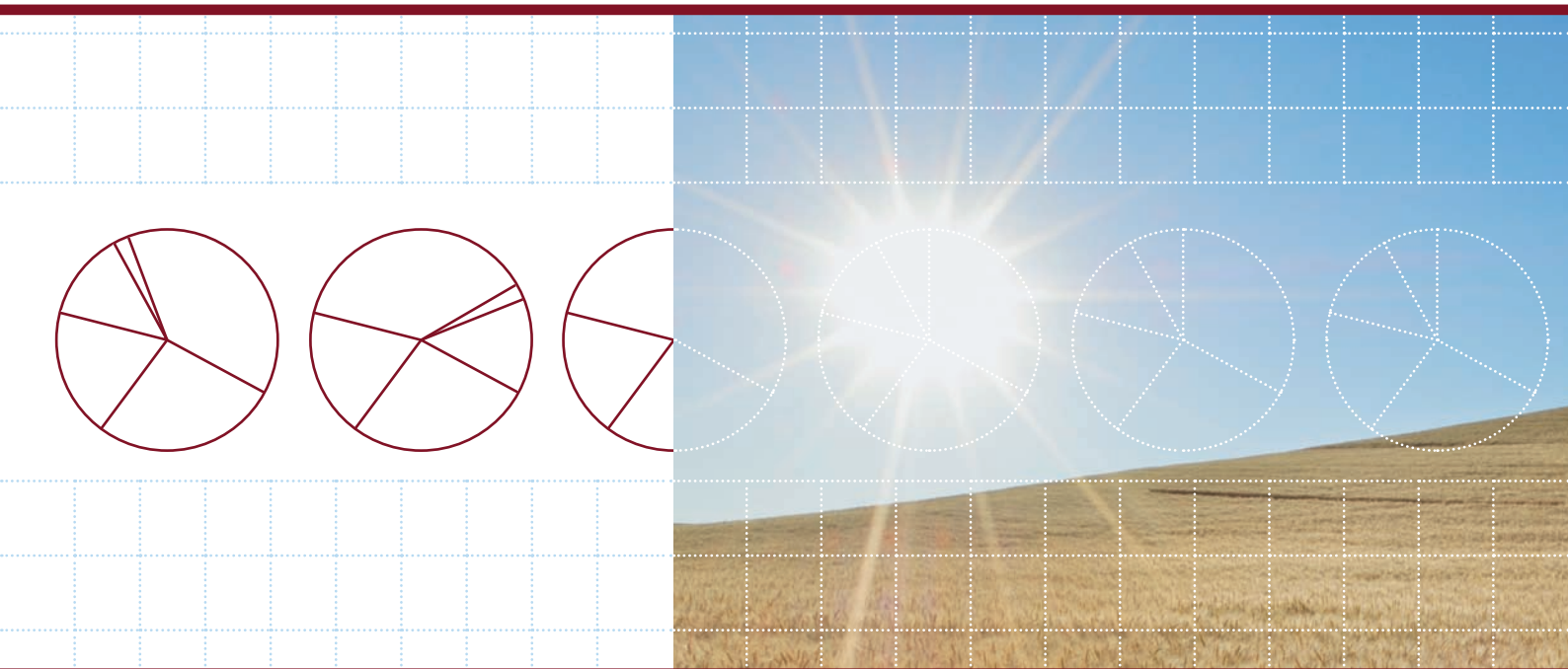




W E N D E L

## 2009 Financial and Legal Report





# Contents

- 3 • Corporate governance
- 43 • Corporate responsibility
- 57 • 2009 Financial statements
- 177 • Shareholder's Meeting of June 4, 2010
- 197 • Supplemental information
- 229 • Person responsible for the Reference Document and persons responsible  
for the audit of the financial statements
- 232 • Cross-reference index for the Reference Document
- 235 • Cross-reference index for the annual financial report



# I. Corporate governance

- 4 • The group's governing and supervisory bodies
- 22 • Compensation of corporate officers
- 33 • Internal control report

# I. Corporate governance

The Corporate Governance section includes the report of the Chairman of the Supervisory Board on the Board's composition, 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 the "Supplemental information" section. This report was approved by the Supervisory Board at its meeting of March 29, 2010 after review by the Audit and Governance Committees.

## A. THE GROUP'S GOVERNING AND SUPERVISORY BODIES

As of the Shareholders' Meeting of May 31, 2005, Wendel became a *société anonyme* with an Executive Board and a Supervisory Board.

