measurement rules”, Note 1 “Goodwill – Goodwill impairment tests”, and Note 4 “Equity-method investments – Impairment tests of equity-method investments”.

We reviewed the methods applied to implement these impairment tests and verified that the above-mentioned notes provide appropriate disclosure. In particular, with regard to the impairment test on Saint-Gobain shares which resulted in an impairment loss reversal of €407.9 million for 2010, we reviewed the assumptions and estimates applied by the Company to determine the value in use of the investment.

Accounting principles

We reviewed the accounting treatment applied by your Company for preparing its consolidated financial statements with respect to the co-investment mechanisms of the management team. We verified that the Notes to the consolidated financial statements “Accounting principles – Accounting treatment of participation of Wendel executives in Group investments”, “Participation of managers in Group investments” and “Additional information – Off-balance-sheet commitments – Shareholders’ agreements” provide appropriate disclosure in this regard.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III - Specific verification

As required by law and in accordance with professional standards applicable in France, we have also verified the information presented in the Group’s management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Neuilly-sur-Seine and Paris-La Défense, March 22, 2011

The Statutory Auditors

(French original signed by)

PricewaterhouseCoopers Audit	Ernst & Young Audit
Etienne Boris	Jean-Pierre Letartre

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PARENT COMPANY FINANCIAL STATEMENTS

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5.1 Balance sheet at December 31, 2010

Assets

In thousands of euros	Note	12.31.2010 Gross amounts	12.31.2010 Depr./amort. or provisions	12.31.2010 Net amounts	12.31.2009 Net amounts
Non-current assets					
Property, plant & equipment		**14,770**	**11,369**	**3,401**	**3,691**
Non-current financial assets (1)					
Investments in subsidiaries and associates	1	4,435,813	92,783	4,343,030	3,548,366
Other long-term investments		83	-	83	354
Loans and other non-current financial assets		14	-	14	46
		4,435,910	**92,783**	**4,343,127**	**3,548,766**
TOTAL		**4,450,680**	**104,152**	**4,346,528**	**3,552,457**
Current assets					
Trade receivables (2)		3,268	178	3,090	406
Other receivables (2)	2	2,344,224	340,680	2,003,544	1,163,454
Treasury instruments	3	95,007	-	95,007	97,528
Marketable securities	4	1,164,943	1,069	1,163,874	1,013,597
Cash		1,174	-	1,174	608
Prepaid expenses		1,760	-	1,760	884
TOTAL		**3,610,376**	**341,927**	**3,268,449**	**2,276,477**
Original issue discounts		79,741	-	79,741	76,931
TOTAL ASSETS		**8,140,797**	**446,079**	**7,694,718**	**5,905,865**
(1) Of which less than one year.				*3*	*3*
(2) Of which more than one year.				-	-

Liabilities and shareholders' equity

In thousands of euros	Note	12.31.2010	12.31.2009
Shareholders' equity			
Share capital		202,007	201,745
Share premiums		249,780	247,843
Legal reserve		20,201	20,174
Regulated reserves		191,820	191,820
Other reserves		1,000,000	2,200,000
Retained earnings		542,565	499,159
Net income for the year		**680,247**	**-1,106,853**
TOTAL	**5**	**2,886,620**	**2,253,888**
PROVISIONS FOR LIABILITIES AND CHARGES	**6**	**30,701**	**20,877**
Financial debt	7	4,628,798	3,479,283
Other payables	8	148,599	151,817
TOTAL (1)		**4,777,397**	**3,631,100**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**7,694,718**	**5,905,865**
(1) Of which less than one year		*2,276,497*	*854,934*
Of which more than one year		*2,500,900*	*2,776,166*

5.2 Income statement

In thousands of euros	Note	2010	2009
Income from investments in subsidiaries, associates and long-term equity portfolio	**11**	**164,516**	**8**
Other financial income and expenses	**12**		
Income			
■ Income from marketable securities		-	-
■ Income from long-term loans and advances		-	1
■ Income from invested cash		136,669	160,552
■ Provisions reversed		-	3,222
Expenses			
■ Interest and similar expenses		229,766	231,650
■ Depreciation, amortization and provisions		21,991	8,175
NET FINANCIAL INCOME (EXPENSE)		**49,428**	**-76,042**
Operating revenue	**13**		
Other income		6,028	3,902
Provisions reversed		-	27
Operating expenses			
Purchases and external services		12,420	16,712
Taxes other than income taxes		2,840	2,326
Wages and salaries	14	14,222	14,273
Social security costs		6,606	6,761
Depreciation and amortization		985	1,008
Provisions recognized		3,598	-
Miscellaneous expenses		658	662
OPERATING INCOME (LOSS)		**-35,301**	**-37,813**
NET INCOME (LOSS) BEFORE EXCEPTIONAL ITEMS AND TAX		**14,127**	**-113,855**
Exceptional income			
On operating transactions		995	35
On capital transactions		2,296	17
Provisions reversed		769,387	12,410
Exceptional expenses			
On operating transactions		210	12 460
On capital transactions		410	57
Provisions recognized		114,054	993,012
EXCEPTIONAL ITEMS	**15**	**658,004**	**-993,067**
INCOME TAXES	**16**	**8,116**	**69**
NET INCOME (LOSS)		**680,247**	**-1,106,853**

5.3 Cash flow statement

In thousands of euros	2010	2009
Cash flow from operating activities		
Net income (loss)	680,247	-1,106,853
Elimination of gains and losses on disposals of non-current assets	-4,298	-861
Elimination of depreciation, amortization and provisions	-629,824	998,944
Elimination of other non-cash items	-	-7,267
Change in working capital requirement related to operating activities	-10,198	5,671
NET CASH FLOWS FROM OPERATING ACTIVITIES	**35,927**	**-110,366**
Cash flows from investing activities		
Outflows:		
■ Investment in shares of subsidiaries and associates	-7	-190
■ Acquisitions of property, plant & equipment	-718	-539
■ Loans granted	-	-
Inflows (based on sale price):		
■ Divestment of shares in subsidiaries and associates	17,976	-
■ Disposal of property, plant & equipment	49	84
■ Loans granted	31	53
Change in working capital requirement related to investing activities	-92	12,282
NET CASH FLOWS FROM INVESTING ACTIVITIES	**17,239**	**11,690**
Cash flows from financing operations		
Related to share capital		
■ Increase in share capital	2,225	1,241
■ Buyback of Wendel shares	-27,334	-18,815
■ Disposal of Wendel shares (liquidity contract)	56	1,543
■ Disposal of Wendel shares (options exercised)	403	-
Dividend payments	-49,741	-50,213
Net Change in borrowing and other financial liabilities (1)	139,486	268,561
Change in working capital requirement due to financial transactions	3,295	-6,551
NET CASH FLOW FROM FINANCING ACTIVITIES	**68,390**	**195,766**
CHANGE IN NET CASH AND CASH EQUIVALENTS	**121,556**	**97,090**
NET CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**990,867**	**893,777**
NET CASH AND CASH EQUIVALENTS AT END OF YEAR	**1,112,423**	**990,867**

(1) *For 2010 includes primarily €131,396 for the partial buyback of Wendel's 2011 bonds, €284,331 in newly-issued Wendel 2016 bonds, and -€13,424 in net loans granted to the Group's holding companies.*

5.4 Notes to the parent company financial statements

In thousands of euros

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS: DETAILED CONTENTS

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5.4.1 Highlights of the year

In 2010, Wendel invested €800,000 thousand to participate in Winvest 11's capital increase, via an offset to loans. Winvest 11 is a company involved in holding or financing Saint-Gobain shares. Provisions related to the holding or financing of Saint-Gobain shares held by the Group, written down in 2009 by €1,087,135 thousand, were reduced to €433,464 thousand.

The Company borrowed €1,100,314 thousand from the Group's holding companies. These amounts came from the proceeds of asset sales by these holding companies (particularly Legrand and Stallergenes). Wendel issued new bonds maturing in 2016 at a par value of €300,000 thousand, thus increasing the amount of outstanding bonds from €400,000 thousand to €700,000 thousand.

5.4.2 Accounting principles

The balance sheet and the income statement have been prepared in accordance with the accounting standards prescribed by the 1999 French chart of accounts, applying the same exceptions as in previous years.

The two exceptions to the policies set out in the French chart of accounts are as follows:

- substitution of "Net financial income" as the sub-total representing the Company's business activities for "Operating income", as defined by the chart of accounts;
- recognition of all capital transactions in respect of assets other than "Marketable securities" under "Exceptional items". Regarding marketable securities, changes in provisions for impairment and gains and losses on disposal are recognized in "Net financial income".

No change has been made to valuation methods from prior years.

The gross value of items included in non-current assets corresponds to their acquisition cost or the cost at which they were contributed to the Company, excluding ancillary costs.

5.4.2.1 Use of estimates

The preparation of financial statements requires the use of estimates and assumptions that affect the amounts reported in the financial statements. These estimates are based on an appreciation of the facts and circumstances existing at the balance sheet date, as well as on information available on the date the accounts were approved. They are based on management's past experience and various other factors deemed reasonable, such as market data and expert valuations, and are reviewed on a regular basis. The uncertain global economic picture has complicated forecasting, and actual amounts could therefore be different from the forecasts. The most significant estimates used in preparing these financial statements concern mainly investment securities and receivables.

5.4.2.2 Investments

The initial value of investment securities is historical cost. Internal indicators of loss in value are reviewed annually for each investment. In the event of an indication of loss in value, valuations are updated. The valuation method used depends on the type of business (operating or holding company) and can be based on the ownership share of the net book value of the entity or of the net asset value after revaluation. In this case, the valuation can be based on a variety of methods, including discounted future cash flows, a multiple of sales or income, external transactions on similar companies, stock market values, etc. When the new carrying value is lower than the net book value, an impairment loss is recognized on the difference.

5.4.2.3 Loans and receivables

Loans and receivables are valued at face value. An impairment loss is recognized if there is a probability of non-recovery. Loans and receivables related to investments are written down if the net asset value of the subsidiary (or the net book value if it is deemed representative of the recoverable value) becomes negative, taking into account the future outlook for the company and the characteristics of the loans or receivables.

5.4.2.4 Original issue discounts

Original issue discounts are generally amortized on a straight-line basis over the term of the corresponding loan. When such discounts exceed 10% of the sums received, they are amortized according to the effective interest method.

5.4.2.5 Interest rate derivatives

Gains and losses arising on derivative financial instruments used in the context of hedging are determined and recognized symmetrically with the recognition of income and expenses on the related hedged items.

5.4.2.6 Stock options and swaptions

Premiums paid or received on options are recognized in a suspense account ("treasury instruments" or "other liabilities", respectively) until expiry of the option. Provisions are set aside on unrealized losses; however, unrealized gains are not recognized. As an exception, for option contracts on which Wendel has a symmetrical position (purchase and sale of options with the same characteristics, see Note 9), the amount of the premium received or paid is recognized. Unrealized gains and losses are neutralized and therefore have no impact on net income.

5.4.2.7 Marketable securities

Marketable securities are measured using the first-in, first-out method. A provision for impairment is recognized if the book value of the securities is greater than market value.

5.4.2.8 Provisions for pensions

Obligations related to retirement bonuses and defined-benefit pension schemes are determined at each balance sheet date taking into account the age of the Company's employees, their length of service and the likelihood that they will remain at the Company until they retire. The calculation is based on an actuarial method. The main assumptions relied on in 2010 were:

- discount rate = 3.5%;
- inflation rate = 1.5%;
- salary increase rate between of 1.5% and 3% depending on the category;
- employee turnover rate proportional to age.

A provision is set aside for the portion of the obligation that is not covered by plan assets.

5.4.3 Notes to the balance sheet

NOTE 1 Investments in subsidiaries and associates

In thousands of euros	% interest 12.31.2009	% interest 12.31.2010	Net amounts 12.31.2009	Purchases and subscriptions	Disposals	Change in provisions	Net amounts 12.31.2010
French subsidiaries							
Sofiservice	100.00	100.00	353	1	-	-	354
Cie Financière de la Trinité	100.00	-	15,607	-	15,607	-	-
Winbond	100.00	100.00	3, 293,547	-	-	-	3,293,547
Bureau Veritas	-	-	1	-	1	-	-
Winvest 11 (1)	100.00	100.00	-	800,000	-	10,500	810,500
Saint-Gobain	-	-	139	7	-	-	146
Non-French subsidiaries							
Oranje Nassau	100.00	100.00	238,320	-	-	-	238,320
Other			399	-	236	-	163
			3,548,366	**800,008**	**15,844**	**10,500**	**4,343,030**

(1) *Subscription to Winbond 11 capital increase through offset of loans. As the company is involved in financing the investment in Saint-Gobain, these shares were written down on the basis of a discounted future cash flow valuation, slightly in excess of €60 per share.*

NOTE 2 Other receivables

	12.31.2010			12.31.2009		
	Gross amounts	Provisions	Net amounts	Gross amounts	Provisions	Net amounts
Tax and employee social security receivables	1,033	-	1,033	279	-	279
Loans and advances connected with investments (1)	2,287,407	-340,680	1,946,727	2,088,026	-983,853	1,104,173
Other (2)	55,784	-	55,784	59,002	-	59,002
	2,344,224	**-340,680**	**2,003,544**	**2,147,307**	**-983,853**	**1,163,454**
Of which related companies	*2,308,711*			*2,113,185*		
Of which accrued revenue	*55,522*			*58,618*		

(1) These loans are mainly the result of advances granted to holding companies involved in the holding or financing of the investment in Saint-Gobain. On December 31, 2010, on the basis of a valuation of Saint-Gobain at just over €60 per share, calculated by discounting future cash flows, these loans were written down by €340,680.

(2) Includes €54,530 thousand in accrued interest on interest rate derivatives (see Note 9).

NOTE 3 Financial instruments

	Note	12.31.2010	12.31.2009
Equity derivatives	9	95,007	97,528
		95,007	**97,528**
Of which related companies		*95,007*	*97,528*

NOTE 4 Marketable securities

	12.31.2010		12.31.2009	
	Net book value	Stock market value	Net book value	Stock market value
Wendel shares (excluding liquidity contract) (1)				
Shares allocated to stock-option plans (2)	34,941	49,504	16,430	9,181
Shares allocated to bonus share plans (3)	10,993	17,056	303	-
Shares still to be allocated	-	-	2,543	2,675
	45,934	**66,560**	**19,276**	**11,856**
Mutual funds	702,342	702,343	987,229	987,229
Bonds issued by industrial groups or services maturing in the short term (4)	46,538	46,563		
Diversified funds, shares or bonds	100,225	107,730	-	-
Financial institutions funds	259,124	259,124	-	-
Liquidity contract (5)				
Wendel shares	6,691	6,803	4,062	4,280
Mutual funds	3,020	3,020	3,030	3,030
	1,117,940	**1,125,583**	**994,321**	**994,539**
	1,163,874	**1,192,143**	**1,013,597**	**1,006,395**

(1) Number of Wendel shares held as of December 31, 2010: 978,387

(2) Shares held for the exercise of stock options granted under stock-option plans. The market value of these shares is the lower of their stock market value and their value on the basis of the strike price for the options granted. As of December 31, 2010, the negative difference between the book value and the strike price of the options, adjusted for the proportion thereof that has vested, was €4,331 thousand. In accordance with accounting regulations, this difference was recognized under "Provisions for liabilities and charges".

(3) In accordance with accounting standards, the loss related to allocation of bonus shares is provisioned in proportion to the extent to which they have vested. As of December 31, 2010, this loss totaled €3,988 thousand and was recognized in "Provisions for liabilities and charges".

(4) Net book value including €1,480 thousand in accrued interest.

(5) Number of Wendel shares held under the liqudity contract as of December 31, 2010: 100,000.

NOTE 5 Change in shareholders' equity

Number of shares		Share capital (Par value 4€)	Share premiums	Legal reserve	Regulated reserves	Other reserves and retained earnings	Net income for the year	Total Shareholders' equity
50,366,600	**Balance at 12.31.2008 before appropriation**	**201,466**	**246,905**	**20,127**	**191,820**	**1,729,094**	**1,020,302**	**3,409,714**
	Appropriation of 2008 net income (1)			20		1,020,282	-1,020,302	-
	Dividend					-50,213		-50,213
	Issuance of shares							
920	■ Creation of shares under the bonus share program	4	-			-4		-
68,655	■ Under the Company savings plan	275	938	27				1 240
	2009 net income						-1,106,853	-1,106,853
50,436,175	**Balance at 12.31.2009 before appropriation**	**201,745**	**247,843**	**20,174**	**191,820**	**2,699,159**	**-1,106,853**	**2,253,888**
	Appropriation of 2009 net income (2)					-1,106,853	1,106,853	-
	Dividend					-49,741		-49,741
	Issuance of shares							
47,886	■ Under the Company savings plan	191	1,455	27				1,673
17,718	■ Through options exercised	71	482					553
	2010 net income						680,247	680,247
50,501,779	**Balance at 12.31.2010 before appropriation**	**202,007**	**249,780**	**20,201**	**191,820**	**1,542,565**	**680,247**	**2,886,620**

(1) The amount appropriated to retained earnings, as approved by shareholders at their June 5, 2009 Annual Meeting, was increased by €154 thousand because no dividends were paid on the Wendel shares the Company held in treasury on the dividend payment date.

(2) The amount appropriated to retained earnings, as approved by shareholders at their June 4, 2010 Annual Meeting, was increased by €713 thousand because no dividends were paid on the Wendel shares the Company held in treasury on the dividend payment date.

NOTE 6 Provisions for liabilities and charges

	12.31.2009	Allocations for the year	Reversals during the year: used	Reversals during the year: unused	12.31.2010
Provision for pensions and post-employment benefits	635	120			755
Provision for allocation of bonus shares and purchase options	1,380	6,939	-	-	8,319
Provision for tax disputes	4,567	-	-	-	4,567
Other liabilities and charges	14,295	5,759	1,584	1,410	17,060
	20,877	**12,818**	**1,584**	**1,410**	**30,701**
Operating income		3,421			
Net financial income (expense)		8,064	-	-	
Exceptional items		1,333	1,584	1,410	
		12,818	**1,584**	**1,410**	

NOTE 7 Borrowings

	12.31.2010	12.31.2009
5.00% 2011 bonds (1)	334,770	466,166
4.875% 2014 bonds	700,000	700,000
4.375% 2017 bonds	700,000	700,000
4.875% 2016 bonds (2)	700,000	400,000
4.875% 2015 bonds	400,000	400,000
Syndicated credit facility (Euribor + margin), €1,200 million (€950 million due 09.2013 and €250 million 09.2014)	-	-
Accrued interest	58,235	55,162
	2,893,005	**2,721,328**
Borrowings connected with investments		
Sofiservice	-	10,116
Compagnie Financière de la Trinité	17,887	20,158
Winbond	1,138,067	617,396
Trief Corporation	-	110,001
Oranje Nassau	579,675	-
Other	158	253
	1,735,787	**757,924**
Other borrowings	6	31
	4,628,798	**3,479,283**
Of which: less than 1 year	*2,070,563*	*647,954*
1 to 5 years	*1,100,000*	*1,166,166*
more than 5 years	*1,400,000*	*1,610,000*
accruals	*58,235*	*55,163*

(1) As part of its liquidity management, Wendel bought back 2011 bonds with a par value of €131,396 thousand, at a price of €134,354 thousand. The €2,957 difference between the purchase price and the par value was booked as a financial expense. As a result of these buybacks, the coupon to be paid on this bond between the dates of the buyback and the maturity date of the bond in February 2011, was reduced by €4,843 thousand. The repurchased bonds were canceled in accordance with the contractual documents. The residual par value on the 2011 bond was €334,770 thousand at December 31, 2010; it was repaid at maturity on February 16, 2011.

(2) At end-October 2010, Wendel successfully issued a bond with a par value of €300,000 thousand, maturing on May 26, 2016, with a coupon of 4.875%, an issue price of 94.777% (€284,331 thousand in net proceeds). The total financial cost of this issue is 6%. These newly issued bonds can be assimilated with the existing 2016 €400,000 thousand bond, which brings the total amount maturing in 2016 to €700,000 thousand.

NOTE 8 Other liabilities

	Note	12.31.2010	12.31.2009
Trade payables [(1)]		3,952	3,641
Tax and employee social security liabilities		11,613	9,895
Treasury instruments			
Equity derivatives	Note 9	95,007	97,528
Foreign exchange derivatives	Note 9	226	-
Accrued interest on interest-rate derivatives	Note 9	36,293	40,381
Other		1,508	372
		148,599	**151,817**
Of which related companies		*5,950*	*6,987*
Of which accrued expenses		*49,975*	*50,871*

(1) The breakdown of trade payables by maturity on 12.31.2010 (Article L.441-6-1 of the French Commercial Code) was as follows:

	At 12.31.2010	At 12.31.2009
• payment within 30 days	: €1,000 thousand	€1,093 thousand
• payment in more than 30 days	: €70 thousand	€248 thousand
• invoices not yet received	: €2,882 thousand	€2,300 thousand

NOTE 9 Financial instruments

	12.31.2010		12.31.2009	
In thousands of euros	Assets	Liabilities and share-holders equity	Assets	Liabilities and share-holders equity
Equity derivatives				
Share premiums	95,007	95,007	97,528	97,528
Provisions for liabilities and charges	-	-	-	-
Of which symmetric positions	95,007	95,007	97,528	97,528
Interest rate derivatives				
Share premiums	-	-	-	-
Accrued interest not yet due	54,530	36,293	58,618	40,381
Of which symmetric positions	27,250	27,250	31,410	31,410
Foreign exchange derivatives				
Share premiums	-	-	-	-
Fair value	-	226	-	-
Of which symmetric positions	-	-	-	-
	149,537	**131,300**	**156,146**	**137,909**

Equity derivatives

These are put options on Saint-Gobain shares bought from a Group company, and put options issued to a bank. They have the same characteristics and are symmetrical with respect to Wendel's balance sheet, and therefore have no impact on Wendel's net income. Their fair value is €143,908 thousand.