### 1. Executive Board

#### 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, until April 7, 2009 were Jean-Bernard Lafonta and Bernard Gautier. Since April 7, 2009, its members have been Frédéric Lemoine and Bernard Gautier. The Executive Board's term expires on April 7, 2013.



#### **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:**

Frédéric Lemoine is a graduate of the HEC business school (1986) and of the Institut d'Études Politiques de Paris (1987). He is an alumnus of the École Nationale d'Administration ("Victor Hugo" class) and an Inspecteur des finances. In 1992-1993, he headed up the Institut du Cœur of Hô 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 *chargé 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 a Knight of the National Order of Merit and a Knight of the National Order of the Legion of Honor.

#### **Directorships at December 31, 2009:**

##### **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, 2009: 6,000

**Bernard GAUTIER****Member of the Executive Board**

Date first appointed to the Executive Board:  
 May 31, 2005  
 Current term ends: April 7, 2013  
 Born on June 6, 1959

**Business address:**

Wendel - 89, rue Taitbout, 75009 Paris, France

**Career path:**

Graduate of the École 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 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, 2009:****Wendel Group:**

Director of Saint-Gobain  
 Member of the Executive Committee of Deutsch  
 Director of Stahl Holding BV and of Stahl Group BV  
 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.

**Other Directorships:**

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)  
 Chairman of the Board of Directors of Lineis from 2003 to 2005  
 Number of Wendel shares held at December 31, 2009: 307,582

**Jean-Bernard LAFONTA****Chairman of the Executive Board until April 7, 2009**

Date first appointed to the Executive Board:  
 May 31, 2005  
 Term ended on: April 7, 2009  
 Born on December 30, 1961

**Career path:**

Graduate of the École Polytechnique and an engineer in the French government's Corps des Mines. He began his career at the Ministry of Industry as technical adviser to several ministers before joining Lazard Frères in 1993, where he was involved in merger and acquisition transactions. He joined BNP in 1996 as Director of Strategy and subsequently was Director, Capital Markets and Chairman of the Executive Board of Banque Directe. He joined the Wendel Group in 2001 as CEO of CGIP, which became WENDEL Investissement in 2002. He was Delegated CEO and member of the Board from its creation in 2002 and was Chairman of the Executive Board from 2005 until April 7, 2009. He is a Knight of the National Order of the Legion of Honor.

**Directorships at December 31, 2009:**

Chairman of CDA  
 Manager of Granit, JBMN, Upswing

**Directorships expired in the last five years:**

Chairman of the Wendel Executive Board (2005-2009)  
 Chairman of the Supervisory Board of Bureau Veritas (2005-2009) and Editis Holding (2004-2008)  
 Chairman of the Board of Directors of Winvest International SA SICAR (2006-2009)  
 Director and Delegated CEO of WENDEL Investissement (2002-2005)

## I. Corporate governance

Director of Saint-Gobain (2008-2009), Legrand (2002-2009), Legrand France (2002-2006), Lumina Parent (2003-2006), Trief Corporation (2008-2009), Valeo (2001-2006)

Member of the Supervisory Board of Oranje-Nassau Groep BV (2002-2009)

Member of the Management Board of Materis Parent (2006-2009)

Manager of Winvest Conseil (2006-2009)

Permanent representative of Sofu to the Board of Directors of Bureau Veritas (2002-2005)

**Number of Wendel shares held at December 31, 2009:**

189,692

### 1.2 EXECUTIVE BOARD OPERATIONS

During 2009, the Executive Board met eight times prior to April 7, and 19 times from April 8, 2009 until the end of the year. Both Executive Board members attended all meetings.

Since April 7, 2009, the Executive Board has, during each of its meetings, discussed the following issues:

- the Group's financial situation,
- updates on subsidiaries and other investments,
- updates on ongoing financial operations, which in 2009 included:
  - the divestment of Oranje-Nassau oil & gas activities,
  - restructuring of unlisted companies' debt,
  - the divestment of blocks of shares in Bureau Veritas and Legrand.

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

- financial communication issues:
  - net asset value (NAV),
  - roadshows,
  - investor day;
- internal organization and labor issues:
  - Compliance,
  - Training plan,
  - Compensation policy;
- Group Governance;
- and, depending on the regulatory and labor agenda, the preparation of the Annual Meeting and the closing of financial statements.

Executive Board members appointed a new Secretary, Bruno Fritsch, Investment Manager and member of the investment team since 2007. He has assumed this additional responsibility since July 9, 2009.

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.

## 2. The Supervisory Board

### 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, 2009, the Supervisory Board had 10 members.

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 upon the switchover to a dual management structure, reappointments were staggered beginning in 2005. As a result, the following members' terms shall end on the following dates, effective December 31, 2009:

- 2010 (Annual Meeting to approve 2009 financial statements):
  - Nicolas Celier,
  - Béatrice Dautresme;
- 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,
  - Édouard de l'Espée,
  - Grégoire Olivier.



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.

### 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**  
**Member of the Wendel Governance Committee**  
 Date appointed to first term: June 2, 1981  
 Current term expires: 2013 Annual Meeting  
 Born on December 20, 1937

#### Business address:

Wendel - 89, rue Taitbout, 75009 Paris, France

#### Career path:

Graduate of the Institut d'Études Politiques de Paris, law graduate, alumnus of the École 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 has been President of *BusinessEurope* since 2005.

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

#### Directorships and positions held at December 31, 2009:

##### 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 Sidérurgiques – 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)

Vice-Chairman of the Board of Directors of Capgemini (2000-2005)

Number of Wendel shares held at December 31, 2009: 807,303



**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 expires: 2011 Annual Meeting

Born on October 1, 1930

#### Business address:

Wendel - 89, rue Taitbout, 75009 Paris, France

#### Career path:

Belgian citizen, he 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 Française, then Director of Shell Chemicals, and Chairman of 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 Company Générale de Belgique. He has chaired the Executive Committee of Tractebel and was the Company 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

## I. Corporate governance

Advisory Committee of three companies in London (Ondra, Sardis and Trilantic). 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). 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 Léopold (Belgium).

### Directorships and positions held at December 31, 2009:

#### 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;

### Directorships expired in the last five years:

Chairman and CEO of Compagnie Financière de la Trinité (1993-2005)

Number of Wendel shares held at December 31, 2009: 342



#### **Nicolas CELIER**

**Member of the Wendel Supervisory Board**  
**Member of the Audit Committee**

Date appointed to first term: May 29, 2006  
(Appointment subject to shareholder approval at the Annual Meeting held to approve 2009 financial statements).

Born on August 31, 1943

### Business address:

Wendel - 89, rue Taitbout, 75009 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 Fläkt group (Fläkt, 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 Réfrigération.

### Directorships and positions held at December 31, 2009:

#### Other directorships and positions:

Chairman of the Supervisory Board of Optimprocess SA  
Member of the Supervisory Board of Solving Efeso International SA

Member of the Supervisory Board of Oslo Software 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

Member of the Conseil Oslo Partners Investment SAS

Board Member of I xeo SAS

Manager of FKO Invest BV (The Hague)

Director of RSO SpA (Milan)

### Directorships expired in the last five years: None

Number of Wendel shares held at December 31, 2009: 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 expires: 2011 Annual Meeting

Born on December 24, 1944

### Business address:

Wendel - 89, rue Taitbout, 75009 Paris, France

### Career path:

Postgraduate degree from the Institut d'Études 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, 2009:

#### 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.

#### 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, 2009: 4,000



#### **Béatrice DAUTRESME**

**Member of the Wendel Supervisory Board**

**Member of the Governance Committee**

Date appointed to first term: May 29, 2006

(Term to expire at the Annual Meeting held to approve 2009 financial statements).

Born on February 1, 1946

#### Business address:

L'ORÉAL - 41, rue Martre, 92117 Clichy, France

#### Career path:

DA graduate of the École Nationale des Langues Orientales (Russian major), Béatrice Dautresme joined L'Oréal in 1972 and began her career in the Marketing Department of L'Oréal Paris in France. She then spent nine years in the United States at L'Oréal USA as Chief Executive Officer of the L'Oréal Cosmetics division. She returned to France at the end of 1989 and was appointed International General Manager for the Helena Rubinstein brand. She joined the Management Committee of L'Oréal in 2001 as Executive Vice-President in charge of Strategic Development. She is a Knight of the National Order of the Legion of Honor.

#### Directorships and positions held at December 31, 2009:

##### Main position:

Since January 2005, Executive Vice-Chairman in charge of Corporate Communications and External Affairs at the L'Oréal Group. She is also Chief Executive Officer of the L'Oréal Corporate Foundation.

Number of Wendel shares held at December 31, 2009: 375



#### **Jean-Marc JANODET**

**Member of the Wendel Supervisory Board**

**Chairman of the Audit Committee**

Date appointed to first term: November 20, 1997

Current term expires: 2012 Annual Meeting

Born on June 29, 1934

#### Business address:

Wendel - 89, rue Taitbout, 75009 Paris, France

#### Career path:

Graduate of the École 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 Honorary Mayor of Vaucresson, Hauts-de-Seine, France. He is an officer of the National Order of Merit.