Interest rate derivatives

Wendel bonds

Wendel has entered into interest rate swaps on some of its bonds, with the following features:

Sign convention: (+) asset, (-) liability

Par (in thousands of euros)		Maturing	Fair value of asset 12.31.2010	Fair value of liability 12.31.2010
500,000	Hedging of bond maturing February 2011	Feb-11	373	
100,000	Pay 3.98% against 4.21%	May-16	1,198	
300,000	Pay Euribor 12M +0.93% between 1.70% and 2.60%, 3.40% if < 1.70% and 3.53% if > 2.60%. against 3.49%	Aug-17	1,104	
			2,675	**0**

Other

Some of Wendel's interest rate swap and swaption contracts are symmetrical and therefore have no impact on Wendel's net income. They have the following characteristics:

Sign convention: (+) asset, (-) liability

Par (in thousands of euros)		Maturing	Fair value of asset 12.31.2010	Fair value of liability 12.31.2010
2,000,000	Pay 3.88% against Euribor	Oct-11	60,990	-60,990
100,000	Pay 4.17% against Euribor	Dec-12	5,558	-5,558
800,000	Pay 1.73% against Euribor	Jan-14	26	-26
			66,574	**-66,574**

Currency derivatives

In 2010, Wendel entered into derivative contracts (forward sale of USD maturing in the first quarter of 2011) with a notional value of USD14 million, in order to hedge against the foreign exchange risk on cash invested in USD investment vehicles. At December 31, 2010, the fair value of these derivatives was -€226 thousand and was booked as a financial expense.

NOTE 10 Off-balance-sheet commitments

Commitments given

	12.31.2010	12.31.2009
Pledges, mortgages and collateral	**0**	**0**
Other guarantees and endorsements given	**52,536**	**285,183**
of which		
■ guarantees given in connection with transactions on derivatives of a Group subsidiary	0	232,647
■ liability guarantees given under the Editis divestment	52,536	52,536

5.5.4 Notes to the income statement

(in thousands of euros)

NOTE 11 Income from investments in subsidiaries, associates and long-term equity portfolio

Dividends from:	2010	2009
Oranje Nassau	100,000	-
Winbond	60,000	-
Sofiservice	1,999	-
Cie Financière de la Trinité	2,506	-
Other	11	8
	164,516	**8**
Of which interim dividends:	-	-

NOTE 12 Other financial income and expenses

Income	2010	2009
Income from long-term loans and advances	-	1
Income from invested cash	136,669	160,552
Provisions reversed	-	3,222
	136,669	**163,775**
Of which related companies	*118,796*	*142,620*

Expenses	2010 fiscal year	2009 fiscal year
Interest on bonds	122,544	125,560
Other interest and similar expenses	107,222	106,090
Provisions recognized	9,133	1,265
Depreciation and amortization related to original issue discounts on bonds	12,858	6,910
	251,757	**239,825**
Of which related companies	*7,236*	*3,112*

NOTE 13 Operating revenue

	2010	2009
Property rental	152	149
Services invoiced to subsidiaries	5,552	3,703
Other income	324	50
Positions reversed	-	27
	6,028	**3,929**
Of which related companies	*5,384*	*3,662*

NOTE 14 Compensation and staff numbers

See Note 19 for the compensation allocated by the Company to the members of the Executive Board and of the Supervisory Board.

Average staff numbers	2010	2009
Management	48	50
Non-management	17	20
	65	**70**

NOTE 15 Exceptional income in 2010

	Exceptional income 2010			Exceptional expenses			
	On operating transactions	Capital gains on disposals	Provisions reversed	On operating transactions	Capital losses on disposals	Provisions recognized	Total 2010
Property, plant & equipment							
■ Land	-	17	-	-	8	-	9
■ Computer equipment, furniture and vehicles	-	16	-	-	-	-	16
Investments							
■ Winvest 10 shares	-	-	-	-	36	-	-36
■ Winvest 15 shares	-	-	-	-	24	-	24
■ Bureau Veritas shares	-	2					-2
■ Sofe shares	-	-	-	-	71	-	-71
■ Compagnie Financière de la Trinité shares	-	2,261	-	-	-	-	2,261
■ Safet-Embamet shares	-	-	-	-	271	-	-271
Other exceptional transactions							
■ Impact of tax consolidation	-	-	93	-	-	-	93
■ Provision for impairment of securities	-	-	10,500 (1)	-	-	-	10,500
■ Provision for write-down of receivables	-	-	755,894 (1)	-	-	112,721 (1)	643,173
■ Other	995	-	2,900	210	-	1,333	2,352
	995	**2,296**	**769,387**	**210**	**410**	**114,054**	**658,004**

(1) See Notes 1 and 2.

NOTE 16 Income tax in 2010

Income taxes broke down as follows:

Taxable bases at a rate of	**33.33%**
On 2010 income before exceptional items	-132,229
On 2010 exceptional items	-104,377
	-236,606
Addbacks/deductions related to tax consolidation	786,646
	550,040
Deduction of losses carried forward	-550,040
Taxable bases of the tax group	-
Corresponding tax	-
+ contributions of 3.3%	-
- deductions in respect of tax credits	-
- impact of tax consolidation	8,116
INCOME TAX RECOGNIZED IN THE INCOME STATEMENT	**8,116**

The company has opted for tax consolidation status, as provided for in Articles 223 A-U of the French Tax Code. According to the tax consolidation agreements between Wendel and the other companies in the tax group, each company contributes to the tax of the Group by payment to Wendel of the amount it would have paid had it been taxed on a stand–alone basis (i.e. without tax consolidation). This leads to a difference for Wendel between current tax payable and the tax that would have been due in the absence of tax consolidation. At December 31, 2010, this temporary reduction in current tax amounted to €2 thousand and gave rise to the recognition of a provision for liabilities and charges. In 2010, the members of the Wendel tax consolidation group were: the parent company Wendel, Compagnie Financière de la Trinité, Sofiservice, Coba, Winbond, Winvest 11 and Winvest 14.

NOTE 17 Subsequent events

Between January 1, 2011 and the date on which the financial statements were approved, Wendel repurchased Wendel shares worth €31,460 thousand on the market, representing 0.85% of the share capital.

The Company received a €480,000 thousand dividend from Oranje Nassau.

Wendel sold call options on 3.1 million Saint-Gobain shares. As a result of these contracts, which will mature before the end of the first half of 2011, Wendel received a premium of €3,532 thousand.

NOTE 18 Managing liquidity risk

Gross debt with recourse to Wendel includes Wendel bonds, whose repayment schedule is provided in Note 7. These bonds totaled €2,835 million, including €335 million due in February 2011, with the other maturities spread out between 2014 and 2017. In accordance with Wendel's long-term investment strategy, the average maturity of this debt is 4.6 years. At end-2010, Wendel's cash balance stood at €1,112,423 thousand and was free of all pledges. Even in the event of a sharp decline in the financial markets, Wendel's cash on hand would be enough to meet 2011 maturities, as well as additional collateral calls for Eufor group financing of Saint-Gobain shares, keeping in mind that Wendel is not obligated to meet these collateral calls.

Bonds issued by Wendel

Bond issues have a change-of-control clause that allows bondholders, under certain conditions, to obtain reimbursement or repurchase of their bonds in the event of a change in control of the issuer, in accordance with standard practice in the bond market. Change of control is understood to mean that one or more persons, other than existing, non-free float shareholders of the issuer, acting on their own or as a group, come to own 50% of the issuer's share capital and voting rights, provided this change of control leads to a rating downgrade of the issuer. These bonds are not subject to financial covenants.

Wendel syndicated line of credit (unused as of December 31, 2010)

Wendel also has a €1,200 million undrawn syndicated line of credit, of which €950 million matures in September 2013 and €250 million in September 2014. The facility has financial covenants associated with it, based primarily on the market value of Wendel's assets and on the amount of net debt. As such, the covenants are sensitive to changes in the equity markets.

Calculation of net debt is limited to the debt of the Group's financial holding companies and does not include that of operating companies or holding companies set up for the purpose of acquisitions. Accordingly, net debt of the Saint-Gobain, Bureau Veritas, Materis, Deutsch, Legrand and Stahl groups, as well as the debt related to the acquisition of Saint-Gobain shares, without recourse to Wendel, are deducted from gross revalued assets.

The covenants are as follows:

- the net financial debt of Wendel and its financial holdings must not exceed 50% of gross revalued assets after future tax on unrealized gains and losses (excluding cash);
- the ratio of:

(i) the unsecured gross debt of Wendel and its financial holding companies plus their off-balance-sheet commitments that are akin to unsecured debt, less their available cash (not pledged or in escrow), to

(ii) the sum of 75% of the value of available listed assets (not pledged or in escrow) and 50% of the value of available unlisted assets (not pledged or in escrow) must not exceed 1.

These covenants are tested half-yearly when there are drawdowns under the syndicated credit line.

As of December 31, 2010, the test showed that Wendel was in compliance with the covenants and could therefore draw down the credit line.

As of year-end 2010 and the date the financial statements were approved, Wendel's cash on hand allowed it to forego drawing down this short-term credit. The documentation of the syndicated credit line includes a change-of-control clause similar to that for bond issues.

NOTE 19 Related parties

Agreements entered into between the related parties (Wendel-Participations, members of the Supervisory Board and the Executive Board) are:

Members of the Supervisory and Executive Boards

Compensation paid by the Company to corporate officers in respect of 2010 amounted to €2,811 thousand. €1,290 thousand was paid in stock options and €274 thousand in performance bonus shares to members of the Executive Board in 2010.

Compensation paid to members of the Supervisory Board totaled €774.2 thousand, including €657.5 thousand in Wendel director's fees and compensation paid to the Chairman of the Supervisory Board, €33.3 thousand in director's fees paid to certain members of the Supervisory Board by Wendel-Participations for serving on its Board, and €78.5 thousand paid by Wendel's subsidiaries to certain members of the Supervisory Board for serving on their Boards.

The Company has entered into an agreement to pay Frédéric Lemoine, Chairman of the Executive Board, in the event of his departure, a maximum of twice his most recent yearly fixed salary and variable pay on achieved objectives, as allocated by the Supervisory Board, provided performance conditions have been met (in the event of departure before April 7, 2011, the payment would be proportionate to the time served in the Company).

The Company's commitments to Bernard Gautier, a member of the Executive Board, in the event of his departure, are as follows:

- end-of-contract severance pay, representing a maximum of one year of fixed salary and variable pay on achieved objectives, as allocated by the Supervisory Board;
- end-of-appointment severance pay, representing a maximum of one year of fixed salary and variable pay on achieved objectives, as allocated by the Supervisory Board, subject to performance conditions.

Wendel-Participations

There are no other economic or financial relationships between Wendel-Participations and Wendel besides those related to the holding of shares (dividend payments) and the following agreements:

- an agreement on the use of the "Wendel" name and a licensing agreement covering the brand "Wendel Investissement"; and
- technical assistance agreements and property leases with Wendel-Participations.

Securities portfolio at December 31, 2010

	Number of shares owned	% interest	Gross carrying value (in thousands of euros)
INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES			
Subsidiaries (over 50% owned)			
a) French			
Sofiservice	8,493	100.00%	353
Winbond	3,039,070,667	100.00%	3,293,547
Winvest 11	914,374	100.00%	903,283
Saint-Gobain	6,193	0.00%	146
b) Non-French			
Oranje Nassau	1,943,117	100.00%	238,320
Other subsidiaries and associates (whose net carrying value is below €100,000)			
French shares	-	-	164
			4,435,813
Other long-term equity investments			
Other French shares	-	-	83

Subsidiaries and associates at December 31, 2010

In thousands of euros	Share capital	Other shareholders' equity (incl. net income or loss)	% of capital held	Gross carrying value of shares held	Net carrying value of shares held	Loans and advances granted	Guarantees given	2010 net sales	2010 net income (loss)	Dividends received during the year	Comments
Detailed information (on subsidiaries and associates whose net carrying value is greater than 1% of the share capital of Wendel)											
Subsidiaries											
French											
Winbond	1,519,535	1,751,643	100.00%	3,293,547	3,293,547	-	-	-	471,513	60,000 -	-
Winvest 11	14,630	795,836	100.00%	903,283	810,500	1,936,074	-	-	766,281	-	-
Non-French											
Oranje Nassau [1]	8,744	1,206,600	100.00%	238,320	238,320	-	-	-	320,051	100,000 -	-
Overall summary											
French subsidiaries				663	663						
Non-French subsidiaries				-	-						
French investments				-	-						
Non-French investments				-	-						

(1) Consolidated figures.

Five-year financial summary

Nature of disclosures	2006	2007	2008	2009	2010
1 . Capital at year-end					
Share capital (1)	222,029	201,274	201,466	201,745	202,007
Number of ordinary shares in issue	55,507,161	50,318,400	50,366,600	50,436,175	50,501,779
Maximum number of shares that could be issued:					
■ through the exercise of options	332,670	1,150,088	1,980,759	1,428,423	1,337,883
2 . Results of operations (1)					
Revenues (excluding taxes)	26,468	12,015	10,664	3,902	6,028
Income from investments in subsidiaries, associates and long-term equity portfolio	258,644	136,861	1,025,008	8	164,516
Income before tax, depreciation, amortization and provisions	211,663	947,746	1,144,719	-120,386	43,372
Income taxes (5)	-46,532	-27,702	-636	-69	-8,116
Net income (loss)	259,272	1,008,636	1,020,302	-1,106,853	680,247
Dividends (2)	111,014	100,637	50,367	50,436	63,127
of which interim dividends	-	-	-	-	-
3 . Net income per share (in euros)					
Income after tax but before depreciation, amortization and provisions	4.65	19.39	22.74	-2.39	1.02
Net income (loss)	4.67	20.05	20.26	-21.95	13.47
Net dividends	2.00 (3)	2.00	1.00	1.00	1.25 (4)
of which interim dividends	-	-	-	-	-
4 . Employee data					
Average number of employees	51	57	62	70	65
Total payroll (1)	8,107	7,833	8,331	14,273	14,222
Staff benefits paid during the year (social security, social welfare, etc.) (1)	3,247	3,750	4,335	6,761	6,606

(1) In thousands of euros.
(2) Including treasury shares.
(3) Ordinary dividend of €1.70; exceptional dividend of € 0.30.
(4) Subject to approval by shareholders at their May 30, 2011 Annual Meeting.
(5) Negative amounts represent income for the Company.

5.5 Statutory auditors' report on the financial statements

For the year ended December 31, 2010

This is a free translation into English of the Statutory Auditors' report on the financial statements issued in French and is provided solely for the convenience of English-speaking readers. The Statutory Auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the financial statements and includes an explanatory paragraph discussing the Auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions or disclosures.

This report also includes information relating to the specific verifications of information given in the management report and in the documents addressed to the shareholders.

This report should be read in conjunction with and construed in accordance with French law and professional auditing standards applicable in France.

To the Shareholders,

In compliance with the assignment entrusted to us by your General Shareholders' Meeting, we hereby report to you, for the year ended December 31, 2010, on:

- the audit of the accompanying financial statements of Wendel;
- the justification of our assessments;
- the specific verifications and information required by law.

These financial statements have been approved by the Executive Board. Our role is to express an opinion on these financial statements based on our audit.

I - Opinion on the financial statements

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at December 31, 2010 and of the results of its operations for the year then ended in accordance with French accounting principles.

II - Justification of our assessments

In accordance with the requirements of Article L.823-9 of the French Commercial Code *(Code de commerce)* relating to the justification of our assessments, we bring to your attention the following matters:

Accounting estimates

In preparing its financial statements, your Company makes estimates and assumptions concerning, in particular, investments in subsidiaries and associates, and receivables. The accounting estimates used in the preparation of the annual financial statements for the year ended December 31, 2010 were made in a context in which the uncertainties with regard to the outlook for the global economy make forecasting difficult, as described in the Note "Accounting principles – Use of estimates" to the financial statements.

Regarding "Investments in subsidiaries and associates" and "Other receivables", we verified that the accounting methods described in the notes to the financial statements were appropriate and, where applicable, we reviewed the assumptions and estimates applied by the Company to determine their valuation at the end of the year.

These assessments were made as part of our audit of the financial statements, taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III - Specific verifications and information

In accordance with professional standards applicable in France, we have also performed the specific verifications required by French law.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Executive Board, and in the documents addressed to the shareholders with respect to the financial position and the financial statements.

Concerning the information given in accordance with the requirements of Article L.225-102-1 of the French Commercial Code *(Code de commerce)* relating to remunerations and benefits received by corporate officers and any other commitments made in their favour, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from companies controlling it or controlled by it. Based on this work, we attest to the accuracy and fair presentation of this information.

In accordance with French law, we have verified that the required information concerning the identity of shareholders and the holders of the voting rights has been properly disclosed in the management report.

Neuilly-sur-Seine and Paris-La Défense, March 22, 2011

The Statutory Auditors

(French original signed by)

PricewaterhouseCoopers Audit	ERNST & YOUNG Audit
Etienne Boris	Jean-Pierre Letartre

6

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6.1 Information on the Company

6.1.1 General information

Company name

Wendel

Registered office

89, rue Taitbout, 75009 Paris-France

Telephone: 33 (0)1 42 85 30 00; fax: 33 (0)1 42 80 68 67

www.wendelgroup.com

Official registration

The Company is registered in the Paris Company Register (*"Registre du commerce et des sociétés")* under number 572 174 035; its APE code is 7010Z.

Duration

The Company was formed on December 4, 1871 for a period of 99 years, subsequently extended to July 1, 2064, barring a new extension or early dissolution.

Legal structure and applicable legislation

Wendel is a French *société anonyme* (public limited company) with an Executive Board and a Supervisory Board governed by all French legal provisions and in particular, by the French Commercial Code.

Fiscal year

The fiscal year runs from January 1 to December 31 of every year.

Access to legal documents and regulated information

Documents relating to the Company may be viewed at the registered office. Ongoing or occasional regulated information may be viewed on the Company website, at www.wendelgroup.com, under the heading "Regulated information".

6.2 Principal by-laws

6.2.1 Purpose of the Company

Pursuant to Article 3 of the by-laws, the Company's purpose, in all countries, directly or indirectly, is to:

- manage any equity holdings in industrial, commercial and financial companies of whatever nature through the creation of new companies; transfers, subscriptions or purchases of shares or ownership rights; mergers, alliances, associations or otherwise; and any disposals, exchanges or other operations concerning these shares, ownership rights or equity interests;
- purchase, rent and operate any equipment;
- acquire, sell and commercialize any processes, patents, or patent licenses;
- acquire, operate, sell or exchange any real estate or real estate rights;
- and generally, carry out any commercial, industrial, financial, investment and real estate operations directly or indirectly related to the abovementioned activities or to all similar or connected activities.

6.2.2 Appropriation of net income

Article 27 of the by-laws provides for the following:

1. At least 5% of net profit for each year, less any losses carried forward from prior years, is credited to the legal reserve until such time as the legal reserve represents one-tenth of share capital, as well as any amount credited to reserves pursuant to applicable legislation.

   Distributable earnings include net income for the year plus any unappropriated retained earnings carried forward from prior years.

   Of this amount, shareholders may decide in their Annual Meeting to deduct, on the recommendation of the Executive Board:

- the amounts they consider should be allocated to any special reserve account;
- the sum required to serve a revenue on shares based on the amount of paid-up, non-repaid capital within the limit of 5% per year;
- the amounts they consider should be allocated to the general reserve or to share capital repayment.

2. Any balance remaining after these appropriations is distributed to shareholders, less the sum allocated to retained earnings.
3. On the condition that all earnings available for distribution have been allocated in the form of dividends, shareholders may, at their Ordinary Meeting and on the recommendation of the Executive Board, allocate any amounts transferred from the share premium account.
4. As an exception to the provisions of the present article, funds may be allocated to the special employee profit sharing reserve under the terms and conditions set by law.
5. Dividends are paid in the form and at the times determined by shareholders at their Ordinary Meeting or by the Executive Board with the authorization of shareholders at their Ordinary Meeting, in accordance with applicable legislation. The Executive Board may decide to distribute an interim dividend before the approval of the financial statements for the year, in accordance with applicable legislation.

Shareholders, convened at their Annual Meeting to approve the year's financial statements, may, on the recommendation of the Executive Board, offer each shareholder, for all or a part of the dividend (or the interim dividend) being distributed, the choice between the payment of the dividend (or interim dividend) in cash or in shares under the terms and conditions defined by applicable legislation.

In accordance with current legislation, dividends not claimed within five years from the date on which they were to be paid are forfeited and the amounts paid over to the State.

6.2.3 Executive Board membership

Articles 17, 18 and 21 of the by-laws provide for the following:

Executive Board

The Company shall be managed by an Executive Board composed of no fewer than two members and no more than the number of members permitted by law. They are appointed by the Supervisory Board on the recommendation of its Chairman.

Executive Board members need not be shareholders. They must be individuals. No member of the Supervisory Board may also be a member of the Executive Board. Executive Board members may be tied to the Company through an employment contract that remains in force during and after the member's term on the Executive Board.

Any member of the Executive Board may be revoked by the Supervisory Board. Revocation of an Executive Board member does not cause his or her employment contract to be terminated.

Terms of Executive Board members

The Executive Board is appointed for four years and may be reappointed.

The age limit for Executive Board members is 65. Any member of the Executive Board reaching this age is automatically deemed to have resigned.

As long as the number of Executive Board members is lower than the number permitted by law, the Supervisory Board may appoint, on the recommendation of its Chairman, new members to the Executive Board, whose term expires with that of the Executive Board.

Powers of the Executive Board

1. The Executive Board manages the Company on a collegial basis under the oversight of the Supervisory Board, pursuant to legal provisions and these by-laws.

Upon authorization of the Supervisory Board, Executive Board members may divide management tasks among themselves. However, this division of tasks may under no circumstances have the effect of nullifying the collegial manner in which the Executive Board manages the Company.

2. The Executive Board is vested with the broadest powers to act on behalf of the Company in all circumstances. It shall exercise these powers within the limits of the purpose of the company and as long as these powers have not been expressly allocated to Shareholders or the Supervisory Board.
3. The Chairman of the Executive Board and, where applicable, the Executive Board members designated as CEO by the Supervisory Board, shall represent the Company in its relations with outside parties. The Company is bound even by actions of the Chairman or CEOs that do not comply with the purpose of the company, unless it can prove that the third party knew, or that given the circumstances, must have known, that the action was outside of the scope of the company's purpose.
4. The Executive Board may vest one or more of its members or any non-member with special, ongoing or temporary assignments that it has determined and delegated to them for one or more set purposes, with or without the option to sub-delegate, the powers that it deems necessary.
5. The Executive Board shall draw up and present strategy, budgeting and other reports to the Supervisory Board, as well as interim and annual financial statements, as prescribed by law.
6. The Executive Board, after discussion with the Supervisory Board:
   - shall send out the notice of Shareholders' Meetings and, where applicable, any other meeting;
   - shall draw up the agenda of these meetings, without prejudice to the provisions of Article 15 and excluding matters relating to Supervisory Board membership.

   The Executive Board shall execute all decisions made at these meetings.
7. The Chairman of the Executive Board or the Company's CEOs are obliged to provide all members of the Executive Board with the documents and information necessary for them to carry out their assignments.

6.2.4 Supervisory Board membership

Articles 12 and 15 of the by-laws provide for the following:

Supervisory Board membership

1. The Supervisory Board shall be composed of no less than three and no more than 18 members, subject to the legal exception in the event of a merger.
2. Supervisory Board members are appointed by shareholders at their Ordinary Meeting. However, in the event of a vacancy of one or more seats, the Supervisory Board may appoint new members for the remaining term of the previous members, with the proviso that these appointments must be ratified by shareholders at the next Shareholders' Meeting.
3. Supervisory Board members are appointed for four years and may be reappointed.
4. As an exception to this rule, the terms of the initial Supervisory Board members will be as follows: two years for a third of them, three years for another third, and four years for the remaining third. This is to ensure that subsequent reappointments take place in thirds. All subsequent appointments shall be for a period of four years.
5. The term of a member of the Supervisory Board ends at the close of the Shareholders' Meeting called to approve the financial statements of the previous year and held during the year in which his term expires.
6. At the close of each Ordinary Shareholders' Meeting called to approve the parent company financial statements, the number of Supervisory Board members aged 70 or more may not exceed one-third of the number of members (rounded off if necessary, to the next highest whole number).
7. Should this proportion be exceeded, the term of the oldest member of the Supervisory Board, except for the Chairman, shall end at the close of the following Ordinary Shareholders' Meeting.
8. During their terms, the Supervisory Board members must own at least 100 fully paid-up shares of the Company.

Powers of the Supervisory Board

The Supervisory Board carries out ongoing controls over the Executive Board's management of the Company. For this purpose, it undertakes year-round checks and controls that it deems appropriate and may request the documents that it deems necessary for carrying out its mission.

At least once per quarter, the Executive Board presents a report to the Supervisory Board outlining the main events in the operations of the Company, including all items shedding light on the Company's businesses and their and the Group, as well as the interim financial statements.

After the end of each fiscal year and within the regulatory timeframe, the Executive Board presents the parent company and consolidated financial statements to the Supervisory Board for verification, as well as its report to Shareholders. The Supervisory Board then presents its observations on the Executive Board's report and on the parent company and consolidated financial statements to the Shareholders.

The Supervisory Board appoints and may revoke any Executive Board member as prescribed by law and Article 17 of the by-laws.

The following transactions are subject to prior authorization by the Supervisory Board:

a) By virtue of current legal and regulatory provisions:

- divestment of real property;
- divestment of financial investments;
- granting of security interests, guarantees, endorsements and collateral.

  For each of these transactions, the Supervisory Board may set the amounts below which its authorization is not necessary (see section 2.1.5).

b) By virtue of these by-laws:

- any transaction, including the acquisition or divestment by the Company (or an intermediate holding company) amounting to more than €100 million, as well as any decision binding the Company or its subsidiaries for the long term;
- any proposal to Shareholders to change the by-laws;
- any transaction that may lead, immediately or at a later date, to a capital increase or reduction of capital through the issue of securities or cancellation of shares;
- any proposal to Shareholders regarding the appropriation of earnings or the distribution of dividends, as well as any interim dividend;
- any merger or spin-off that the Company is party to;
- any proposal to Shareholders regarding a share buyback program;
- any proposal to Shareholders regarding the appointment or re-appointment of the Statutory Auditors.

c) any contract subject to Article L. 225-86 of the French Commercial Code.

   The Supervisory Board may mandate one or more of its members to carry out one or more assignments of its choosing.

   It may establish committees, appoint the members thereof and set their duties. Such committees shall act under the responsibility, provided their duties do not have the effect of delegating to a committee such powers that are granted to the Supervisory Board itself by law or by the by-laws, or the effect of reducing or restricting the powers of the Executive Board.

   Whenever it deems necessary, the Supervisory Board may convene a Shareholders' Meeting and set the agenda therefor.

6.2.5 Ownership thresholds that must be reported to the Company

In addition to the legal requirements for disclosing the crossing of ownership thresholds, Article 28 of the by-laws requires any individual or corporate shareholder, acting alone or in concert with other shareholders, who comes to own a number of shares or voting rights representing more than 2% of the share capital or voting rights, or any multiple thereof, to disclose to the Company the number of shares and voting rights held within five trading days of crossing this threshold.

The same disclosure requirements apply when the number of shares or voting rights held is reduced to below the said 2% threshold or any multiple thereof.

Failure to comply with the above requirements is sanctioned, as prescribed by law, by the deprivation of voting rights for those shares exceeding the fraction that should have been disclosed, and this for all Shareholders' Meetings held within two years of the date on which the failure to give proper notice to the Company was rectified. This sanction is applicable at the request (recorded in the minutes of the Shareholders' Meeting) of one or more shareholders holding a number of shares or voting rights representing at least 2% of the Company's capital.

6.3 How to take part in Shareholders' Meetings

All shareholders have the right to participate in Shareholders' Meetings under the conditions set down by the law.

Article 25 of the by-laws provides for the following:

1. Invitation to attend Shareholders' Meetings

Shareholders' Meetings are convened and held as prescribed by law.

They are held at the Company's registered office, or at another location, as indicated in the notice of the meeting.

2. Participation in Shareholders' Meetings

All shareholders whose shares are recorded under the terms and on a date set by legislative and regulatory provisions, have the right to participate in Shareholders' Meetings upon proving their identity and shareholder status.

All shareholders have the right to participate in Shareholders' Meetings personally or by proxy, or to vote by mail.

Under new regulations, shareholders have the right to participate in the Company's Shareholders' Meetings if the shares are recorded in their name or in the name of the financial intermediary that holds them on their behalf no later than midnight Paris time before the third business day prior to the Meeting:

- for holders of registered shares: in the registered securities accounts held by the Company;
- for holders of bearer shares: in the bearer securities accounts of the authorized financial intermediary, in accordance with current regulations.

In accordance with applicable law, the Executive Board may organize videoconferencing to allow shareholders to participate and vote or use other telecommunications systems to identify them. Shareholders who participate in Shareholders' Meetings through videoconferencing or another system are deemed present for the purposes of calculating the quorum and the majority.

Shareholders who use the electronic voting form (provided on the website) by the required deadline are considered to be present or represented shareholders. The electronic voting form may be entered and signed directly on the website through any procedure approved by the Executive Board and meeting the conditions of the first sentence of the second paragraph of Article 1316-4 of the French Civil Code, i.e., the use of a reliable means of identification guaranteeing the signature's link with the form.

Proxy voting or the aforementioned electronic voting prior to the Shareholders' Meeting, as well as the return receipt that is provided, shall be considered as an irrevocable document presentable to all parties, it being specified that in the event of divestment of the shares prior to the date and time set by applicable legislative and regulatory provisions, the Company shall accordingly invalidate or modify the proxy vote expressed prior to this date or this time.

3. Voting rights and acquisition of double voting rights

Voting rights attached to the shares are proportionate to the percentage of capital they represent.

Nevertheless, double voting rights are granted to fully paid-up shares that have been registered with the Company for at least two years in the name of the same shareholder.

In the event of a capital increase through the capitalization of reserves, distributable net income or share premium amounts, double voting rights may be granted at issue on the registered shares thus distributed to shareholders in proportion to their existing shares that benefited from this right.

Shares converted to bearer shares or transferred to another owner lose their double voting rights. However, registered shares that are transferred by way of an inheritance, the liquidation of a marital estate or a gift to a spouse or a direct relative do not lose their double voting rights and are considered as having remained the property of the same shareholder for the purpose of determining the two-year minimum holding period. The same terms apply in the event of a transfer resulting from the merger or demerger of a corporate shareholder.

4. Miscellaneous

A secret vote is held when requested by shareholders representing at least 10% of the share capital.

Shareholders' Meetings are chaired by the Chairman of the Supervisory Board or, in his absence, by a Chairman chosen by the Supervisory Board. Otherwise, shareholders elect the Chairman of the meeting.

Identifiable bearer shares

Article 9 of the by-laws allows shares to be held in registered or bearer form at the shareholder's discretion.

The Company has the right to request the identification of holders of shares granting voting rights at its shareholders' meetings either immediately or at a later date, and the number of shares so held, in accordance with the legislation in force.

Modification of shareholder rights

In the absence of specific provisions in the by-laws, any change in the rights attached to shares is subject to legislation in force.

6.4 Information on share capital

6.4.1 Principal shareholders

As of December 31, 2010, the share capital was composed of 50,501,779 shares benefiting from 74,698,484 voting rights. Double voting rights are granted to fully paid-up shares which have been registered in the same shareholder's name for at least two years, regardless of the shareholder's country of citizenship. At this date, 25,275,092 shares had double voting rights.

To the Company's knowledge, the main shareholders as of December 31, 2010 were as follows:

	% of share capital
Wendel-Participations (1) and its Chairman (2)	34.4%
Individual shareholders	24.1%
Institutional investors outside France	20.9%
Institutional investors in France	11.4%
Treasury shares	2.1%
Employees, former employees and executives (3)	3.1%
Other shareholders	4.0%

(1) Formerly SLPS.
(2) Pursuant to Article L. 233-10 of the French Commercial Code, the figures include Wendel-Participations and its Chairman.
(3) Including Executive Board members and the Chairman of the Supervisory Board.

To the Company's knowledge:

- no other shareholder owns more than 5% of the share capital;
- Supervisory Board and Executive Board members hold or represent 2.64% of the share capital and 3.77% of the voting rights. All members are individuals.

There are no securities representing liabilities of the Company – bonds that are convertible, exchangeable and/or redeemable in shares – that give access or could give access to the share capital, with the exception of subscription-type stock-option plans and bonus shares to be issued.

There are no shares that do not represent capital, such as founder shares or voting rights certificates.

As of December 31, 2010, the maximum potential dilution corresponding to the exercise of all subscription-type stock options and the vesting of all bonus shares to be issued is equivalent to 2.65% of the share capital.

6.4.2 Controlling legal entities or individuals

Wendel-Participations (formerly SLPS)

Presentation

Wendel-Participations is a holding company that holds Wendel shares. It is owned by about 950 members of the Wendel family, including both individuals and legal entities.

The purpose of Wendel-Participations is to:

- invest and manage its own funds and to acquire participating interests;
- own (through purchase, subscription at issue, exchange or any other means) and manage any French or foreign securities, real estate and listed or unlisted shares, and engage in any type of short-, medium or long-term capital transactions;
- participate in any guarantee, investment or other syndicate;
- create new companies;
- preserve the assets and other interests of the Wendel family;
- and, generally, in France, French overseas possessions and any other country, undertake any commercial, industrial, financial, investment or real estate operatrions directly or indirectly related, in whole or in part, to the above-mentioned activities.

Wendel's control structure

As of December 31, 2010, Wendel-Participations had a controlling interest in Wendel, with 34.42% of its shares and 46.54% of its voting rights.

The following measures ensure that this control is not abused:

- management and oversight are separated through a two-tiered structure, including an Executive Board and a Supervisory Board;
- at least one-third of Supervisory Board members are independent, pending the appointment of a new independent member at the Shareholders' Meeting of May 30, 2011;
- independent members serve on the Supervisory Board's standing committees.

Economic and financial ties with Wendel

There are no significant economic or financial relations between Wendel-Participations and Wendel, other than the dividends received and the following agreements:

- a memorandum of understanding on the use of the "Wendel" family name and a license agreement governing the use of the "Wendel Investissement" brand, mentioned in the Statutory Auditors' special report;
- technical assistance and leasing agreements with Wendel-Participations, mentioned in the Statutory Auditors' special report.

6.4.3 Significant changes in share ownership and voting rights in the last three years

	12.31.2008		12.31.2009		12.31.2010	
	% of capital	% of voting rights	% of capital	% of voting rights	% of capital	% of voting rights
Wendel-Participations (1) and its Chairman (2)	34.8%	45.8%	34.7%	46.4%	34.4%	46.5%
First Eagle (3)	7.3%	6.7%	6.1%	5.7%	5.4%	5.2%
Lone Pine	4.1%	2.8%	-	-	-	-
Treasury shares (registered shares)	0.1%	-	0.9%	-	1.9%	-
Group savings plan	0.5%	0.6%	0.5%	0.6%	0.6%	0.7%
Other shareholders (institutional and individual)	53.2%	44.1%	57.8%	47.3%	57.7%	47.6%

(1) Formerly SLPS.
(2) Pursuant to Article L. 233-10 of the French Commercial Code, the figures include Wendel-Participations and its Chairman.
(3) Formerly Arnhold & Bleichroeder.

In January 2011, a study was performed, as is done every year, to identify the shareholders of Wendel as of December 31, 2010.

There was little change during the year in Wendel's shareholder structure, with a slight increase in French institutional investors (11.4% vs. 9.5% at December 31, 2009) and a slight decrease in foreign institutional shareholders (20.9% vs. 21.5% at December 31, 2009). The number of individual shareholders fell to 42,500 from 48,100 the previous year, and they held 24.1% of the shares, vs. 26.6% the previous year. The number of individual shareholders has risen by almost 40% since the 2002 merger of Marine-Wendel and CGIP.

6.4.4 Changes in share capital in the last three years

Date of change in capital	Type of transaction	Change in number of shares	Number of shares comprising the capital	Par value	Change in share capital (euros)	Amount of share capital (euros)	Change in share premiums (euros)	Amount of share premiums
Situation as of December 31, 2007			**50,318,400**	**€4**		**201,273,600**		**244,798,516**
April 2008	Exercise of options	14,416	50,332,816	€4	57,664	201,331,264	490,267	245,288,783
May 2008	Exercise of options	5,513	50,338,329	€4	22,052	201,353,316	202,401	245,491,184
June 2008	Issue of shares reserved for employees	28,271	50,366,600	€4	113,084	201,466,400	1,413550	246,904,734
Situation as of December 31, 2008			**50,366,600**	**€4**		**201,466,400**		**246,904,734**
July 2009	Issue of bonus shares	920	50,367,520	€4	3,680	201,470,080		246,904,734
July 2009	Issue of shares reserved for employees	68,655	50,436,175	€4	274,620	201,744,700	938,514	247,843,248
Situation as of December 31, 2009			**50,436,175**	**€4**		**201,744,700**		**247,843,248**
April 2010	Exercise of options	1,409	50,437,584	€4	5,636	201,750,336	30,394	247,873,641
May 2010	Exercise of options	16,309	50,453,893	€4	65,236	201,815,572	451,787	248,325,429
July 2010	Issue of shares reserved for employees	47,886	50,501,779	€4	191,544	202,007,116	1,454,394	249,779,823
Situation as of December 31, 2010			**50,501,779**	**€4**		**202,007,116**		**249,779,823**

6.4.5 Ownership threshold disclosures

On December 13, 2010, First Eagle Investment Management LLC, acting on behalf of the funds it manages, reported that it had moved below a 6% interest in Wendel's share capital after selling 35,772 shares on the same date.

As a result, funds managed by First Eagle held, as of December 13, 2010, 5.98% of Wendel's share capital and 6.95% of its voting rights.

On February 10, 2011, First Eagle Investment Management LLC, acting on behalf of the funds it manages, reported that it had moved below 5% of the voting rights on February 4, 2011, that on February 8, 2011 it had moved below a 5% interest in the share capital and that on February 8, 2011 it held 4.92% of Wendel's shares and 4.85% of its voting rights.

6.4.6 Pledging of issuer shares

To the best of the Company's knowledge, as of December 31, 2010, 14,866 registered Wendel shares (in either pure or administered form) were pledged as collateral.

6.5 Principal new investments and acquisitions of controlling interests

Wendel's investment activities generate a certain turnover in its portfolio. Over the past three years, its principal investments and divestments have been as follows:

In 2008 Wendel moved above a 20% interest in Saint-Gobain and sold Editis to the Planeta group (generating net proceeds of €500 million).

In 2009 Wendel sold 25 million Saint-Gobain share warrants for €1.20 each through a private placement and invested €8.3 million in Saint-Gobain's capital increase (then holding 18.3% of its shares). It sold a block of 11 million Bureau Veritas shares for €272.8 million, and its wholly-owned subsidiary Oranje-Nassau Groep sold its oil & gas activities for a net €510 million. It reinvested €36 million in Materis, sold a block of 15 million Legrand shares for €275.8 million, and sold 10.1 million Saint-Gobain puts, generating proceeds of €193.5 million.

In 2010 Wendel invested about €25 million in the Frankfurt-listed Helikos SPAC, reinvested €60 million in Stahl, thus taking control of the company with a 92% interest. It reinvested €64 million in Deutsch, sold a block of Legrand shares for €346.1 million, sold its 46% stake in Stallergenes for €358.8 million, and sold 15.1 million Saint-Gobain puts, generating proceeds of €305.1 million.

In the first quarter of 2011 Wendel sold 2.8 million Saint-Gobain puts, generating proceeds of €47.5 million and sold a block of 21.8 million Legrand shares for €627 million. It signed an agreement to acquire 95% of Parcours for €107 million, funded by its cash holdings.

In 2010, Wendel also took control, with an 87.4% stake, of Waldggen, a company that had been held by managers and former managers who invested alongside Wendel in Saint-Gobain. Each partner's stake was bought for €1.

The Company's 2010 activities are detailed in section 1 and in sections 4.8 and 4.17 of the notes to the consolidated accounts.

Press releases on Wendel's transactions are posted on its website, at www.wendelgroup.com.

As of the publication of this Reference Document, no investment plans are sufficiently far advanced for Wendel's management to have made any firm commitments.

6.6 Employee share ownership

6.6.1 Capital increase reserved for employees

In the 12th resolution of its June 4, 2010 Meeting, Shareholders authorized the Executive Board to issue shares having a par value of up to €300,000 to its employees and corporate officers on one or more occasions until August 4, 2011, subject to the prior consent of the Supervisory Board.

As of December 31, 2010, and after a capital increase in July 2010 with a par value of €191,544, the par value of the amount remaining under this authorization was €108,456.

6.6.2 Subscription- and/or purchase-type options

By virtue of the authorization granted by Shareholders at their Meeting of June 5, 2009, the Executive Board allocated options on 7,000 shares at its meeting on February 8, 2010. This grant was reserved for managers who are not corporate officers and who did not receive options in 2009. These options are not subject to performance conditions.

By virtue of the authorization granted by Shareholders at their Meeting of June 4, 2010, the Executive Board allocated options on 353,177 shares at its meeting on June 4, 2010.

These stock options have the following characteristics:

- the exercise price is based on the average of the 20 closing prices preceding the grant date, with no discount;
- gradual vesting over three years, with one-third of the total grant vesting each year and the first tranche vesting at the end of the first year;
- a performance-based condition: the amount ultimately exercisable is subject to a 5% p.a. increase in Net Asset Value per share over three years. The amount granted vests in full if the increase in NAV is greater than or equal to 15.8% from 2010 to 2013; two-thirds of the vested amount is exercisable if the increase in NAV from 2010 to 2012 is greater than or equal to 10.3%; one-third is exercisable if the increase in NAV in 2010 and 2011 is greater than or equal to 5%. The reference value for calculating the change in NAV is the NAV of May 31, 2010, i.e., €55 per share.

A total of 36 Group employees received stock options in 2010 under the abovementioned plans.

A summary of stock-option plans in effect as of December 31, 2010 is provided in section 2.1.8.7.

6.6.3 Performance share grants

Under the authorization granted by Shareholders at their meeting of June 5, 2009, the Executive Board granted the following number of performance shares:

- 83,450 shares at its January 12, 2010 meeting;
- 10,500 shares at its May 17, 2010 meeting.

Under the authorization granted by Shareholders at their meeting of June 4, 2010, the Executive Board granted 151,362 performance shares:

The performance shares awarded in 2010 will not be fully vested until the end of a two-year period. This period will be followed by a two-year minimum holding period.

Performance shares awarded in June 2010 are subject to performance conditions involving the increase in Net Asset Value. These conditions are as follows: 5% p.a. increase in NAV from 2010 to 2012, i.e., a 10.25% increase for the entire 2010-2012 period. The reference value for calculating the change in NAV is the NAV of May 31, 2010, i.e., €55 per share.

A total of 71 employees were granted performance shares in 2010.

Summary table of performance share programs in place as of December 31, 2010

	Wendel Plan n° 1		Wendel Plan n° 2			Wendel Plan n° 3
Date of Shareholders' Meeting	06.04.2007		06.05.2009			06.04.2010
Number of authorized shares as % of capital	**0.50%**		**0.20%**			**0.30%**
Share grants as a % of capital	**0.006%**		**0.20%**			**0.30%**
Date of Executive Board meeting	06.04.2007	06.09.2008	07.16.2009	01.12.2010	05.17.2010	06.04.2010
Plans	Plan 1-1	Plan 1-2	Plan 2-1	Plan 2-2	Plan 2-3	Plan 3-1
Vesting date	06.04.2009	06.09.2010	07.17.2011	01.12.2012	05.17.2012	06.04.2012
Date at which shares may be sold	06.04.2011	06.09.2012	07.18.2013	01.12.2014	05.17.2014	06.04.2014
Performance conditions?	No	No	No	No	No	Yes
Shares to be issued/existing shares	To be issued	To be issued	Existing	Existing	Existing	Existing
Number of shares granted	**1,000**	**2,030**	**7,200**	**83,450**	**10,500**	**151,362**
Canceled or expired grants	**40**	**210**	**500**	**500**	**0**	**800**
Number of shares vested	**960**	**1,820**	**0**	**0**	**0**	**0**
Share value at the vesting date	€138.25	€63.77	€20.63	€43.58	€44.61	€44.32
Share value at the final vesting date	€29.900	€40.935	-	-	-	-
Number of shares granted and still to be vested	**0**	**0**	**6,700**	**82,950**	**10,500**	**150,562**
of which shares to be issued			-	-	-	-
of which existing shares			6,700	82,950	10,500	150,562
Number of shares granted to corporate officers:						
Frédéric Lemoine	-	-	-	-	-	13,500
Bernard Gautier	-	-	-	-	-	9,000
Number of performance shares granted to the top 10 non-corporate-officer beneficiaries	400	700	4,400	61,000	10,500	65,037

6.7 Financial authorizations

6.7.1 Existing financial authorizations and use thereof

As of December 31, 2010, the following financial authorizations were in effect:

Authorization	Date of Shareholders' Meeting (resolution no.)	Period and expiration date	Authorized amount or % of capital	Amount used at 12.31.2010
A. Issue of shares or other securities giving access to the capital				
■ With preferential subscription rights	06.05.2009 10th resolution	26 months 08.05.2011	Capital: €200 million	-
■ Without preferential subscription rights	06.05.2009 11th resolution	26 months 08.05.2011	Capital: €100 million	-
■ Under greenshoe option	06.05.2009 12th resolution	26 months 08.05.2011	15% of the initial issue	-
■ As consideration for contributions in kind	06.05.2009 13th resolution	26 months 08.05.2011	10% of the share capital on the grant date	-
■ Capitalization of reserves	06.05.2009 14th resolution	26 months 08.05.2011	€1,000 million	-
■ Overall ceiling authorized			€1,000 million	
B. Authorization of a share buyback program and share cancellations				
■ Share buyback	06.04.2010 11th resolution	18 months 12.04.2011	10% of share capital	392,013 shares
■ Cancellation of shares	06.05.2009 15th resolution	26 months 08.05.2011	10% of share capital per 24-month period	-
C. Employee share ownership				
■ Group savings plan	06.04.2010 12th resolution	14 months 08.04.2011	€300,000	€191,544
■ Stock options	06.04.2010 13th resolution	14 months 08.04.2011	0.7% of the share capital at grant date, i.e., 353,177 shares	353,177 shares
■ Performance share issue	06.04.2010 14th resolution	14 months 08.04.2011	0.3% of the share capital at the grant date, i.e., 151,362 shares	151,362 shares

6.7.2 Financial authorizations to be proposed at the Shareholders' Meeting of May 30, 2011

Authorization	Date of Shareholders' Meeting (resolution no.)	Period and expiration date	Authorized amount
A. Issue of shares or other securities giving access to the capital			
■ With preferential subscription rights	05.30.2011 9th resolution	14 months 07.30.2010	€200 million
■ Without preferential subscription rights	05.30.2011 10th resolution	14 months 07.30.2010	€100 million
■ Under greenshoe option	05.30.2011 11th resolution	14 months 07.30.2010	15% of the initial issue
■ As consideration for contributions in kind	05.30.2011 12th resolution	14 months 07.30.2010	10% of share capital at the time of issue
■ Capitalization of reserves	05.30.2011 13th resolution	14 months 07.30.2010	€1,000 million
■ Overall ceiling authorized			€1,000 million
B. Authorization of a share buyback program and share cancellations			
■ Share buyback	05.30.2011 8th resolution	14 months 07.30.2010	10% of the capital Max. price: €150 per share
■ Cancellation of shares	05.30.2011 14th resolution	26 months 07.30.2013	10% of capital per 24-month period
C. Employee share ownership			
■ Group savings plan	05.30.2011 15th resolution	14 months 07.30.2010	€250,000
■ Stock options	05.30.2011 16th resolution	14 months 07.30.2010	0.8% of share capital

The 8th, 9th, 10th, 11th, 12th, 13th, 14th, 15th and 16th resolutions submitted to shareholders for approval at the May 30, 2011 Shareholders' Meeting will replace and cancel the unused amounts of the resolutions with the same purpose that were adopted at the June 5, 2009 and June 4, 2010 Shareholders' Meeting.

6.8 Description of the share buyback program

6.8.1 Legal framework

At their Meeting of June 5, 2009 (9th resolution), Shareholders authorized a share buyback program limited to the number of shares representing 10% of the share capital at the time of the buyback.

At their Meeting of June 5, 2009 (15th resolution), shareholders authorized the Executive Board, with prior approval of the Supervisory Board, to reduce the share capital of the Company by no more than 10% per 24-month period through the cancellation of shares repurchased in the various share buyback programs authorized by shareholders.

At their meeting of June 4, 2010 (11th resolution), shareholders authorized a share buyback program limited to the number of shares representing 10% of the share capital at the time of the buyback.

The share buyback authorizations of the Shareholders' Meetings of June 5, 2009 and June 4, 2010 are valid for a period of 18 months beginning on the date of the meetings, i.e. until December 5, 2010 and December 4, 2011, respectively.

The maximum repurchase price under this authorization is €80.

The Executive Board is authorized to repurchase the number of shares representing a maximum of 10% of the share capital. At the dates the authorizations were granted, these maximums were 5,036,360 and 5,045,389 shares, respectively.

In accordance with applicable regulations and market practices permitted by the *Autorité des Marchés Financiers*, the repurchased shares were to be used for the following objectives:

- to deliver shares (as an exchange, payment or other consideration) in the framework of acquisitions, mergers, spin-offs, or asset contributions; or
- to deliver shares upon the exercise of rights attached to securities giving access to the Company's share capital immediately or at a later date; or
- to enable an investment service provider to make a secondary market in the Company's stock or maintain the liquidity thereof within the framework of a liquidity contract in compliance with the Code of Conduct of the *Autorité des Marchés Financiers*; or
- to introduce a purchase-type stock option plan pursuant to Articles L. 225-177 *et seq*. of the French Commercial Code; or
- to allocate bonus shares pursuant to Articles L. 225-197-1 *et seq.* of the French Commercial Code; or
- to allocate or sell shares as part of the Company's profit-sharing plan or any Company savings plan (*plan d'épargne d'entreprise*) as provided by law, in particular under Articles L. 3321-1 *et seq.* and L. 3331-1 *et seq.* of the French Commercial Code; or
- to cancel of all or part of the shares thus repurchased.

These programs are also intended to allow the Company to pursue any other purpose that has been or may be authorized by legislation or regulations in force. In such an event, the Company would inform shareholders via a press release.

6.8.2 Liquidity contract

On October 7, 2005, Wendel entered into a liquidity contract with Oddo Corporate Finance, with a view to making a market and ensuring regular price quotations, and made €5,000,000 and 80,000 shares available to it.

Between January 1, 2010 and December 31, 2010, Oddo Corporate Finance bought 986,081 shares with a total value of €47,371,905.49 and an average unit price of €48.04, on Wendel's behalf under the terms of this contract.

Between January 1, 2010 and December 31, 2010, Oddo Corporate Finance sold 986,081 shares with a total value of €47,420,610.03 and an average unit price of €48.09 under the terms of this contract.

6.8.3 Coverage of stock-option and performance share plans

Between January 1, 2010 and December 31, 2010, Wendel directly acquired 524,013 of its own shares to cover purchase-type stock-option plans and performance share grants. These shares were acquired at a total gross value of €27,334,290.79 and an average unit price of €52.16 and cost €26,153.18 in fees.

6.8.4 Summary of transactions and shares held by the Company at December 31, 2010

The Company neither purchased nor sold shares for the other purposes authorized by this program.

Wendel made no use of derivatives under its share buyback programs.

In the 24 months prior to December 31, 2010, Wendel canceled no shares.

As of December 31, 2010, the Company held 1,078,387 of its own shares.

Summary of the Company's transactions on its own shares from January 1, 2010 to December 31, 2010

	Cumulative gross amounts		**Open positions as of December 31, 2010**					
	Purchases		**Open buying positions**			**Open selling positions**		
Number of shares	1,510,094	1,002,712	Calls purchased	Puts written	Forward purchases	Calls written	Puts purchased	Forward sales
Average maximum maturity			-	-	-	-	-	-
Average transaction price	€49.47	€47.69						
Average exercise price	-	-	-	-	-	-	-	-
Amounts	€74,706,196.28	€47,823,399.60						

6.8.5 Description of the plan submitted for approval at the Shareholders' Meeting of May 30, 2011

The 8th resolution proposed at the Shareholders' Meeting of May 30, 2011 asks shareholders to approve a new share buyback plan, pursuant to Articles L. 225-209 *et seq.* of the French Commercial Code, Title IV of Book II of the General Regulation of the *Autorité des Marchés Financiers* and European Regulation n° 2273/2003 of the European Commission of December 22, 2003.

Under this program, shares can be bought for any of the following purposes:

- to deliver shares (as an exchange, payment or other consideration) in the framework of acquisitions, mergers, spinoffs or asset contributions; or
- to deliver shares upon the exercise of rights attached to securities giving access to the Company's share capital immediately or at a later date; or
- to enable an investment service provider to make a secondary market in the Company's stock or maintain the liquidity thereof within the framework of a liquidity contract in compliance with the Code of Conduct of the *Autorité des Marchés Financiers*; or
- to introduce a purchase-type stock option plan pursuant to Articles L. 225-177 *et seq.* of the French Commercial Code; or

- to allocate bonus shares pursuant to Articles L. 225-197-1 *et seq.* of the French Commercial Code; or
- to allocate or sell shares as part of the Company's profit-sharing plan or any Company savings plan (*plan d'épargne d'entreprise*) as provided by law, in particular under Articles L. 3321-1 *et seq.* and L. 3331-1 *et seq.* of the French Commercial Code; or
- to cancel of all or part of the shares thus repurchased.

These programs are also intended to allow the Company to pursue any other purpose that has been or may be authorized by legislation or regulations in force. In such an event, the Company would inform shareholders via a press release.

The number of shares repurchased under the authorization to be granted to the Executive Board may not exceed 10% of the share capital at the time of the buyback. As of December 31, 2010, this authorization represented 5,050,177 shares, or a maximum theoretical investment of €757,526,550 based on the maximum price of €80 per share.

Pursuant to Article L. 225-210 of the French Commercial Code, the Company has made a commitment to keep its holding, both direct and indirect, within the limit of 10%. As of December 31, 2009, the number of Wendel shares held by the Company was 1,078,387. In light of the shares already held in treasury, the Company would be able to repurchase 3,971,790 shares, or 7.86% of the share capital, for a maximum amount of €595,768,500, based on the maximum unit purchase price of €150. The Company reserves the right to pursue the program to the full extent of its authorization.

The share buyback authorization would be valid for a period of 14 months from the May 30, 2011 Shareholders' Meeting, i.e. until July 30, 2012.

6.9 Transactions on Company shares by corporate officers

Transactions on Wendel shares reported by executives in 2010

N° and date of AMF filing	Corporate officer	Financial instruments	Type of transaction	Transaction date	Unit price (in euros)	Gross transaction amount (in euros)	Market	AMF disclosure number
2010-04 07.30.2010	Bernard Gautier	Shares	Subscription	07.27.2010	34.92	104,760	NYSE Euronext Paris	2010D3698
2010-03 07.30.2010	Frédéric Lemoine	Shares	Subscription	07.27.2010	34.92	174,600	NYSE Euronext Paris	2010D3697
2010-02 07.22.2010	Dominique Hériard-Dubreuil	Shares	Acquisition	07.20.2010	41.83	62,744	NYSE Euronext Paris	2010D3575
2010-01 06.24.2010	Ernest-Antoine Seillière	Shares	Acquisition	06.18.2010	45.00	28,620	NYSE Euronext Paris	2010D3071

6.10 Shareholder agreements

6.10.1 Commitments involving Wendel's share capital

In accordance with the law of August 1, 2003, the Company has been informed of the following share retention commitments between Wendel-Participations and SPIM and certain individual shareholders:

- six-year share retention commitments entered into in accordance with Article 885 L *bis* of the French Tax Code dated December 17, 2004, December 21, 2005, December 19, 2006, December 14, 2007, December 19, 2008 and December 1, 2010 pertaining to 26.21%, 36.67%, 34.49%, 36.49%, 38.06% and 36.09%, respectively, of the share capital at these dates;
- two-year share retention commitments entered into in accordance with Article 787 B of the French Tax Code dated December 19, 2008, December 15, 2009 and December 1, 2010 pertaining to 36.84%, 36.84% and 36%, respectively, of the share capital at these dates.

In addition to a commitment to retain shares for a certain amount of time, these commitments also grant a right of first refusal to Wendel-Participations and SPIM, pertaining to a total of about 11% of the share capital. These commitments do not constitute an action in concert.

Pursuant to Articles 885 I *bis* and 787 B of the French Tax Code and L. 233-11 of the French Commercial Code, these commitments have been reported to the *Autorité des Marchés Financiers*.

With the exception of the abovementioned share-retention commitments, to the Company's knowledge, there is no agreement, pact or other contract between shareholders relating to their stake in Wendel.

6.10.2 Shareholder agreements entered into by the Wendel Group: unlisted companies

At December 31, 2010, the Wendel Group was party to several agreements governing the relationship with other shareholders in Materis, Deutsch and Stahl. In some cases, these are financial investors, in others they are the senior managers of these companies participating in Wendel's programs enabling managers to benefit from the performance of their companies (see the note to the consolidated financial statements entitled "Participation of Managers in Group investments").

These agreements contain various clauses related to:

- corporate governance (composition of governing bodies and rights to information);
- terms of share transfers (lock-up periods, right of first refusal);
- exit terms in the event of a divestment (tag-along and drag-along rights) or IPO;
- executive departures (commitment to sell to Wendel Group in the event the subsidiary executive resigns and/or commitment to buy from certain executives in certain special cases);
- liquidity in certain situations and in particular in the absence of a sale or IPO beyond a certain period of time (6-14 years after Wendel's investment, depending on the company).

These agreements are described in greater detail in section 4.16.1.

6.10.3 Shareholder agreements entered into by the Wendel Group: listed companies

6.10.3.1 Saint-Gobain

Through an agreement whose terms were specified in a letter dated March 18, 2008, Saint-Gobain and Wendel have, in a spirit of partnership, determined how Wendel, as Saint-Gobain's main shareholder, will participate in its governance.

This agreement ends on June 9, 2011 after Saint-Gobain shareholders' meet to review its 2010 financial statements.

This agreement provides for the following:

- three representatives of Wendel shall be appointed to Saint-Gobain's Board of Directors;
- a Wendel director shall be appointed to Saint-Gobain's Appointments and Compensation Committee and to its Strategy Committee;
- Wendel's voting rights at Shareholders' Meetings shall be limited to 34%;
- Wendel's interest in the share capital of Saint-Gobain shall be limited to 21.5%;
- Saint-Gobain's Executive Management shall work together with Wendel beforehand on the resolutions to be proposed at Shareholders' Meetings;
- should Wendel sell a block of shares representing at least 5% of the capital to a limited number of investors, it shall grant a right of first refusal to Saint-Gobain or to any other buyer that Saint-Gobain might propose;
- Wendel agrees not to take part in any hostile bid for Saint-Gobain;
- one party shall inform the other prior to taking a public position or issuing a press release concerning the other party;
- a conciliation procedure shall be used in the event of a major disagreement between Wendel and Saint-Gobain.

6.10.3.2 Legrand

An agreement was entered into by Wendel and KKR on March 21, 2006, when Legrand was listed on the market, replacing the existing pact from 2002.

This agreement governing the relationship between KKR and Wendel *vis-à-vis* Legrand, covered in particular:

- the principle of joint ownership and various provisions in the event one of the parties initiates a takeover bid or owing to any event which would force both parties to jointly propose a takeover bid;
- governance of Legrand, in particular the composition of its Board of Directors;
- certain rules concerning exit mechanisms and block sales (right of first refusal and tag-along rights).

This agreement was terminated on April 6, 2011.

A new shareholders' agreement entered into force on April 6, 2011 for a five-year period, barring early termination under certain circumstances, in particular if the stake of one of the parties falls under 5% of Legrand's voting rights.

It provides for the following:

- directors representing KKR and Wendel shall be appointed to Legrand's Board of Directors and standing committees, proportionally to their stake in the company, which may change over time;
- KKR and Wendel shall consult with each other before strategic decisions are made by Legrand's Board of Directors;
- cooperation shall be guaranteed through reciprocal rights of first refusal and tag-along rights regarding certain transfers of Legrand shares by one of the parties to the contract.

For more details on this agreement, refer to the notification of the *Autorité des Marchés Financiers* dated March 31, 2011 on the website of the *Autorité des Marchés Financiers* (www.amf-france.org).

6.10.3.3 Helikos

An agreement was entered into between Oranje-Nassau Participaties BV, a Wendel subsidiary, and the individual founding shareholders of Helikos SE. Among other things, this agreement covers corporate governance and certain rights affecting the sale of their shares, in particular in the event that the founding shareholders no longer hold their positions at Helikos SE. Each individual founding shareholder has agreed to resign from the Board of Directors if the Board removes him as CEO or Co-Chairman of the Board. In the event of death, disability, resignation or removal of an individual founding shareholder, Wendel has the right or obligation, depending on the case, to acquire shares and warrants from each individual founding shareholder.

6.11 Factors likely to have an impact in the event of a takeover offer

Pursuant to Article L. 225-100-3 of the French Commercial Code, to the Company's knowledge, situations likely to have an impact in the event of a takeover offer are described in the following sections of this Reference Document:

- Wendel-Participations' holding of 34.4% of the Company's shares and 46.5% of its voting rights;
- agreements authorizing the Company to use the "Wendel" name and the "Wendel Investissement" brand. These agreements contain a cancellation clause in the event that Wendel-Participations' stake in the Company should fall below 33.34% of the shares for 120 consecutive days (see section 7.1 of the Statutory Auditor's special report on regulated agreements and commitments with related third parties);
- change-of-control clauses in bond indentures and certain loan agreements (see section 4.11.2 "Managing Liquidity Risk" in the notes to the consolidated accounts);
- right of first refusal: the share-retention commitments of certain shareholders grant a right of first refusal to Wendel-Participations or SPIM (see section 6.10 above "Shareholders' agreements");
- termination payment for Executive Board members: the departure of the members of the Executive Board in the event of a change in control of the Company would result in termination payments, as decided by the Supervisory Board at its meetings of May 6, 2009 and February 11, 2010 (section 2.1.7 "Compensation of Corporate Officers").

6.12 Market data and shareholder relations

6.12.1 Shareholder relations

See 1.12 "Shareholder information".

6.12.2 Trading in Wendel shares

Date	Opening price	High	Low	Closing price	Average weighted price	Trading volume
January 2008	98.99	99.49	60.62	66.93	66.30	7,777,026
February 2008	68.00	78.98	67.50	75.02	74.90	4,127,804
March 2008	73.00	80.77	70.51	79.52	79.15	3,640,601
April 2008	79.46	90.00	79.46	88.63	88.56	4,838,653
May 2008	89.58	93.90	87.16	91.46	91.34	3,685,940
June 2008	91.40	92.70	62.80	64.60	64.21	5,668,903
July 2008	64.70	73.00	54.50	71.61	71.72	5,945,403
August 2008	71.16	80.40	70.50	75.46	75.27	3,373,241
September 2008	74.30	76.10	53.57	55.60	55.29	6,783,930
October 2008	57.00	65.00	26.50	37.04	35.84	7,197,435
November 2008	38.84	44.67	29.84	35.80	35.17	3,714,153
December 2008	35.56	38.00	30.75	35.40	35.52	2,310,310
January 2009	36.78	39.18	29.51	30.50	30.94	2,187157
February 2009	30.25	34.46	19.55	19.96	20.25	4,223,828
March 2009	19.51	22.18	14.88	19.90	19.88	7,864,800
April 2009	19.90	28.74	19.28	28.05	28.25	9,491,726
May 2009	28.80	36.29	27.48	29.88	29.72	8,739,279
June 2009	30.40	32.49	20.67	23.00	23.24	8,083,751
July 2009	23.03	28.46	21.73	27.99	28.03	5,995,285
August 2009	27.95	37.68	27.75	32.93	33.30	4,707,656
September 2009	34.11	43.50	30.86	43.17	42.95	5,330,685
October 2009	43.46	47.85	35.05	37.90	39.43	8,031,098
November 2009	37.75	42.49	36.51	38.92	39.31	4,257,990
December 2009	39.40	43.37	39.40	42.80	42.97	2,765,668
January 2010	42.70	46.72	38.32	39.59	39.31	3,259,155
February 2010	39.21	41.30	36.77	41.14	40.44	2,906,097
March 2010	41.34	47.19	41.16	44.10	44.09	3,550,191
April 2010	44.26	51.04	44.26	49.01	49.45	3,796,864
May 2010	48.65	48.85	39.73	44.31	44.47	4,475,716
June 2010	44.01	46.82	40.16	41.73	41.96	2,929,845
July 2010	41.39	46.29	39.80	43.39	43.67	2,628,320
August 2010	43.60	46.47	39.61	40.41	40.02	2,756,885
September 2010	40.87	49.50	40.43	48.61	48.69	3,086,484
October 2010	49.00	56.39	47.75	55.68	54.99	2,690,910
November 2010	55.88	64.70	55.11	59.49	59.42	3,187,277
December 2010	60.00	69.99	59.50	68.91	68.85	3,083,346
January 2011	68.00	76.34	67.03	72.92	73.03	3,328,686
February 2011	73.51	77.49	69.01	74.80	74.49	2,899,822

Source: Reuters.

6.12.3 Dividends

Fiscal years	Dividend in euros	Additional dividend	Amount paid out in million euros
2007	2	-	100.4
2008	1	-	50.37
2009	1	-	49.74
2010 *	1.25*	-	-

* *Amount proposed at the Shareholders' Meeting of May 30, 2011.*

7

SHAREHOLDER'S MEETING OF MAY 30, 2011

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7.1 Statutory Auditors' report on related-party agreements and commitments

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

General Shareholders' Meeting to approve the financial statements for the year ended December 31, 2010 Statutory Auditors' report on related-party agreements and commitments

To the Shareholders,

In our capacity as Statutory Auditors of your Company, we hereby report to you on certain related-party agreements and commitments.

It is our responsibility to report to you, based on the information provided to us, about the main terms and conditions of the agreements and commitments that have been disclosed to us or that we may have identified as part of our engagement, without commenting on their relevance or substance or identifying any undisclosed agreements or commitments. Under the provisions of Article R. 225-58 of the French Commercial Code (*Code de commerce*), it is the responsibility of the shareholders to determine whether the agreements and commitments are appropriate and should be approved.

Where applicable, it is also our responsibility to provide shareholders with the information required by Article R. 225-58 of the French Commercial Code (*Code de commerce*) in relation to the implementation during the year of agreements and commitments already approved by the General Shareholders' Meeting.

We performed the procedures we deemed necessary in accordance with professional guidance issued by the national auditing body (*Compagnie Nationale des Commissaires aux Comptes*) relating to this type of engagement. These procedures consisted in verifying that the information provided to us is consistent with the underlying documents.

Agreements and commitments submitted for the approval of the General Shareholders' Meeting

In accordance with Article L. 225-88 of the French Commercial Code (*Code de commerce*), we have been informed of the following related-party agreements and commitments which were previously authorized by the Supervisory Board.

1. With Frédéric Lemoine, Chairman of the Executive Board, Bernard Gautier, member of the Executive Board and Ernest-Antoine Seillière, Chairman of the Supervisory Board of your Company

Nature, purpose and terms

Additional subscriptions by the members of the Executive Board for co-investments, and amendment of the framework agreement on the management team's co-investments

In 2006 and 2007 Wendel implemented a co-investment system designed to associate the management team in the Group's performance. As a result, the management team members invested personally alongside the Wendel Group in the company Winvest International SA SICAR, which holds the Group's investments in the non-listed companies Materis, Stahl, Deutsch and VGG.

As Wendel Group reinvested in Materis, Stahl and Deutsch in 2009 and 2010 within the framework of the restructuring of their debt, it was proposed to the members of the management team present in the Group that they make an additional co-investment, as announced at the General Shareholders' Meeting of June 4, 2010 and in accordance with the co-investment principles in force within the Group.

By decision of the Supervisory Board of July 7, 2010 ruling on the recommendation of the Governance Committee of July 1 and 6, 2010 and on a proposal by the Executive Board, this additional co-investment was made based on the original value of the shares of Winvest International SA SICAR. The value taken lies within the fair value range determined by an independent expert.

In this context, in 2010 Frédéric Lemoine and Bernard Gautier co-invested €300,000 and €184,257 respectively in Winvest International SA SICAR. As a consequence, the amounts invested since the creation of this company total €300,000 for Frédéric Lemoine, €734,257 for Bernard Gautier and €160,000 for Ernest-Antoine Seillière. At December 31, 2010 the total amount invested by the management team members in Winvest International SA SICAR stands at €4.613 million, i.e., approximately 0.5% of the amount of Wendel Group's investment.

In addition, in 2010 the management team members (including the members of the Executive Board) entered into agreements to sell and agreements to buy that are to be exercised:

- either at the occurrence of a liquidity event affecting Materis, Stahl, Deutsch or VGG, a liquidity event being defined as complete divestiture of the company concerned, a change in control, divestiture or repayment of more than 50% of the financial instruments held by the Wendel Group in the company concerned, the stock market floatation of the company concerned, or the end of the ten-year period as from the initial investment (December 31, 2016);
- or in the event of the departure of the management team member concerned from the Wendel Group.

At the occurrence of a liquidity event the Wendel Group undertakes to buy the management team members' shares in Winvest International SA SICAR that represent the company concerned, at a price such that they receive 10% of the capital gain made on the company, subject to the Wendel Group having obtained a minimum annual return of 7% and a return of 40% on its investment. Otherwise, the management team members undertake to sell to the Group their shares in Winvest International SA SICAR that represent the company concerned, for a token sum of one euro.

In the event of the departure of a management team member from the Wendel Group:

- the individual concerned undertakes to sell to the Wendel Group:

  (i) his non-vested shares in Winvest International SA SICAR at their original value, whatever the reason for this individual's departure from the Group;

  (ii) his vested shares in Winvest International SA SICAR, at their market value in the event of serious or wilful misconduct resulting in dismissal or the removal from or non-renewal of office, and at the higher of the original value and market value in the event of death;

- the Wendel Group undertakes to buy from the individual concerned:

  (i) his non-vested shares in Winvest International SA SICAR at the original value in the event of dismissal or removal from or non-renewal of office, except in the case of serious or wilful misconduct, or in the event of death;

  (ii) his vested shares in Winvest International SA SICAR, at their market value in the event of dismissal or removal from or non-renewal of office, except in the case of serious or wilful misconduct, and at the higher of the original value and market value in the event of death.

The Supervisory Board of July 7, 2010 authorized the amounts to be invested by the members of the Executive Board and the changes made to the co-investment principles which apply to the acquisitions made by Wendel between 2006 and 2008.

2. With Ernest-Antoine Seillière, Chairman of the Supervisory Board and Bernard Gautier, member of the Executive Board of your Company

Nature, purpose and terms

Buyback of the shares in the Saint-Gobain co-investment

As regards the co-investment relating to Saint-Gobain and taking into account the minimum returns that the Wendel Group must achieve before any distribution to the executives, the latter considered that the probability of distribution was very low (whether with respect to the potential capital gain or the repayment of the amounts invested).

Consequently, the majority of those concerned sold all of their shares in the Saint-Gobain co-investment to the Wendel Group for the token sum of one euro, thus losing their entire investment. The loss amounted to €5,999 for Ernest-Antoine Seillière and €1,312,499 for Bernard Gautier.

These transactions were authorized at the Supervisory Board's meeting of May 6, 2010.

3. With Bernard Gautier, member of the Executive Board of your Company

Nature, purpose and terms

Compensation with respect to his employment contract

Bernard Gautier has held an employment contract since 2003, when he joined the Company. He was appointed a member of the Executive Board in 2005 and his employment contract has been maintained. His fixed and variable compensation is paid to him with respect to his employment contract.

At its meeting on February 11, 2010, the Supervisory Board authorized this compensation for a fixed annual amount of €700,000, a target variable amount of 50% of his fixed compensation, i.e., €350,000, depending on quantitative and qualitative targets and an exceptional bonus of €50,000 in the event of outstanding performance.

In view of the targets achieved, the Supervisory Board, at its meeting on February 10, 2011, authorized the Company to pay Bernard Gautier the full amount of his variable compensation with respect to 2010, i.e., €350,000, as well as an exceptional bonus of €100,000.

Agreements and commitments authorized in prior years by the General Shareholders' Meeting

In accordance with Article R. 225-57 of the French commercial code (*Code de Commerce*), we have been advised that the implementation of the following agreements and commitments which were approved by the General Shareholders' Meeting in prior years continued during the year.

1. With Wendel-Participations (formerly Société Lorraine de Participations Sidérurgiques – SLPS)

Nature, purpose and terms

On September 2, 2003, your Company entered into the following two agreements with SLPS (now Wendel-Participations):

- a service agreement providing for administrative assistance, corresponding to an amount of €13,000 before tax invoiced in 2010;
- a commitment to rent office space: corresponding to an amount of €40,628 before tax invoiced in 2010.

Nature, purpose and terms

Agreement on the use of the "Wendel" name and license to use the brand "WENDEL Investissement"

On May 15, 2002, your Company entered into two agreements with SLPS and Wendel-Participations, which authorize the Company to use the family name "Wendel" as its corporate and commercial name. The agreements also grant an exclusive license to the Company to use the brand "WENDEL Investissement".

These agreements were entered into without consideration and for an indefinite period, with the stipulation that they may be revoked if the direct or indirect interest of the family holding companies in the capital of the Company remains less than 33.34% for 120 consecutive days. If this right of revocation is not exercised within 60 days after the expiration of the said 120-day period, the right to use the name and the exclusive license to use the brand shall become final and irrevocable.

2. With Stallergenes

Nature, purpose and terms

Agreement for consulting and assistance

On July 29, 1998, your Company entered into an agreement with Stallergenes providing for administrative and tax consulting services. On March 5, 2003, the agreement was amended by an addendum following the decision by Stallergenes to outsource the management of the shares and shareholders' meetings.

The annual fee for the services was increased to €150,000 before taxes by a second addendum to the agreement signed on March 12, 2008.

The amount invoiced to Stallergenes with respect to 2010 was €128,630 before tax. This agreement and its addenda were in force until November 10, 2010, when the agreement ended as a consequence of Wendel's sale of its holding in Stallergenes.

3. With Frédéric Lemoine, Chairman of the Executive Board, Bernard Gautier, member of the Executive Board and Ernest-Antoine Seillière, Chairman of the Supervisory Board of your Company

Nature, purpose and terms

Framework agreement on the co-investments of the management team

In the context of the plan to involve Wendel's management team in creating value for the Group, the Supervisory Board, at its meetings of December 6, 2006, April 26, 2007 and July 18, 2007 authorized the Executive Board to implement co-investment systems according to certain general principles applicable to all new transactions under which the Group assumes an economic risk on any listed or unlisted company.

The co-investment principles consist in asking the members of the management team to invest in each of the companies in which the Wendel Group has invested since 2006, so that their personal assets are subject to the risks and rewards of these investments.

For the co-investments made in Materis, Stahl, Deutsch, VGG and Saint-Gobain, the general principles are as follows:

(i) the individuals concerned will invest alongside the Group and at the latter's request, a maximum amount of 0.5% of the amount of Wendel's investment;

(ii) the individuals concerned will finance their co-investment on their own;

(iii) co-investors are entitled to 10% of the capital gain (for 0.5% of the total investment), provided that Wendel has achieved a minimum annual return of 7% and a total capital gain of 40% of its investment; if Wendel does not achieve both of these thresholds, the management team will lose the amounts they have invested; the minimum return of 7% per year criterion will be assessed based on initial value of the investments and investment dates; the minimum 40% capital gain on investments in listed companies criterion will only apply at the end of a period of two and a half years following Wendel's initial investment;

(iv) rights to co-investment benefits will vest gradually over a period of four years in five tranches of 20% per year (20% at the investment date, then 20% at each anniversary date); however, members of the management team commit in case of departure, to sell on demand their unvested shares at their initial value;

(v) he capital gain will be realized at the time of divestment, or, in the absence of divestment, at the end of ten years, on the basis of an expert opinion.

Neuilly-sur-Seine and Paris-La Défense, April 6, 2011

The Statutory Auditors

(French original signed by)

PricewaterhouseCoopers Audit	ERNST & YOUNG Audit
Etienne Boris	Jean-Pierre Letartre

7.2 Statutory Auditors' report on the increase in capital with or without preferential subscription rights

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Extraordinary Shareholders' Meeting of May 30, 2011

Ninth, tenth, eleventh and twelfth resolutions

To the Shareholders,

In our capacity as Statutory Auditors of Wendel, and in compliance with the French Commercial Code (*Code de commerce*) and in particular Articles L. 225-135, L. 225-136 and L. 228-92, we hereby report to you on the delegation of authority sought by the Executive Board to increase capital by issuing shares or securities, which is submitted to you for approval.

Based on its report, the Executive Board is seeking:

- a delegation of authority, for a period of 14 months, with the power to sub-delegate as provided by law, subject to the prior approval of the Supervisory Board pursuant to Article 15-V b) of the by-laws, to decide on the following increases in capital and to determine the final terms and conditions thereof, with the cancelation of shareholders' preferential subscription rights where applicable:
  - to increase capital by issuing shares or securities giving access to the share capital of the Company or, in compliance with Article L. 228-93 of the French Commercial Code (*Code de commerce*), any company in which it holds directly or indirectly more than half of the capital, for a maximum nominal amount of €200 million with preferential subscription rights (ninth resolution),
  - to increase capital by issuing shares or securities giving access to the share capital of the Company or, in compliance with Article L. 228-93 of the French Commercial Code (*Code de commerce*), any company in which it holds directly or indirectly more than half of the capital, or giving right to the allocation of debt securities without preferential subscription rights by way of a public offering (tenth resolution), it being specified that such shares or securities may be issued as consideration for shares received by the Company in relation with a public exchange offer, within the meaning of Article L. 225-148 of the French Commercial Code (*Code de commerce*),
  - to increase capital by issuing common shares or securities giving access to the share capital of the Company or, in compliance with Article L. 228-93 of the French Commercial Code (*Code de commerce*), any company in which it holds directly or indirectly more than half of the capital, or giving right to the allocation of debt securities without preferential subscription rights by way of a public offer as defined by the second paragraph of Article L. 411-2 of the French Financial and Monetary Code (*Code monétaire et financier*) and limited to 20% of the share capital per year (tenth resolution),
  - the authorization, by the tenth resolution and in the context of the implementation of the delegation of authority as defined by said resolution, to set the issue price for new shares, within the annual legal limit of 10% of the share capital;
- a delegation of authority, for a period of 14 months, with the power to sub-delegate as provided by law, subject to the prior approval of the Supervisory Board pursuant to Article 15-V b) of the by-laws, to determine the terms and conditions of an issue of common shares or securities, in consideration for in-kind contributions granted to the Company in the form of shares or securities giving access to share capital (twelfth resolution), limited to 10% of the share capital.

The aggregate nominal amount of the increases in capital that may be carried out immediately or in the future pursuant to the ninth, tenth and twelfth resolutions may not exceed €1 billion.

This cap includes an additional number of new shares or securities to be issued in the context of the implementation of the delegations of authority as defined by the ninth and tenth resolutions, under the conditions provided for in Article L. 225-135-1 of the French Commercial Code (*Code de commerce*), if the shareholders adopt the eleventh resolution.

It is the Executive Board's responsibility to prepare a report in accordance with Articles R. 225-113, R. 225-114 and R. 225-117 of the French Commercial Code (*Code de commerce*). It is our responsibility to express an opinion on the fairness of the information taken from the financial statements, on the proposed cancelation of shareholders' preferential subscription rights, and on other information regarding these transactions contained in this report.

We performed the procedures we deemed necessary in accordance with professional standards applicable in France to such engagements. These standards require that we perform procedures to verify the content of the Executives Board's report relating to the transactions and the methods used to set the share issue price.

Subject to a subsequent examination of the issuance conditions once they have been decided, we have no matters to report as regards the methods used to set the issue price as provided in the Executive Board's report in relation to the tenth resolution.

In addition, as this report does not stipulate the methods to be used to determine the issue price for new shares pursuant to the ninth and twelfth resolutions, we do not express an opinion on the choice of factors used to calculate the As the share issue price has not yet been set, we do not express an opinion on the final terms and conditions under which the issues will be carried out, and consequently, on the cancelation of preferential subscription rights, as proposed in the tenth and twelfth resolutions.

In accordance with Article R. 225-116 of the French Commercial Code (*Code de commerce*), we will prepare an additional report if and when the Executive Board uses these authorizations to issue shares or securities without preferential subscription rights or to issue securities giving access to the share capital and/or giving right to the allocation of debt securities.

Neuilly-sur-Seine and Paris-La Défense, April 6, 2011

The Statutory Auditors

(French original signed by)

PricewaterhouseCoopers Audit	Ernst & Young Audit
Etienne Boris	Jean-Pierre Letartre

7.3 Statutory Auditors' Report on the Reduction in Capital by the Cancellation of Repurchased Shares

Combined Shareholders' Meeting of May 30, 2011

(Fourteenth resolution)

To the Shareholders,

In our capacity as Statutory Auditors of Wendel and in compliance with Article L. 225-209, paragraph 7 of the French Commercial Code (*Code de commerce*) in respect of the reduction in capital by the cancellation of repurchased shares, we hereby report on our assessment of the terms and conditions for the proposed reduction in capital.

Your Executive Board requests that it be authorised, subject to the prior authorisation of the Supervisory Board in accordance with Article 15-V b) of the bylaws, for a period of 24 months as from the date of this meeting, to proceed with the cancellation of shares the Company was authorised to repurchase, representing an amount not exceeding 10% of its total share capital, by periods of 24 months.

We have performed those procedures which we considered necessary in accordance with professional guidance issued by the national auditing body (*Compagnie Nationale des Commissaires aux Comptes*) for this type of engagement. These procedures consisted in verifying that the terms and conditions for the proposed reduction in capital are fair.

We have no matters to report on the terms and conditions of the proposed reduction in capital.

Neuilly-sur-Seine and Paris-La Défense, April 15, 2011

The Statutory Auditors

(French original signed by)

PricewaterhouseCoopers Audit	ERNST & YOUNG Audit
Etienne Boris	Jean-Pierre Letartre

7.4 Statutory Auditors' report on the increase in capital without preferential subscription rights reserved for members of a Company savings plan

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Extraordinary Shareholders' Meeting of May 30, 2011

(Fifteenth resolution)

To the Shareholders,

In our capacity as Statutory Auditors of Wendel and in compliance with the French Commercial Code (*Code de commerce*) and in particular Articles L. 225-135, L. 225-138 and L. 228-92, we hereby report to you on the delegation of authority sought by the Executive Board to increase capital by issuing shares or securities giving access to the capital for a maximum amount of €250,000 without preferential subscription rights reserved for members of one or more Company savings plans implemented within the Group, which is submitted to you for approval.

This increase in capital is submitted for your approval in accordance with Articles L. 225-129-6 of the French Commercial Code (*Code de commerce*) and L. 3332-18 *et seq.* of the French Labor Code (*Code du travail*).

Based on the Executive Board's report, shareholders are requested to delegate authority to the Executive Board, for a period of 14 months, with the power to sub-delegate as provided by law, subject to the prior approval of the Supervisory Board pursuant to Article 15-V b) of the by-laws, to decide on one or more increases in capital and to waive their preferential subscription rights. It is the Executive Board's responsibility, where applicable, to define the final terms and conditions of such an issue.

It is the Executive Board's responsibility to prepare a report in accordance with Articles R. 225-113, R. 225-114 and R. 225-117 of the French Commercial Code (*Code de commerce*). It is our responsibility to express an opinion on the fairness of the information taken from the financial statements, on the proposed cancelation of shareholders' preferential subscription rights, and on other information relating to the increase in capital contained in this report.

We performed the procedures we deemed necessary in accordance with professional standards applicable in France to such engagements. These standards require that we perform procedures to verify the content of the Executive Board's report relating to the transactions and the methods used to set the share issue price.

Subject to a subsequent examination of the conditions for the increase(s) in capital once they have been decided, we have no matters to report as regards the methods used to set the issue price as provided in the Executive Board's report.

As the share issue price has not yet been set, we do not express an opinion on the final terms and conditions under which the increases in capital will be carried out, and consequently, on the cancelation of preferential subscription rights submitted for your approval.

In accordance with Article R. 225-116 of the French Commercial Code (*Code de commerce*), we will prepare an additional report if and when the Executive Board uses this authorization.

Neuilly-sur-Seine and Paris-La Défense, April 6, 2011

The Statutory Auditors

(French original signed by)

PricewaterhouseCoopers Audit	Ernst & Young Audit
Etienne Boris	Jean-Pierre Letartre

7.5 Statutory Auditors' report on the stock options or share purchase plans reserved for corporate officers and employees

Combined shareholders' meeting of May 30, 2011

(Sixteenth resolution)

To the Shareholders,

In our capacity as Statutory Auditors of your company and in compliance with Articles L. 225-177 and R. 225-144 of the French Commercial Code (*Code de commerce*), we hereby report on the stock options and/or share purchase plans reserved for the corporate officers (*mandataires sociaux*) as set out in Article L. 225-185 of the French Commercial Code (*Code de commerce*) and employees of your Company and of the companies or groups of companies that are related to it within the meaning of Article L. 225-180 of the French Commercial Code (*Code de commerce*).

It is the responsibility of your Executive Board to prepare a report on the reasons for the stock options and/ or share purchase plans and on the proposed methods used to determine the subscription and/or purchase price. Our role is to report on the proposed methods to determine the subscription and/or purchase price.

We have performed those procedures which we considered necessary to comply with the professional guidance issued by the French national auditing body (*Compagnie Nationale des Commissaires aux Comptes*) for this type of engagement. These procedures consisted in verifying that the methods proposed to determine the subscription and/or purchase price are included in the Executive Board's report, in accordance with legal requirements, are easily understood by the shareholders and do not appear manifestly inappropriate.

We have no matters to report as to the methods proposed.

Neuilly-sur-Seine and Paris-La Défense, April 15, 2011

The Statutory Auditors

(French original signed by)

PricewaterhouseCoopers Audit	ERNST & YOUNG Audit
Etienne Boris	Jean-Pierre Letartre

7.6 Supplementary report from the Executive Board on the capital increase reserved for members of the Group savings plan

The Executive Board, using the power delegated to it by the Shareholders at their Combined Shareholders' Meeting on June 4, 2010, by virtue of the twelfth resolution, after obtaining the approval of the Supervisory Board on June 4, 2010, decided on July 5, 2010, to carry out a capital increase reserved for members of the Wendel Group savings plan, in favor of whom the shareholders' preferential subscription right was canceled at the same meeting.

In accordance with Article R. 225-116 of the French Commercial Code, the Executive Board issued a report on July 5, 2010, describing the final terms and conditions of this capital increase and its impact on book value and market value per share.

Since financial statements of less than six months were not available to the Executive Board on July 5, 2010, the impact of the issue on shareholders' equity was assessed based on the statements dated December 31, 2009.

The purpose of this report is to update the July 5, 2010, report with an assessment of the impact of the issue on shareholders' equity based on the Company's interim statements dated June 30, 2010, in accordance with Article R. 225-116 of the French Commercial Code.

I. Final terms and conditions of the capital increase

Maximum size of the reserved capital increase

The Executive Board decided to set the maximum par value of the reserved capital increase at €300,000, or 75,000shares with a par value of €4 per share.

On July 27, 2010, the Executive Board noted that 47,886 shares had been subscribed as of the closing date of the subscription period, increasing the Company's share capital by €191,544 to €202,007,116 divided into 50,501,779 shares all in the same category and with a par value of €4 per share.

Subscription price

On July 5, 2010, the Executive Board set the discount at 20% of the reference price, noting that

- the reference price, calculated based on the average opening share price for the 20 trading days prior to July 5, 2010, was €43.65;
- the subscription price, set at 80% of the reference price, was €34.92.

Each new share having a par value of €4 was therefore issued with a share premium of €30.92.

On July 27, 2010, the Executive Board noted that the final amount of the capital increase, including the share premium, was €1,672,179.12.

Subscribers to the offer may benefit from a matching contribution for a portion of their investment, to the extent permitted by law.

Beneficiaries

The beneficiaries of the offer were the employees and corporate officers of companies participating in Wendel's Group savings plan, who had at least three months of service with the company on the closing date of the subscription period.

Cancellation of the preferential subscription right

At the Combined Shareholders' Meeting on June 4, 2010, the shareholders' preferential subscription right was canceled in favor of the beneficiaries of the capital increase.

Rights attached to shares

The new shares were issued with ownership rights taking effect at once and immediately treated in the same way as existing shares.

II. Impact of the capital increase

The capital increase reserved for members of Wendel's Group savings plan, limited to a maximum of 75,000 shares, resulted in the issue of 47,886 new shares in the Company.

In accordance with Article R. 225-115 of the French Commercial Code, the Executive Board hereby reports on the impact of this issue on the situation of holders of equity shares in the Company and holders of securities giving access to the Company's capital.

Impact on book value as of June 30, 2010

Considering that 47,886 shares were subscribed for during the capital increase, book value per share fell by €0.02 based on a total of 50,453,893 shares issued as of June 30, 2010, representing the Company's share capital, and also by €0.02 based on a total of 50,749,376 shares issued or due to be issued as of June 30, 2010.

Theoretical impact on the share's current stock market value based on the average opening share price for the 20 trading days prior to July 5, 2010: considering that 47,886 shares were subscribed for during the capital increase, market value per share theoretically fell by €0.01 based on a total of 50,453,893 shares issued as of June 30, 2010, representing the Company's share capital, and also by €0.01 based on a total of 50,749,376 shares issued or due to be issued as of June 30, 2010.

October 4, 2010,

Frédéric Lemoine	Bernard Gautier
Chairman of the Executive Board	Member of the Executive Board

7.7 Observations from the Supervisory Board for the Shareholders

To the Shareholders,

The Supervisory Board met 12 times in 2010. In compliance with by-laws and legal provisions, it performed the checks and controls of the management of the Executive Board that it deemed necessary, with the support of its two standing committees, who were also very active, each committee having met six times during the year. The Supervisory Board was kept regularly informed of the progress of your Group's business activities and emphasizes its excellent relationship with the Executive Board.

Thanks to the efforts of all of the Group's teams, all of your Company's subsidiaries and affiliates returned to growth as of the first half of 2010.

Bureau Veritas and Legrand improved their operating income and net income, and proposed a significant dividend increase to their shareholders.

The sharp upswing in Saint-Gobain's performance reflects in particular the quality work undertaken in this company, which is now in excellent shape to take advantage of the recovery of construction markets and the economy in general. In light of the ambitious goals that the company has set for 2015, the Executive Board and the Supervisory Board are confident that it will grow its value. Since May 2010, your Company has sold 14.9 million puts, increasing its exposure to changes in the Saint-Gobain share price.

Financial restructuring and adaptation efforts in unlisted companies have been successful. Wendel finalized debt renegotiations for Stahl and Deutsch with the unanimous support of their lenders. Your Company invested an additional €60 million in Stahl, increasing its ownership share from 48% to 92%. It injected €64 million in Deutsch, enabling the company to acquire 100% control of its US-based distributor. The Group's unlisted companies therefore have the financial structure they need to effectively carry out their business plans.

Taking advantage of favorable market conditions, your Company continued to expand its own financial flexibility, reducing its gross debt by nearly €1 billion in 2010. In October 2010, Wendel announced the success of a €300 million bond issue maturing in 2016. This transaction fits in with the Wendel Group's strategy to extend its debt maturities and diversify its sources of financing by transforming bank debt into bond debt.

Wendel continued to actively manage its shareholdings and, together with KKR, successfully placed Legrand shares on the market on two occasions, generating a total capital gain of approximately €660 million.

Your Company also sold its entire 46% stake in Stallergenes to Ares Life Sciences, an investment firm established by the Bertarelli family, specializing in the healthcare industry, in November 2010. The transaction enabled Wendel to realize a capital gain of about €300 million, 35 times its investment, at the end of a 17-year period of active support, which enabled the exciting growth and development of an impressive industrial enterprise.

In the first quarter of 2011, your Company announced the creation of Oranje-Nassau Développement, an international development structure designed to seize investment opportunities promoting innovation, diversification and growth. Its portfolio comprises a stake in VGG in the Netherlands, Helikos in Germany and Parcours in France.

Parcours is the only remaining independent player of a significant size operating in the car leasing sector in France. Your Company holds 95% of its capital, having invested €107 million in equity.

Your Supervisory Board met on March 22, 2011 to examine Wendel's parent company and consolidated financial statements, which were approved by the Executive Board, and the draft resolutions that have been submitted to you. We have no observations to make about them and are favorable to their approval.

Wendel recorded a 17.5% rise in consolidated sales, to €5,491 million, and 5.2% organic growth. All of the Group's companies made a positive contribution to recurring net income from business sectors, which was up 45.7% from 2009. Meanwhile, finance charges, overheads and tax fell 11.7%, resulting in a substantial 189.9% increase in recurring net income from business sectors to €443.3 million. Net income, Group share, came in at €1,002.3 million.

2010 earnings brought parent company shareholders' equity to €2,887 million as of December 31, 2010, versus €2,254 million at December 31, 2009.

Your Supervisory Board is delighted to note that the efforts made in 2010 have resulting in the significant increase in your Company's net asset value, which grew by €2,250 million in 2010.

After many years of actively contributing to the Board's work, Guy de Wouters, Vice-Chairman of the Board, did not seek renewal of his office. The Board thanks him very warmly for his commitment and input. Grégoire Olivier stepped down from his position in August to head the Peugeot Group's business in Asia; the Board would like to thank him for his faithful and skilled contribution to the work of the Board.

On the recommendation of the Governance Committee, your Board approved the renewal of the office of Didier Cherpitel and the appointments of Humbert de Wendel and Gérard Buffière for four-year terms.

Humbert de Wendel, a member of your Company's founding family, will bring to the Board the finance expertise he acquired in positions held in France as well as abroad with one of France's largest industrial groups. Gérard Buffière, an independent member candidate, notably headed a large listed industrial company in France and has a positive track record in governance. He will contribute his high-quality management experience to the Board. Guylaine Saucier, an independent director, became Chairman of the Audit Committee following your Board's meeting on March 22, 2011.

The Board approved Wendel's Market Confidentiality and Ethics Charter at its meeting on March 29, 2010; it also approved the new internal regulations at its meeting on December 1, 2010.

In the current context of a return to growth, your Supervisory Board approves the Executive Board's proposal to set the dividend for 2010 at €1.25 per share, in cash, representing a total dividend payment of €63.1 million, an increase from 2009. The Board also recommends your approval of the Executive Board's proposal to renew the financial authorizations for a period of 14 months.

Your Board continues to have full confidence in the ability of the Executive Board and all teams to further the Group's steady growth with determination and success, maintaining the vision of a long-term investor such as Wendel.

7.8 Report of the Executive Board on the resolutions submitted to the Shareholders at their Annual Meeting on May 30, 2011

The purpose of this report is to present and explain to Shareholders the resolutions proposed to them.

I. 2010 financial statements, allocation of income and regulated agreements

The purpose of the **first resolution** is to approve Wendel's parent company financial statements for the period from January 1, 2010, to December 31, 2010. These financial statements show net income of €680,246,926.33.

The purpose of the **second resolution** is to approve the consolidated financial statements of the Wendel Group for the period from January 1, 2010, to December 31, 2010. These financial statements show net income, Group share, of €1,002,327,000.

The purpose of the **third resolution** is to allocate 2010 net income as follows:

- 2010 net income totaling €680,246,926.33 plus retained earnings of €542,565,487.83, comprising income available for distribution of €1,222,812,414.16;
- is allocated in the following manner:
  - €63,127,223.75 to shareholders, to pay a net dividend of €1.25 per share,
  - to other reserves, the amount of €500,000,000.00,
  - to retained earnings, the remaining amount of €659,685,190.41.

The ex-dividend date is set for June 2, 2011, and the dividend will be paid on June 7, 2011.

It is specified that the dividend payable on treasury shares at the ex-dividend date will be allocated to retained earnings. Similarly, the dividend to be paid on shares issued as a result of options exercised after December 31, 2010, shall be appropriated from retained earnings.

Shareholders are reminded that individuals resident in France for tax purposes are eligible for a 40% tax exclusion on this dividend or may opt for a flat-rate withholding tax pursuant to Article 117 quater of the French General Tax Code.

The **fourth resolution** concerns regulated agreements governed by Articles L. 225-38 and L. 225-86 of the French Commercial Code, which are the subject of a special report by the Statutory Auditors, provided in this annual report. In accordance with current legislation, the Shareholders are asked to approve the transactions or agreements entered into in 2010. They are described in this report and relate exclusively to the co-investments of Executive Board members and the compensation of Bernard Gautier.

II. Supervisory Board: renewal of a Supervisory Board member appointment and new appointments to the Supervisory Board

The **fifth resolution** proposes to renew the appointment of Didier Cherpitel as a member of the Supervisory Board for a four-year term that will expire at the end of the Ordinary Shareholders' Meeting called in 2015 to approve the financial statements of the fiscal year ending December 31, 2014.

The following two resolutions propose the appointment of two new members to replace Grégoire Olivier and Guy de Wouters.

The **sixth resolution** proposes to appoint Humbert de Wendel for a four-year term that will expire at the end of the Ordinary Shareholders' Meeting called in 2015 to approve the financial statements of the fiscal year ending December 31, 2014. Humbert de Wendel is a family shareholder and will bring to the Board his finance and industry expertise acquired in positions held in France as well as abroad with one of France's leading groups.

The **seventh resolution** proposes to appoint Gérard Buffière as a member of the Supervisory Board for a four-year term that will expire at the end of the Ordinary Shareholders' Meeting called in 2015 to approve the financial statements of the fiscal year ending December 31, 2014. Gérard Buffière is the former head of a leading French industrial company and has also held international management positions. The Supervisory Board has examined the situation of Gérard Buffière with respect to the AFEP-MEDEF Code and considers that he meets the criteria to be considered an independent member of the Supervisory Board.

III. Renewal of the share buyback program

The **eighth resolution** is intended to renew the authorization granted by the Shareholders on June 4, 2010, to buy back Company shares. The purpose of this resolution is to authorize the Company to acquire its own shares within the legal limit of 10% of the number of shares comprising the share capital (5,050,177 shares as of December 31, 2010), with a maximum purchase price of €150 corresponding to a total maximum share buyback amount of €757,526,550 based on the share capital at December 31, 2010. This authorization would be valid for a period of 14 months.

IV. Renewal of financial authorizations

The ninth, tenth, eleventh, twelfth and thirteenth resolutions are intended to renew the authorizations, granted by the Shareholders on June 5, 2009, and expiring in 2011, allowing the Executive Board, with the prior approval of the Supervisory Board, to increase share capital up to the maximum aggregate amount of €1,000 million set in the ninth resolution. These authorizations, granted for a period of 14 months, would render null and void any existing authorizations of the same nature still in force.

The purpose of these authorizations is to give the Company some flexibility and the ability to act quickly by allowing, should a need or opportunity arise, the Executive Board, with the prior approval of the Supervisory Board, to undertake immediate or deferred capital increases through the issue of any type of security authorized by law (shares, convertible bonds, OCEANE bonds, etc.) without having to convene a Shareholders' Meeting.

The purpose of the **ninth resolution** is to delegate to the Executive Board the power to issue shares or securities giving access to the capital, with preferential subscription rights for shareholders, up to a maximum aggregate par value of €200 million for the capital increases.

This resolution also sets the maximum aggregate amount for capital increases to €1,000 million for shares issued by virtue of the authorizations granted in the ninth, tenth, eleventh, twelfth and thirteenth resolutions.

The purpose of the **tenth resolution** is to delegate to the Executive Board the power to issue shares or securities giving access to the capital, without a preferential right for shareholders, up to a maximum par value of €100 million for the capital increases, this amount being included in the maximum aggregate amount set in the ninth resolution. In accordance with legal and regulatory provisions, the issue price of shares issued by virtue of this authorization shall be at least equal to the weighted average share price for the three trading days prior to the price-setting, to which a discount of up to 5% may be applied.

This authorization also allows for the issue of shares in consideration for securities that may be tendered to the Company through a public offer of exchange.

It further allows for the issue of shares, up to a maximum of 20% of the capital per year, for which the preferential subscription rights of shareholders are canceled in favor of qualified investors or a restricted circle of investors.

Lastly, it allows the Executive Board to increase capital by up to 10% per year, with the issue price of shares being at least equal to the average Wendel share closing price over the 20-day period preceding the issue, to which a 10% discount may be applied.

The purpose of the **eleventh resolution** is to authorize the Executive Board to increase, within 30 days of the closing date of the subscription and by up to 15% of the initial issue, the amounts of the issues approved by virtue of the ninth and tenth resolutions, in the event of excess demand for these issues from investors, without exceeding the maximum aggregate amount set in the ninth resolution.

The purpose of the **twelfth resolution** is to delegate to the Executive Board the power to issue shares or securities giving access to share capital, up to a maximum of 10% of the capital, in consideration for contributions in kind to the Company consisting of shares.

The purpose of the **thirteenth resolution** is to delegate to the Executive Board the power to increase the capital of the Company through the capitalization of reserves, profits or premiums up to a maximum aggregate par value of €1,000 million. These capital increases may be carried out through the issue and allocation of bonus shares, an increase in the par value of existing shares or by the joint use of both these methods.

The purpose of the **fourteenth resolution** is to renew, for a period of 26 months, the authorization granted to the Executive Board by the Shareholders on June 5, 2009, with the prior approval of the Supervisory Board, to cancel all or part of the shares acquired by the Company by virtue of the authorizations granted in connection with share buyback programs, up to a maximum of 10% of share capital per 24-month period, and to reduce the capital accordingly.

V. Employee share ownership

The purpose of the **fifteenth resolution** is to renew, for a period of 14 months, the authorization granted to the Executive Board by the Shareholders on June 4, 2010, with the prior approval of the Supervisory Board, to increase the Company's capital in favor of the Group's employees and corporate officers under the framework of a Group savings plan, up to a maximum par value of €250,000. In accordance with legislation in force, the issue price of shares issued by virtue of this authorization may not be higher than the average quoted share price for the 20 trading days prior to the date of the decision setting the opening date of the subscription, nor lower than this average reduced by a maximum discount of 20%.

VI. Subscription- and/or purchase-type options:

The purpose of the **sixteenth resolution** is to authorize the Executive Board to grant options to subscribe and/or to purchase shares, up to a maximum of 0.8% of the capital, to employees and corporate officers of the Wendel Group. The subscription and/or purchase price shall be set in accordance with legal and regulatory provisions in force on the date of the stock option grants, at a price no lower than the average share price for the 20 trading days prior to the date of the price-setting. This authorization would be valid for 14 months.

In accordance with AFEP-MEDEF recommendations, the exercise of the options by Executive Board members shall be subject to performance-based conditions set by the Supervisory Board, in particular, conditions linked to NAV growth.

VII. Powers

The **seventeenth resolution** would grant the necessary powers to accomplish publication and legal formalities.

7.9 Agenda and draft resolutions

Resolutions pertaining to the Ordinary Meeting:

- Approval of the 2010 parent company financial statements;
- Approval of the 2010 consolidated financial statements;
- Net income allocation, dividend approval and payment;
- Approval of agreements described in Articles L. 225-38 *et seq.* and L. 225-86 *et seq.* of the French Commercial Code;
- Renewal of the appointment of a member of the Supervisory Board;
- Appointment of a member of the Supervisory Board;
- Appointment of a member of the Supervisory Board;
- Authorization granted to the Executive Board to trade in the Company's shares.

Resolutions pertaining to the Extraordinary Meeting:

- Delegation of power to the Executive Board to issue shares or securities giving access to the capital with preferential subscription rights;
- Delegation of power to the Executive Board to issue shares or securities giving access to the capital without preferential subscription rights;
- Delegation of power to the Executive Board to increase the number of shares to be issued in the event of excess demand;
- Delegation of power to the Executive Board to increase share capital in consideration for contributions in kind made up of shares;
- Delegation of power to the Executive Board to increase share capital through the capitalization of reserves, profits, premiums;
- Authorization granted to the Executive Board to reduce share capital through the cancellation of shares;
- Authorization granted to the Executive Board to increase share capital through the issue of shares or securities giving access to the capital, reserved for members of the Group savings plan;
- Authorization granted to the Executive Board to grant purchase-type and/or subscription-type stock options to corporate officers and employees.

Resolution pertaining to the Ordinary Meeting:

- Powers for legal formalities.

7.9.1 Resolutions pertaining to the Ordinary Meeting

First resolution

(Approval of the 2010 parent company financial statements)

The Shareholders, voting under the quorum and majority required for Ordinary Shareholders' Meetings,

- having heard the management report of the Executive Board on the activity and situation of the Company in 2010 and the observations of the Supervisory Board, having heard the general report of the Statutory Auditors;

hereby approve the parent company financial statements for the fiscal year beginning on January 1, 2010, and ending on December 31, 2010, as presented by the Executive Board, with net income of €680,246,926.33, as well as the transactions presented in these statements or described in these reports.

Second resolution

(Approval of the 2010 consolidated financial statements)

The Shareholders, voting under the quorum and majority required for Ordinary Shareholders' Meetings,

- having heard the management report of the Executive Board on the activity and situation of the Company in 2010 and the observations of the Supervisory Board;
- having heard the general report of the Statutory Auditors on the consolidated financial statements;

hereby approve the consolidated financial statements for the fiscal year beginning on January 1, 2010, and ending on December 31, 2010, as presented by the Executive Board, with net income, Group share, of €1,002,327 thousand, as well as the transactions presented in these statements or described in these reports.

Third resolution

(Net income allocation, dividend approval and payment)

The Shareholders, voting under the quorum and majority required for Ordinary Shareholders' Meetings, acting on the recommendation of the Executive Board, as approved by the Supervisory Board,

1. Decide:

- to allocate 2010 net income totaling €680,246,926.33 plus retained earnings of €542,565,487.83, comprising income available for distribution of €1,222,812,414.16;
- in the following manner:
  - to shareholders, the amount of €63,127,223.75 to pay a net dividend of €1.25 per share,
  - to other reserves, the amount of €500,000,000.00,
  - to retained earnings, the remaining amount of €659,685,190.41;

2. Decide that the ex-dividend date shall be June 2, 2011, and that the dividend shall be paid on June 7, 2011;
3. Decide that the dividend that cannot be paid to Wendel treasury shares shall be allocated to retained earnings, and that the amounts required to pay the dividend described above on shares from subscription-type stock options exercised before the ex-dividend date shall be deducted from retained earnings;
4. Acknowledge the Executive Board's presentation of distributions allocated in the three previous fiscal years, together with the dividend proposed for the 2010 fiscal year, summarized in the following table:

Fiscal year	Number of shares at year end	Net dividend per share
2007	50,318,400	€2.00
2008	50,366,600	€1.00
2009	50,436,175	€1.00
2010	50,501,779	€1.25

In accordance with Article 243 *bis* of the French General Tax Code, it is specified that the whole dividend proposed is eligible for a 40% tax exclusion for individuals resident in France for tax purposes pursuant to Article 158-3 2° of the French General Tax Code. It should be noted that this exclusion will not be applied if the taxpayer opts for the flat-rate withholding tax described in Article 117 *quater* of the French General Tax Code.

Fourth resolution

(Approval of agreements described in Articles L. 225-38 et seq. and L. 225-86 et seq. of the French Commercial Code)

The Shareholders, voting under the quorum and majority required for Ordinary Shareholders' Meetings, having heard the special report of the Statutory Auditors on the agreements described in Articles L. 225-38 *et seq.* and L. 225-86 *et seq.* of the French Commercial Code, approve the agreements and transactions described in this report.

Fifth resolution

(Renewal of the appointment of Didier Cherpitel as a member of the Supervisory Board)

The Shareholders, voting under the quorum and majority required for Ordinary Shareholders' Meetings, hereby note that the term of Didier Cherpitel as a member of the Supervisory Board expires at the end of this Shareholders' Meeting and renew this appointment for a four-year term that will expire at the end of the Ordinary Shareholders' Meeting called in 2015 to approve the financial statements of the fiscal year ending December 31, 2014.

Sixth resolution

(Appointment of Humbert de Wendel as a member of the Supervisory Board)

The Shareholders, voting under the quorum and majority required for Ordinary Shareholders' Meetings, decide to appoint, as of this date, Humbert de Wendel as a member of the Supervisory Board for a four-year term that will expire at the end of the Ordinary Shareholders' Meeting called in 2015 to approve the financial statements of the fiscal year ending December 31, 2014.

Seventh resolution

(Appointment of Gérard Buffière as a member of the Supervisory Board)

The Shareholders, voting under the quorum and majority required for Ordinary Shareholders' Meetings, decide to appoint, as of this date, Gérard Buffière as a member of the Supervisory Board for a four-year term that will expire at the end of the Ordinary Shareholders' Meeting called in 2015 to approve the financial statements of the fiscal year ending December 31, 2014.

Eighth resolution

(Authorization granted to the Executive Board to trade in the Company's shares: maximum purchase price of €150)

The Shareholders, voting under the quorum and majority required for Ordinary Shareholders' Meetings, acting on the recommendation of the Executive Board approved by the Supervisory Board,

- having heard the report of the Executive Board,
- and pursuant to Articles L. 225-209 *et seq.* of the French Commercial Code, the General Regulation of the *Autorité des Marchés Financiers*, and European Commission regulation no. 2273/2003,

1. Hereby authorize the Executive Board, with the power of sub-delegation as provided for by law, to buy back shares in the Company within the following limits:
   - he number of shares purchased by the Company during the buyback program shall not exceed 10% of the number of shares comprising the capital, at any time, with this percentage applying to capital adjusted for transactions that may impact it subsequent to this Shareholders' Meeting, for example, 5,050,177 shares as of December 31, 2010,
   - the number of shares held by the Company at any time shall not exceed 10% of the Company's share capital at the date under consideration;
2. Decide that the Company's shares, within the limits defined above, may be purchased for the following purposes:
   - to deliver shares (in exchange, for payment or for some other purpose) within the framework of acquisitions, mergers, spin-offs or buyouts; or
   - to deliver shares on the occasion of the exercise of rights attached to securities giving access to the Company's share capital immediately or at a later date; or
   - to enable an investment service provider to make a secondary market in the Company's stock or maintain the liquidity thereof within the framework of a liquidity contract in compliance with the code of good conduct recognized by the *Autorité des Marchés Financiers*; or
   - to implement purchase-type stock option plans as defined in Articles L. 225-177 *et seq.* of the French Commercial Code; or
   - to allocate bonus shares within the framework of Articles L. 225-197-1 *et seq.* of the French Commercial Code; or
   - to allocate or sell shares as part of the Group's profit sharing program and any Group savings plan as provided for by law, particularly Articles L. 3321-1 *et seq.* and L. 3331-1 *et seq.* of the French Labor Code; or
   - to cancel all or part of the shares purchased.

   This program shall also allow the Company to pursue any other purpose that has been or shall be authorized by legislation or regulations in force. In such an event, the Company shall inform its shareholders by issuing a press release.
3. Decide that the acquisition, sale or transfer of shares may, subject to applicable legal and regulatory restrictions, be made at any time, except during a public offer, and by any means, on the stock market or through private transactions, including the acquisition or sale of blocks of shares (without limiting the portion of the buyback program that may be conducted in this way), through public offers to purchase, sell or exchange shares, or through the use of options or other derivatives traded in a regulated stock market or in private transactions, or by the delivery of shares subsequent to the issue of securities giving access to the Company's capital by conversion, exchange, reimbursement, exercise of warrants or otherwise, either directly or indirectly through an investment service provider;
4. Set at €150 per share the maximum purchase price, for a total maximum share buyback amount of €757,526,550, on the basis of 5,050,177 shares as of December 31, 2010, and gives full power to the Executive Board, in the event of transactions on the Company's capital, to adjust the abovementioned purchase price to take into account the impact of these transactions on the value of the shares;
5. Give full power to the Executive Board, with the power of sub-delegation, to decide and apply this authorization, to specify, where necessary, the terms and procedures, to carry out the share buyback program, and to trade in the stock market, enter into any agreements, facilitate the recording of purchases and sales in stock

market registers, make any declarations required by the *Autorité des Marchés Financiers* or any other regulatory body that might take its place, carry out any formalities, and, generally, do what is required for the application of this authorization;

6. Decide that this authorization, which cancels and replaces any previous authorizations of the same nature, for any unused amounts, shall be valid for a period of 14 months from the date of this Shareholders' Meeting.

7.9.2 Resolutions pertaining to the Extraordinary Meeting

Ninth resolution

(Delegation of power to the Executive Board to increase share capital through the issue of shares or securities giving access to the capital of the Company or its subsidiaries, with preferential subscription rights, for a maximum par value of €200 million, it being specified that the maximum aggregate par value of capital increases that may be carried out is set at €1,000 million)

The Shareholders, voting under the quorum and majority required for Extraordinary Shareholders' Meetings,

- having heard the report of the Executive Board and the special report of the Statutory Auditors,
- and pursuant to Articles L. 225-129-2, L. 225-129-4, L. 225-129-5, L. 225-132 and L. 225-134 and Articles L. 228-91 to L. 228-93 of the French Commercial Code,

1. Delegate to the Executive Board, with the power of sub-delegation as provided for by law and subject to the prior approval of the Supervisory Board in application of Article 15-V b) of the by-laws, the power to issue, on one or more occasions, in the proportions and at the times that it shall determine, in France or outside France, subject to valuable consideration or not, with preferential subscription rights, shares of the Company or any other securities giving access, at any time or at a specified date—through subscription, conversion, exchange, repayment, exercise of warrants or in any other manner— to a portion of the share capital of the Company or of one of the companies described in Article L. 228-93 of the French Commercial Code, it being specified that such securities may be denominated in euros or another currency or in a monetary unit established by reference to a number of currencies, and that these issues may be subscribed either in cash or by offsetting uncontested and liquid debts payable by the Company;
2. Decide that the par value of the capital increases that may be carried out immediately or at a later date, by virtue of the abovementioned authorization, shall not exceed €200,000,000 or its equivalent at the issue date in the event of an issue in another currency or in a monetary unit established by reference to a number of currencies, it being specified that the maximum aggregate par value of the capital increases carried out by virtue of this authorization and those granted in the tenth, eleventh, twelfth and thirteenth resolutions of this Shareholders' Meeting shall be set at €1,000,000,000;
3. Decide that to these amounts shall be added, if applicable, the par value of additional shares to be issued to protect the rights of holders of securities giving access to the Company's share capital;
4. Decide that the issue or issues shall be reserved, on a preferential basis, to shareholders, who may subscribe as of right in proportion to the number of shares they own;
   - take note that the Executive Board may grant shareholders the right to subscribe for excess securities in addition to the number of securities they are entitled to subscribe for as of right, in proportion to their subscription rights and, in any case, not exceeding the number requested,
   - take note that if all the shares issued are not taken up through subscriptions as of right and, if applicable, subscriptions for excess shares, the Executive Board may use, as provided for by law and in the order that it shall determine, one or more of the powers below:
     - restrict the increase of capital to the subscription amount, subject to this amount attaining at least three-quarters of the increase decided,
     - distribute as it sees fit all or a portion of the securities not taken up,
     - offer to the public all or a portion of the securities not taken up;
5. Take note and decide, where necessary, that this authorization shall entail, in favor of the holders of the securities giving access to shares of the Company that may be issued by virtue of this resolution, the waiver by the shareholders of their preferential subscription right to the new shares to which these securities give access;
6. Decide that the issues of equity warrants in the Company may be carried out by subscription offer, but also by the free allocation to the owners of existing shares, it being specified that the Executive Board shall have the power to decide that allocation rights comprising fractional shares shall not be negotiable and that the corresponding shares shall be sold;
7. Give full power to the Executive Board, with the power of sub-delegation as provided for by law, to implement this authorization, in particular to:

- decide to carry out the issues and set all terms and conditions, notably: determine the dates and the amounts of the issues as well as the form and the characteristics of the securities to be created; set the issue price of the shares or securities giving access to the capital, the date from which ownership rights on them shall take effect, including a retroactive date, and the method of payment; provide for, if applicable, the terms and conditions of their repayment, repurchase on the stock market or exchange for shares or other securities, the possibility to suspend the exercise of rights attached to securities for a period not to exceed the maximum period authorized by the legal and regulatory provisions in force; determine and carry out any adjustments intended to take into account the impact of transactions on the share capital of the Company and set the terms and conditions by which it shall ensure, if applicable, the protection of the rights of the holders of securities giving access to the capital;
- in the event of an issue of debt securities, decide whether they shall be subordinated or not, set their interest rates and the terms and conditions of interest payment, their term (with or without a maturity date), the redemption price (fixed or variable, with or without premium), repayment terms based notably on market conditions, the terms under which these securities shall give entitlement to shares and, more generally, determine all other issue and repayment terms and conditions; modify, during the life of the securities concerned, the terms and conditions referred to above, in compliance with the applicable formalities;
- charge, if applicable, costs against share premiums, notably issue expenses, and deduct from this amount the sums required to raise the legal reserve;
- recognize the amount of the capital increase or increases resulting from any issue carried out by virtue of this authorization and amend the by-laws accordingly;
- and, generally, take all appropriate steps and enter into any agreements to successfully achieve the planned issues;

8. Decide that this authorization, which cancels and replaces the unused amounts of any previous authorizations of the same nature, shall be valid for a period of 14 months from the date of this Shareholders' Meeting.

Tenth resolution

(Delegation of power to the Executive Board to increase share capital through the issue, without preferential subscription rights but with the possibility of granting a priority period for shareholders, of shares or securities giving access to the capital of the Company or its subsidiaries, for a maximum par value of €100 million, this amount being included in the maximum aggregate principal amount set in the ninth resolution).

The Shareholders, voting under the quorum and majority required for Extraordinary Shareholders' Meetings,

- having heard the report of the Executive Board and the special report of the Statutory Auditors,
- and pursuant to Articles L. 225-129-2, L. 225-129-4 and L. 225-129-5, Articles L. 225-135, L. 225-136 and L. 225-148 and Articles L. 228-91 to L. 228-93 of the French Commercial Code and part II of Article L. 411-2 of the French Monetary and Financial Code,

1. Delegate to the Executive Board, with the power of sub-delegation as provided for by law and subject to the prior approval of the Supervisory Board in application of Article 15-V b) of the by-laws, the power to issue, on one or more occasions, in the proportions and at the times that it shall determine, in France or outside France, subject to valuable consideration or not, shares of the Company or any other securities giving access, at any time or at a specified date—through subscription, conversion, exchange, repayment, exercise of warrants or in any other manner—to a portion of the share capital of the Company or of one of the companies described in Article L. 228-93 of the French Commercial Code or giving entitlement to the allocation of debt securities, it being specified that these shares or securities may be issued in consideration for securities tendered to the Company through a public offer of exchange initiated by the Company and undertaken in France or outside France in accordance with local regulations on securities meeting the terms and conditions of Article L. 225-148 of the French Commercial Code, it also being specified that such securities may be denominated in euros or another currency or in a monetary unit established by reference to a number of currencies, and that these issues may be subscribed either in cash or by offsetting uncontested and liquid debts payable by the Company;
2. Delegate to the Executive Board, with the power of sub-delegation as provided for by law, subject to the prior approval of the Supervisory Board in application of Article 15-V b) of the by-laws, the power to issue shares or securities giving access to the capital of the Company subsequent to the issue, by companies in which the Company directly or indirectly holds more than half of the share capital, of securities giving access to the share capital of the Company;
3. Decide that any capital increases carried out immediately or at a later date by virtue of this authorization may be completed through public offerings or, up to a maximum of 20% of share capital per year, through offerings described in part II of Article L. 411-2 of the French Monetary and Financial Code;
4. Decide that the par value of capital increases that may be carried out immediately or at a later date by virtue of the aforementioned authorizations shall not exceed €100,000,000 or its equivalent at the issue date, in the event of an issue in another currency or in a monetary unit established by reference to a number of currencies, it being specified that this amount shall be included in the maximum aggregate amount defined in paragraph 2 of the ninth resolution of this Shareholders' Meeting;
5. Decide that to these amounts shall be added, if applicable, the par value of additional shares to be issued to protect the rights of holders of securities giving access to the Company's share capital;
6. Decide to cancel the preferential subscription right of shareholders to securities issued by virtue of this authorization, it being understood that the Executive Board may grant to shareholders, for a period of time and according to terms and conditions that it shall set in

accordance with applicable legal and regulatory provisions, for the entire share issue through public offering, a priority period to subscribe for the abovementioned securities, in proportion to the number of shares held by each shareholder, as of right and possibly not as of right, without giving rise to the creation of negotiable rights;

7. Note that if all the shares in the abovementioned issue are not taken up through subscriptions, including those of shareholders, the Executive Board may restrict the issue to the number of shares subscribed;

8. Take note and decide, where necessary, that this authorization shall entail, in favor of the holders of the securities giving access to shares of the Company that may be issued by virtue of this resolution or by companies in which the Company directly or indirectly holds more than half of the share capital, the waiver by the shareholders of their preferential subscription right to the new shares to which these securities give access;

9. Note that, pursuant to Article L. 225-136 of the French Commercial Code:

   - the issue price of shares issued directly shall be at least equal to the minimum provided for by the applicable regulatory provisions at the issue date;
   - the issue price of securities giving access to the share capital shall be such that the sum received immediately by the Company, increased by any amount received subsequently by the Company, is, for each share issued as a result of the issue of securities, at least equal to the minimum subscription price defined in the previous paragraph;

10. Decide that the Executive Board is authorized to set the issue price of up to a maximum of 10% of share capital per year in the following manner: the issue price of shares shall be at least equal to the average Wendel share closing price over the 20-day period preceding the issue, to which a discount of 10% may be applied; the issue price of other securities shall be such that the sum received immediately by the Company, increased by any amount received subsequently by the Company, is, for each share issued as a result of the issue of securities, at least equal to the minimum subscription price defined above; it being specified that the limit of 10% of share capital shall be assessed at the time that the Executive Board uses this authorization and that the issues shall be included in the maximum aggregate principal amount defined in paragraph 2 of the ninth resolution;

11. Give full power to the Executive Board, with the power of sub-delegation as provided for by law, to implement this authorization, in particular to:

   - decide to carry out the issues and set all terms and conditions, notably: determine the dates and the amounts of the issues as well as the form and the characteristics of the securities to be created; set the issue price of the shares or securities, the date from which ownership rights on them shall take effect, including a retroactive date, and the method of payment; provide for, if applicable, the terms and conditions of their repayment, repurchase on the stock market or exchange for shares or other securities, the possibility to suspend the exercise of rights attached to securities for a period not to exceed the maximum period authorized by the legal and regulatory provisions in force; determine and carry out any adjustments intended to take into account the impact of transactions on the share capital of the Company and set the terms and conditions by which it shall ensure, if applicable, the protection of the rights of the holders of securities giving access to the share capital;
   - more particularly, in the event of shares or debt securities issued in consideration for securities tendered through a public offer of exchange initiated by the Company, set the exchange ratio as well as any cash consideration to be paid; recognize the number of securities tendered in the exchange as well as the number of shares or securities to be created in consideration; determine the dates and terms of issue, notably the price and the date from which ownership rights on them shall take effect, of new shares or any securities giving access immediately and/or at a later date to a portion of the share capital of the Company; recognize as a liability on the balance sheet, under share premiums, to which all shareholders shall have rights, the difference between the issue price of new shares and their par value; charge, if applicable, against share premiums, all costs and fees related to the authorized transaction;
   - in the event of an issue of debt securities, decide whether they shall be subordinated or not, set their interest rates and the terms and conditions of interest payment, their term (with or without a maturity date), the redemption price (fixed or variable, with or without premium), repayment terms, based notably on market conditions, the terms under which these securities shall give entitlement to shares and, more generally, determine all other issue and repayment terms and conditions (if applicable, these securities may be accompanied by warrants giving access to the allocation, acquisition or subscription of bonds or other securities representing debt); modify, during the life of the securities concerned, the terms and conditions referred to above, in compliance with the applicable formalities;
   - charge, if applicable, costs against share premiums, notably issue expenses, and deduct from this amount the sums required to raise the legal reserve;
   - recognize the amount of the capital increase or increases resulting from any issue carried out by virtue of this authorization and amend the by-laws accordingly;
   - and, generally, take all appropriate steps and enter into any agreements to successfully achieve the planned issues;

12. Decide that this authorization, which cancels and replaces the unused amounts of any previous authorizations of the same nature, shall be valid for a period of 14 months from the date of this Shareholders' Meeting.

Eleventh resolution

(Delegation of power to the Executive Board to increase the number of shares to be issued in the event of excess demand, by up to 15% of the initial issue, up to the maximum aggregate principal amount set in the ninth resolution)

The Shareholders, voting under the quorum and majority required for Extraordinary Shareholders' Meetings,

- having heard the report of the Executive Board and the special report of the Statutory Auditors,
- and pursuant to Articles L. 225-135-1 of the French Commercial Code,

1. Delegate power to the Executive Board, with the power of sub-delegation as provided for by law, subject to the prior approval of the Supervisory Board in application of Article 15-V b) of the by-laws, for each of the issues decided by virtue of the ninth and tenth resolutions of this Shareholders' Meeting, in the event of excess demand, to increase the number of securities to be issued at the same price as that set for the initial issue and within the periods and up to the limits provided by applicable regulations on the issue date (currently within 30 days of the closing date of the subscription and by up to 15% of the initial issue);
2. Decide that the par value of capital increases decided by virtue of this resolution shall be included in the maximum aggregate amount defined in paragraph 2 of the ninth resolution;
3. Decide that this authorization shall be valid for a period of 14 months from the date of this Shareholders' Meeting.

Twelfth resolution

(Delegation of power to the Executive Board to issue shares or securities giving access to the capital up to a maximum of 10% of share capital , in consideration for contributions in kind made up of shares and up to the maximum aggregate principal amount set in the ninth resolution)

The Shareholders, voting under the quorum and majority required for Extraordinary Shareholders' Meetings,

- having heard the report of the Executive Board and the special report of the Statutory Auditors,
- and pursuant to Articles L. 225-129 *et seq.* of the French Commercial Code and, notably, Article L. 225-147 paragraph 6 of that Code,

1. Delegate to the Executive Board, with the power of sub-delegation as provided for by law, subject to the prior approval of the Supervisory Board in application of Article 15-V b) of the by-laws, the necessary powers to issue, on one or more occasions, shares or securities giving access to the Company's share capital, on the basis of the report from the contributions auditor (*commissaire aux apports*), up to a maximum of 10% of the share capital at the time of issue, in consideration for contributions in kind made to the Company and comprising shares or securities giving access to the capital, when the provisions of Article L. 225-148 of the French Commercial Code are not applicable;
2. Decide, where necessary, to cancel, in favor of holders of shares or securities giving access to the capital, the subject of the contributions in kind, the preferential subscription right of shareholders to the shares and securities issued;
3. Decide that the par value of capital increases that may be carried out immediately or at a later date by virtue of the abovementioned authorization shall be included in the maximum aggregate principal amount defined in paragraph 2 of the ninth resolution of this Shareholders' Meeting;
4. Decide that to this amount shall be added, if applicable, the par value of additional shares to be issued to protect the rights of holders of securities giving access to the Company's share capital;
5. Give full power to the Executive Board, with the power of sub-delegation as provided for by law, to implement this authorization, in particular to:
   - approve the evaluation of contributions and set the exchange ratio as well as, if applicable, the amount of the cash consideration;
   - approve the granting of special benefits, and reduce, if the contributors agree, the valuation of the contributions or the consideration for the special benefits;
   - recognize the number of securities to be issued;
   - determine the dates and terms of issues, notably the price and the effective date ownership rights on shares or other securities giving access to the share capital of the Company;
   - recognize as a liability on the balance sheet, under share premiums, to which all shareholders shall have rights, the difference between the issue price of new shares and their par value;
   - charge, if applicable, against share premiums, all costs and fees related to the authorized transaction and deduct from share premiums the sums required to raise the legal reserve;
   - recognize the amount of the capital increase or increases resulting from any issue carried out by virtue of this authorization and amend the by-laws accordingly;
   - and, generally, take all appropriate steps and enter into any agreements to successfully achieve the planned issues;
6. Decide that this authorization, which cancels and replaces the unused amounts of any previous authorizations of the same nature, shall be valid for a period of 14 months from the date of this Shareholders' Meeting.

Thirteenth resolution

(Delegation of power to the Executive Board to increase share capital through the capitalization of reserves, profits or premiums of €1,000 million, this amount being included in the maximum aggregate principal amount set in the ninth resolution)

The Shareholders, voting under the quorum and majority required for Ordinary Shareholders' Meetings,

- having heard the report of the Executive Board,
- and pursuant to Articles L. 225-129-2, L. 225-129-4 and L. 225-130 of the French Commercial Code,

1. Delegate to the Executive Board, with the power of sub-delegation as provided for by law, subject to the prior approval of the Supervisory Board in application of Article 15-V b) of the by-laws, the power to increase, on one or more occasions, in the proportions and at the times that it shall determine, the share capital up to a maximum par value of €1,000,000,000, through the incorporation, successive or simultaneous, into the capital of all or part of the reserves, retained earnings, premiums (from issues, mergers or contributions) or other amounts, realized by the issue and allocation of bonus shares, by an increase in the par value of shares or by the joint use of both these methods;
2. Decide that the par value of capital increases that may be carried out immediately or at a later date by virtue of the abovementioned authorization shall be included in the maximum aggregate amount defined in paragraph 2 of the ninth resolution of this Shareholders' Meeting;
3. Decide, in the event of the distribution of bonus shares:
   - that the rights representing fractional shares will not be negotiable and that the corresponding shares shall be sold; the proceeds of the sale shall be allocated to the rights holders in accordance with applicable laws and regulations,
   - to carry out any adjustments intended to take into account the impact of transactions on the Company's share capital and set the terms and conditions by which it shall ensure, if applicable, the protection of the rights of the holders of securities giving access to the capital;
4. Give full power to the Executive Board, with the power of sub-delegation as provided for by law, to implement this authorization, in particular to:
   - set the amount and nature of the sums to be incorporated into the capital;
   - set the number of shares to be issued or the amount by which the par value of shares comprising the share capital shall be increased;
   - set the date from which ownership rights on new shares shall take effect or the date on which the increase in par value shall take effect;
   - appropriate from one or more available reserve accounts the sums required to raise the legal reserve;
   - recognize the amount of the capital increase or increases resulting from any issue carried out by virtue of this authorization and amend the by-laws accordingly;
   - and, generally, take all appropriate steps and enter into any agreements to successfully achieve the planned transactions;
5. Decide that this authorization, which cancels and replaces the unused amounts of any previous authorizations of the same nature, shall be valid for a period of 14 months from the date of this Shareholders' Meeting.

Fourteenth resolution

(Authorization granted to the Executive Board to reduce share capital through the cancellation of shares, up to a maximum of 10% of the capital per 24-month period)

The Shareholders, voting under the quorum and majority required for Extraordinary Shareholders' Meetings,

- having heard the report of the Executive Board and the special report of the Statutory Auditors,
- pursuant to Articles L. 225-209 *et seq.* of the French Commercial Code,

1. Authorize the Executive Board, subject to the prior approval of the Supervisory Board in application of Article 15-V b) of the by-laws, to cancel, on one or more occasions, at its own initiative, all or a part of the treasury shares held by the Company, up to a maximum of 10% of the capital per 24-month period from the date of this Shareholders' Meeting;
2. Authorize the Executive Board to reduce the share capital accordingly, deducting the difference between the purchase price of the canceled shares and their par value from the available premium and reserve accounts of its choice;
3. Give full power to the Executive Board, with the power of sub-delegation, to amend the by-laws accordingly, carry out all acts, formalities and declarations and, generally, take the action required to apply this authorization;
4. Decide that this authorization, which cancels and replaces the unused amounts of any previous authorizations of the same nature, shall be valid for a period of 26 months from the date of this Shareholders' Meeting.

Fifteenth resolution

(Delegation of power to the Executive Board to increase share capital through the issue of shares or securities giving access to the capital, reserved for members of the Group savings plan, up to a maximum par value of €250,000)

The Shareholders, voting under the quorum and majority required for Extraordinary Shareholders' Meetings,

- having heard the report of the Executive Board,
- having heard the special report of the Statutory Auditors,
- and pursuant to Articles L. 225-129-6 and L. 225-138-1 of the French Commercial Code and Articles L. 3332-1 *et seq.* of the French Labor Code,

1. Delegate to the Executive Board, with the power of sub-delegation as provided for by law, subject to the prior approval of the Supervisory Board in application of Article 15-V b) of the by-laws, the power to increase share capital, on one or more occasions, through the issue of shares or securities giving access to the capital, reserved for members of one or more Company savings plans implemented within the Group;

2. Decide to set at €250,000 the maximum aggregate par value of capital increases that may be carried out by virtue of this resolution;
3. Decide to cancel, in favor of members of one or more Company savings plans implemented within the Group, the shareholders' preferential subscription right to shares or securities issued by virtue of this resolution;
4. Decide that the subscription price of new shares, set by the Executive Board pursuant to the provisions of Article L. 3332-19 of the French Labor Code, may not be higher than the average closing share price for the 20 trading days prior to the date of the decision setting the opening date of the subscription, nor more than 20% lower than this average;
5. Authorize the Executive Board to allocate, free of consideration, to the members of one or more Company savings plans implemented within the Group, in addition to the shares or securities giving access to the capital that must be subscribed for in cash, shares or securities giving access to share capital already issued, in full or partial substitution for the discount set by the Executive Board and/or as a matching contribution, it being understood that the resulting benefit from this allocation may not exceed the applicable legal or regulatory limits defined in Articles L. 3332-19 *et seq.* and L. 3332-11 of the French Labor Code;
6. Give full power to the Executive Board, with the power of sub-delegation as provided for by law, to implement this authorization, in particular to:
   - determine the companies or corporate groups of which employees may subscribe or receive the shares or securities allocated by virtue of this resolution;
   - decide that shares or securities may be subscribed or acquired directly by the beneficiaries, members of a Company savings plan implemented within the Group or through mutual funds other structures or entities authorized by applicable legal or regulatory provisions;
   - determine the amount to be issued or sold, set the issue price in accordance with the terms and limits set by the legislation in force, the terms of payment, set the dates, terms and conditions of the issues to be carried out by virtue of this authorization;
   - set the date from which ownership rights on the new shares shall take effect, set the period within which payment must be made within the maximum period set by the legal and regulatory provisions in force, as well as, if applicable, the required length of service for beneficiaries to participate in the transaction and benefit from the Company's contribution;
   - in the event of the allocation of bonus shares or securities giving access to the capital, set the number of the shares or securities giving access to capital, the number to be allocated to each beneficiary, and set the dates, time periods, terms and conditions of the allocation of these shares or securities giving access to the capital within the legal and regulatory limits in force and, notably, choose to allocate these shares or securities giving access to the capital in full or partial substitution for the discount decided by the Executive Board, or to apply the value of these shares or securities to the total of the matching contribution, or to combine the two possibilities;
   - charge, if applicable, costs against share premiums, notably issue expenses, and deduct from this amount the sums required to raise the legal reserve;
   - recognize the amount of the capital increase or increases resulting from any issue carried out by virtue of this authorization and amend the by-laws accordingly;
   - and, generally, take all appropriate steps and enter into any agreements to successfully achieve the planned transactions;
7. Decide that this authorization, which cancels and replaces the unused amounts of any previous authorizations of the same nature, shall be valid for a period of 14 months from the date of this Shareholders' Meeting.

Sixteenth resolution

(Authorization granted to the Executive Board to grant purchase-type and/or subscription-type stock options to corporate officers and employees, up to a maximum of 0.8% of the Company's share capital at the date the options are granted)

The Shareholders, voting under the quorum and majority required for Extraordinary Shareholders' Meetings,

- having heard the report of the Executive Board,
- having heard the special report of the Statutory Auditors,
- and pursuant to Articles L. 225-209 *et seq.* of the French Commercial Code,

1. Authorize the Executive Board to grant, on one or more occasions, subscription-type stock options, with the prior approval of the Supervisory Board in accordance with Article 15-V b) of the by-laws in the case of an allocation of options to subscribe and/or options to purchase the Company's stock, in favor of individuals it shall designate—or cause to be designated—from among the corporate officers described in Article L. 225-185 of the French Commercial Code and employees of the Company or of companies or corporate groups related to it as defined by Article L. 225-180 of the French Commercial Code;
2. Decide that the number of shares available for acquisition by the exercise of options granted by virtue of this authorization may not exceed 0.7% of the existing share capital on the date the options are granted;
3. Decide that the Executive Board may amend its initial choice between subscription-type or purchase-type stock options, before the start of the period during which options may be exercised, subject to the prior approval of the Supervisory Board in accordance with Article 15-V b) of the by-laws in the event that the Executive Board modifies its choice in favor of subscription-type stock options;

4. Decide that this authorization shall entail, in favor of the beneficiaries of subscription-type options, the express waiver by the shareholders of their preferential subscription rights to the shares issued as a result of the exercise of these options;
5. Take note that in the event that options are granted to the corporate officers described in Article L. 225-185 of the French Commercial Code, the Supervisory Board shall subject the grant or exercise of these options to performance-based conditions and must set a minimum number of shares resulting from the exercise of options that they are obliged to hold in registered form until termination of their appointment;
6. Decide that the options to be granted by virtue of this authorization shall be subject to disclosure in the form of a special report of the Executive Board to the Shareholders, in accordance with legal and regulatory provisions in force;
7. Give full power to the Executive Board to implement this authorization, in particular to:
   - set the terms and conditions by which the options shall be granted and draw up the list or categories of option beneficiaries;
   - determine the dates of each allocation;
   - determine the subscription price of new shares and the purchase price of existing shares, it being specified that this share subscription or purchase price shall be set in accordance with the legal and regulatory provisions in force on the date that the options are granted, at a price no lower than the average closing share price for the 20 trading days prior to the date of the price-setting; it is also specified that the purchase price of existing shares may not be lower than 80% of the average purchase price of the Company's shares pursuant to Article L. 225-209 of the French Commercial Code;
   - take the necessary steps to protect the interests of beneficiaries with regard to any financial transactions that may be carried out before the exercise of the options;
   - set the terms and conditions of the exercise of the options and notably (i) the period or periods during which the options granted may be exercised, it being specified that the period during which these options may be exercised may not exceed ten years from their grant date and (ii), if applicable, individual and/or collective performance conditions for employees;
   - provide for the possibility to temporarily suspend the exercise of options in accordance with legal and regulatory provisions for a maximum of three months in the event that financial transactions are carried out involving the exercise of rights attached to the shares;
   - record, if appropriate, at its first meeting after the end of each fiscal year, the number and total value of the shares issued during the year as a result of the exercise of options;
   - charge, if applicable, costs against share premiums, notably issue expenses, and deduct from this amount the sums required to raise the legal reserve;
   - recognize the amount of the capital increase or increases resulting from any issue carried out by virtue of this authorization and amend the by-laws accordingly;
   - and, generally, take all appropriate steps and enter into any agreements to successfully achieve the planned transactions;
8. Decide that this authorization, which cancels and replaces the unused amounts of any previous authorizations of the same nature, shall be valid for a period of 14 months from the date of this Shareholders' Meeting.

Seventeenth resolution

(Powers for legal formalities)

The Shareholders, voting under the quorum and majority required for Ordinary Shareholders' Meetings, hereby give full powers to the bearer of copies or extracts of the minutes of these proceedings to make all necessary filings and carry out any registration, filing or other legal formalities.

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8.1 Principal contracts

Shareholders' agreements and governance agreements are described in section 6.10 of this Reference Document.

Financial contracts are described in section 4.11 "Risk management" in the notes to the consolidated statements.

The Wendel Group seeks to optimize the diversification of its patents, commercial and industrial contracts. For this reason, with the exception of the contracts mentioned under "Risk management" in the notes to the consolidated financial statements of this Reference Document, the Group does not have any significant dependence on specific patents, licenses, or industrial, commercial or financial contracts.

8.2 Transactions with related parties

Information on related parties can be found in the notes to the consolidated statements of this Reference Document.

The "regulated" agreements as defined by Articles L. 225-38 and L. 225-86 of the French Commercial Code were mentioned in the Statutory Auditors' special report on regulated agreements in section 7.1, "Shareholders' Meeting" section of this Reference Document.

There are no industrial, commercial or management agreements between Wendel and its subsidiaries or associates. Wendel provides certain of them with advice and assistance regarding strategic, legal, tax, financial and accounting matters. These services are billed on an arm's length basis by reference to actual costs if identifiable or at flat rates.

Wendel billed the following amounts over the previous three fiscal years:

Excluding VAT In thousands of euros	**2010**	**2009**	**2008**
Stallergenes	129	150	150
Eufor	2,300	2,900	6,885
Winvest Conseil	3,000	-	-
Wendel-Participations	13	13	15
Other subsidiaries	78	85	94

8.3 Significant changes in financial condition or business status

To the best of the Company's knowledge, since December 31, 2010, there has been no exceptional event that might have a significant impact on the financial condition, business, earnings or assets of the Company or the Group, except for those detailed in Note 4.17 to the consolidated statements entitled "Subsequent events".

8.4 Supplementary pension plan

In 1947, the company "Les Petits-Fils de François de Wendel" (now Wendel) set up a supplementary pension plan for all employees, regardless of their level, provided they retire while employed by the Company. The plan was terminated in 1998, although it still covers employees who joined the Group prior to the closing date.

The supplementary pension plan guarantees all employees a standard pension, expressed as a percentage of their end-of-career salary. This percentage takes into account both fixed and variable portions of the employee's salary, but does not include exceptional items. It increases in relation to the employee's age and seniority up to a maximum of 65% of the salary. The pension plan provides for a payout of 60% to a surviving spouse as of the date of the employee's retirement, and includes supplements for dependent children.

Retirement benefits financed by the Group are calculated by deducting the total amount of pensions financed by the Company while the employee served at the Group from the guaranteed amount. Since 2005, the company has transferred the amounts necessary to cover the cost of pension benefits to an insurance company which pays the pension.

In 2010, the insurance company paid three corporate officers the following retirement benefits: €182,189 to Jean-Marc Janodet, who retired on July 1, 2002 after 42 years of service to the Group; €763,407 to Ernest-Antoine Seillère, who retired on June 1, 2005 after 30 years of service to the Group, and €149,294 to Guy de Wouters, who retired on January 1, 2000 after 15 years of service to the Group.

8.5 Co-investment by Wendel's management teams

To encourage its management teams to play an active role in creating value for the Group, Wendel has implemented co-investment mechanisms enabling managers to invest their own funds in the same companies in which Wendel invests. The managers' personal assets are therefore exposed to the same risks and rewards of these investments.

The mechanism applicable to new transactions between 2006 and 2008 has been described in Note 4.10.1 to the consolidated financial statements. It was suspended in June 2009 for new investments. On March 22, 2011, the Supervisory board created a new co-investment mechanism based on the opinion of the Governance Committee for investments made from 2011 onwards.

The new mechanism keeps both shareholder and management interests focused on maximizing the value of each investment while limiting managers' exposure to the upside potential and downside risk of losing their full investment.

As in the previous mechanism, Wendel's senior managers will be given the opportunity to invest up to 0.5% of the amounts invested by Wendel.

However, contrary to the former mechanism, 30% of the amount invested by managers are invested under the same conditions as Wendel (pari passu co-investment).

The remaining 70% will be eligible for a return of 7% on capital gain (instead of 10% under the former system) on condition that Wendel earns a minimum return of 7% per year and an aggregate return of 40% on its investment; otherwise, the management team will lose the full 70% of the amounts they have invested.

Once the acquisition of Parcours is definitive, the mechanism will be applied to Parcours.

8.6 Additional financial information

8.6.1 Historical financial information

Pursuant to Article 24 of EC regulation 809/2004, the following information is included by reference in this Reference Document:

- the key figures on pages 18 and 19 as well as the corresponding consolidated financial statements and audit reports on pages 81-162 of the 2009 Reference Document filed with the AMF on April 13, 2010 under number D.10-0257;
- the key figures on pages 13 and 14 as well as the corresponding consolidated financial statements and audit reports on pages 119-210 of the 2008 Reference Document filed with the AMF on May 11, 2009 under number D.09-400;

The unincluded parts of these documents either do not apply to investors or are covered by another part of this Reference Document.

Corporate communications during the fiscal year 2010

January 12, 2010

Wendel supports the launch of the initial public offering of Helikos, a "Special Purpose Acquisition Company" (SPAC) dedicated to the German market.

February 2, 2010

Wendel announces the success of the initial public offering of Helikos.

March 1, 2010

Wendel announces that it holds a 92% stake in Stahl and has completed a successful financial restructuring with unanimous lenders support.

March 24, 2010

Clarification following information from KKR regarding Legrand.

In respect of the Legrand shareholders agreement between them, Wendel has been advised by Kohlberg Kravis Roberts & Co. ("KKR") of its affiliate's intention to conduct an operation of partial transfer of its shares in Legrand. Wendel decided not to join this operation.

March 30, 2010

Wendel releases 2009 Results - Financial flexibility restored to prepare for the future.

Consolidated sales: limited decline to €4,865 million (-3.4%)- Net income from business sectors: €153 million, reflecting the significant impact of the crisis on the Group's companies – Net loss of €809 million affected by significant reductions in book values, as announced in H1 2009 – Stronger financial structure thanks to debt restructuring, extended and reduced – Solid cash position of €2,179 million at December 31, 2009, with available cash of €1,496 million (+63% compared with end 2008) – Net asset value doubled compared with December 31, 2008 to €56.9 per share at March 23, 2010 – Stable dividend of €1 per share, to be proposed to the next Shareholders' Meeting – Outlook 2010.

April 15, 2010

Wendel's 2009 Reference Document Available

The 2009 Wendel Reference Document was filed with the French Financial Markets Authority (AMF) on April 13, 2010, under number D.10-0257.

April 19, 2010

Combined Shareholders' Meeting of June 4, 2010.

Wendel informs its shareholders that its Combined Shareholders' Meeting will take place at the Pavillon d'Armenonville (allée du Longchamp, Bois de Boulogne, 75116 Paris, France) on Friday June 4, 2010 at 3.30pm. – Notice of the meeting was published today in number 47 of the gazette for official announcements (*Bulletin des Annonces Légales et Obligatoires*).

May 3, 2010

Wendel becomes the Founding Sponsor of the Centre Pompidou-Metz.

Wendel will become the founding sponsor of the Centre Pompidou-Metz, which will open to the public on May 12. Wendel is committed to working alongside this new institution over the next five years, to contribute to its development and influence on the French and international cultural stage.

May 6, 2010

First-quarter 2010 sales: Wendel is recovering with first-quarter growth.

Rebound in sales at unlisted companies – Sharp recovery in construction businesses in emerging markets – Consolidated first-quarter 2010 sales of €1,219 million – Organic growth of 2.7% including the contribution from Stahl over three months – Successful debt renegotiation at Deutsch and acquisition of 100% stake in its US retailer.

June 4, 2010

Wendel: Net asset value doubled compared with December 31, 2008 to €55 per share at May 31, 2010.

Ongoing management of protections related to the financing of Saint-Gobain stake.

June 4, 2010

Wendel: 2010 Combined Shareholders' Meeting

September 1, 2010

Wendel reports solid growth in H1 2010 income.

Consolidated sales up +10.3% to €2,711 million – Strong growth in net income of business sectors (+256% to €220.3 million)– Outstanding performance of unlisted companies – Positive net income of €199.4 million – Net asset value up 19% compared to end of December 2009 at €63.2 per share.

September 13, 2010

Wendel acknowledges the ruling of the European Union Court of September 13, 2010 which appears to challenge a minor detail in a transaction that concerned Editis in the past. Wendel was not a party to the proceeding that led to a non-permanent ruling and reserves the option to assert its rights.

September 20, 2010

Partial sale of Legrand's shares by its controlling shareholders.

September 21, 2010

KKR and Wendel successfully complete the sale of a 9% stake in Legrand.

Funds managed by Kohlberg Kravis Roberts & Co. (together with its affiliates, "KKR") and Wendel have successfully completed the joint sale of 23.7 million shares of Legrand at a price of €23.95 per share.

September 21, 2010

Wendel reports a circa €230 million capital gain from the sale of a 5.5% stake of Legrand's share capital.

October 20, 2010

Successful bond transaction involving the issue of €300 million (in nominal) to be consolidated and form a single series with existing bonds due in May 2016.

October 28, 2010

Wendel gives exclusivity to Ares Life Sciences to acquire its stake in Stallergenes.

November 10, 2010

Wendel sells its stake in Stallergenes to Ares Life Sciences.

November 15, 2010

Wendel: third-quarter 2010 confirms first-half trend.

- Consolidated third-quarter sales: €1,463.3 million, +23.1% compared to third-quarter 2009, including +8.5% organic growth,
- Nine-month consolidated sales: €4,174.4 million, +14.5%, compared to the first nine months of 2009, including organic growth of +5.1%,
- All Group companies confirm their 2010 targets.

November 16, 2010

Wendel announces today the settlement and delivery for the selling of its stake in Stallergenes, as planned.

December 2, 2010

Wendel Investor Day "Investing in high-growth economies".

Net Asset Value at €85.7 at November 23, 2010, up 35.6% since August 25, 2010 and up 64.2% in one year – Increase in economic exposure of its Saint-Gobain shares from 81% to 87.4% resulting from a new sale of puts for €110 million – Debt without margin calls reduced by €305 million to €970 million – High cash levels maintained at €1,944 million.

8.6.2 Documents available to shareholders and the public

The Company's by-laws, minutes of Shareholders' Meetings and other Company reports, as well as historical financial information and other documents prepared by experts at the request of Wendel that shareholders have the right to consult under the terms stipulated by law, may be consulted at the Company's registered office, at 89, rue Taitbout, 75009 Paris, France.

In addition, all financial news and all information documents published by Wendel are accessible on the Company's website: www.wendelgroup.com

8.6.3 Person responsible for financial communication

Jean-Michel Ropert, Chief Financial Officer

Tel: +33 (0)1 42 85 30 00

E-mail: jm.ropert@wendelgroup.com

8.7 Person responsible for the Reference Document including the annual financial report

I hereby certify, having taken all reasonable measures in this regard, that the information contained in this Reference Document is, to the best of my knowledge, accurate and that no information has been omitted that would be likely to alter its substance.

I hereby certify that, to the best of my knowledge, the financial statements have been prepared in accordance with applicable accounting standards and present a true and fair view of the assets, financial position and results of the Company and of its consolidated group of companies and that the management report presents a true and fair picture of the business, its results and the financial condition of the Company and of its consolidated group of companies, as well as a description of the principal risks and uncertainties to which they are exposed.

I have obtained a statement from the Company's Statutory Auditors, wherein they indicate that they have verified the information regarding the financial position and financial statements included in the Reference Document and that they have read the entire Reference Document.

The Statutory Auditors issued a report on the consolidated financial statements for the 2010 fiscal year. These reports can be found in section 4.19 of this document and include the following observations:

Without qualifying our opinion, we draw your attention to:

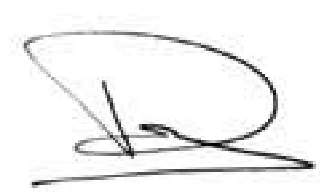
- Note 4 to the consolidated financial statements related to the investments in associates which describes the impairment test methodology for the interests held in Saint-Gobain, performed in accordance with IFRS and based on the value in use of this investment and particularly the following points:
  - the value in use of the interest in Saint-Gobain was assessed by the Company as at December 31, 2010. For the purposes of this assessment, the facts and circumstances existing at the balance sheet date were taken into account as well as the information available at the date of approval of the financial statements. This assessment led to a complete reversal in the income statement of the impairment loss previously booked for an amount of € 407.9 million,
  - because of the uncertainties inherent to the global economy outlook, the forecasts are difficult and the actual amounts could be at variance from the forecasts used in the context of the impairment test performed. It is therefore possible that the value in use of the interest held in Saint-Gobain might be different from that determined on the basis of the assumptions and estimates applied at December 31, 2010,
  - the sensitivity to a +/-0.5% change in the discount rate and the sensitivity to a +/-0.5% change in the long-term growth rate;
- Note 8 to the consolidated financial statements related to financial assets and liabilities (excluding financial debt and operating receivables and payables) which describes the accounting for derivatives used as "protection" against a fall in the market price of Saint-Gobain shares and indicates that these instruments are valued in accordance with IAS 39 on the basis of the fair value at the balance sheet date, including some market parameters and their impact on the financial statements.

The Statutory Auditors' reports on the consolidated financial statements for the fiscal years ended December 31, 2009 and December 31, 2008 contain a number of observations. They can be found in volume II of the 2009 Reference Document, filed with the AMF on April 13, 2010 under no. D.10-0257 and in the 2008 Reference Document filed with the AMF on May 11, 2009 under no. D.09-400.

Paris, April 7, 2011

Frédéric Lemoine

Chairman of Executive Board



8.8 Persons responsible for the audit of the financial statements and fees

8.8.1 Statutory Auditors

Ernst & Young Audit represented by Jean-Pierre Letartre

Member of the *Compagnie Régionale des Commissaires aux Comptes de Versailles*.

Tour Ernst & Young – 11, allée de l'Arche 92037 Paris-la Défense, France

Date appointed to first term: Combined Shareholders' Meeting of November 15, 1988 (formerly named Castel Jacquet et Associés).

Appointment last renewed: Combined Shareholders' Meeting of June 4, 2007.

Term of office: 6 years.

Current term of office ends: Shareholders' Meeting convened to approve the financial statements for the year ending December 2012.

PricewaterhouseCoopers Audit represented by Etienne Boris

Member of the *Compagnie Régionale des Commissaires aux Comptes de Versailles.*

63, rue de Villiers – 92208 Neuilly-sur-Seine, France

Date appointed to first term: Combined Shareholders' Meeting of November 24, 1994 (formerly named Befec-Mulquin et Associés, Befec-Price Waterhouse).

Appointment last renewed: Combined Shareholders' Meeting of June 4, 2007.

Term of office: 6 years

Current term of office ends: Shareholders' Meeting convened to approve the financial statements for the year ending December 2012.

8.8.2 Fees paid to the Statutory Auditors and members of their networks

	2009				2010			
	Ernst & Young Audit		Pricewaterhouse Coopers		Ernst & Young Audit		Pricewaterhouse Coopers	
(thousands of euros)	Amount	%	Amount		Amount	%	Amount	%
Audit								
Audit and certification of the parent-company and consolidated financial statements	3,058		6,125		2,775		6,707	
Wendel	*724*	*18%*	*941*	*13%*	*564*	*16%*	*938*	*9%*
Fully-consolidated subsidiaries	*2,334*	*58%*	*5,184*	*74%*	*2,211*	*62%*	*5,769*	*58%*
Other verifications and services directly related to the auditing assignment	320		328		382		1,968	
Wendel	*73*	*2%*	*65*	*1%*	*51*	*1%*	*51*	*1%*
Fully-consolidated subsidiaries	*246*	*6%*	*263*	*4%*	*331*	*9%*	*1,918*	*19%*
SUB-TOTAL	**3,378**	**84%**	**6,453**	**92%**	**3,157**	**88%**	**8,676**	**87%**
Other services								
Legal, tax, employment	638	*16%*	485	*7%*	428	*12%*	1,245	*12%*
Other	-	*0%*	68	*1%*	-	*0%*	72	*1%*
SUB-TOTAL	**638**	**16%**	**553**	**8%**	**428**	**12%**	**1,318**	**13%**
TOTAL	**4,016**	**100%**	**7,006**	**100%**	**3,585**	**100%**	**9,993**	**100%**

8.9 Cross-reference index for the Reference Document

To facilitate the reading of this Annual Report, filed as the Reference Document, the following cross-reference index identifies the principal categories of information required under Appendix 1 of European Regulation 809/2004 and indicates the corresponding pages of this document.

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8.10 Cross-reference index for the annual financial report

This Reference Document includes all the items of the annual financial report mentioned in Article L. 451-1-2 of the French Monetary and Financial Code as well as in Article 222-3 of the General Regulation of the AMF.

The following table shows the sections of the Reference Document corresponding to the various chapters of the annual financial report.

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The original French version of this report was registered with the French stock exchange authorities ("*Autorité des Marchés Financiers*" - AMF) on April 7, 2011, under no. D.11-0253, pursuant to Article 212-13 of the AMF General Regulation. Only the original French version can be used to support a financial transaction, provided it is accompanied by a prospectus (*note d'opération*) duly certified by the *Autorité des Marchés Financiers.* The document was produced by the issuer, and the signatories to it are responsible for its contents.

English version: Traduction financière et économique sarl “Trafine”

The English language version of this text is a free translation from the original, wihch was prepared in French. All possible care has been taken to ensure that the translation is an accurate representation of the original. However in all matters of interpretation of information, views or opinion, the original French language version of the document takes precedence over the translation.

Design and production: PUBLICORP - 10169 - +33 (0)1 55 76 11 11

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This document was printed in France by an Imprim’Vert certified printer on recyclable, chlorine-free and PEFC certified paper produced from sustainably managed forests.

Designed & published by Labrador +33 (0)1 53 06 30 80

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