#### Directorships and positions held at December 31, 2009:

##### Wendel Group:

Chairman of the Board of Directors of Sofisamc

Director of Trief Corporation

Permanent representative of the Compagnie Financière de la Trinité on the Board of Directors of Stallergenes.

#### Directorships expired in the last five years:

Chairman of Trief Corporation (expired in 2009)

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

Member of the Supervisory Board of Oranje-Nassau Groep BV (expired in 2005)

Director of Compagnie Financière de la Trinité (1993-2005)

Director of Solfur (expired in 2006)

Director of Stallergenes (expired in 2005)

Number of Wendel shares held at December 31, 2009: 22,935

## I. Corporate governance



### **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 expires: 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 École 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, 2009:**

##### **Wendel Group:**

Director of Wendel-Participations

##### **Other directorships and positions:**

Chairman of Praetor Sicav (Luxembourg)

Chairman of Praetor Global Fund (Luxembourg)

Director 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, 2009: 3,706



### **François de MITRY**

**Member of the Wendel Supervisory Board**  
**Member of the Governance Committee**

Date appointed to first term: September 6, 2004  
Current term expires: 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'Études Politiques in Paris, Université de Paris-Dauphine (master's 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. He is the ICG representative on the Boards of Directors of Picard Surgelés, Nocibé, Sebia, Medi-Partenaires and Marken. He is also Chairman of the Supervisory Board of Eisman GmbH.

#### **Directorships and positions held at December 31, 2009:**

##### **Main position:**

CEO and Director of Intermediate Capital Group PLC

##### **Other directorships and positions:**

Representative of ICG on the Boards of Directors of Picard Surgelés, Nocibé, Sebia, Medi-Partenaires and Marken.

Number of Wendel shares held at December 31, 2009: 285



### **Grégoire OLIVIER**

**Member of the Wendel Supervisory Board**  
**Member of the Audit Committee**

Date appointed to first term: May 27, 2003  
Current term expires: 2013 Annual Meeting  
Born on October 19, 1960

#### **Business address:**

PSA PEUGEOT CITROEN - 75, avenue de la Grande-Armée, 75116 Paris, France

#### **Career path:**

Graduate of the École Polytechnique and an engineer in the French government's Corps des Mines. MBA from the University of Chicago. He began his career at the French Ministry of Industry and subsequently was a technical advisor to the Prime Minister. He joined the Pechiney Group in 1991, where he was successively CEO of Aluminium de Grèce,

Manager of American Can's Chicago factory and Vice-President for strategy at ANC. He then joined Alcatel where he was CEO of Saft. He was appointed Chairman of the Executive Board of Sagem in 2001. In 2005, he was appointed a member of the Executive Board of Safran and Chairman and CEO of Sagem Communications. Since 2006, he has been with the Peugeot Group as Chairman and CEO of Faurecia and subsequently as a member of the Managing Board of PSA Peugeot Citroën. He is a Knight of the National Order of Merit.

#### Directorships and positions held at December 31, 2009:

##### Main position:

Member of the Executive Board of PSA Peugeot Citroën

##### Directorships expired in the last five years:

Director of IMERYS

Director of Faurecia

Number of Wendel shares held at December 31, 2009: 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 expires: 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'Études 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, 2009

##### Wendel Group:

Chairman and CEO of Wendel-Participations

Board Member 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 Eole

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 Société Lorraine de Participations Sidérurgiques (SLPS)

Director of FaBa Sirma SpA

Director of FaBa Sud SpA

Member of the Supervisory Board de WENDEL Investissement

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

Manager of Crown Packaging UK Plc

Member of the Supervisory Board de Crown Magyarország

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, 2009:

177,693

Information on Dominique Hériard Dubreuil and Guylaine Saucier, whose appointments as Members of the Supervisory Board will be submitted for shareholder approval at the Annual Meeting of June 4, 2010.



## I. Corporate governance



### **Dominique HÉRIARD DUBREUIL**

**New Member of the Supervisory Board whose appointment will be submitted for shareholder approval at the Annual Meeting of June 4, 2010**

Born on July 6, 1946

#### **Business address:**

Rémy Cointreau - 21, boulevard Haussmann, 75009 Paris, France

#### **Career path:**

Assas law school (Paris); Institut des Relations Publiques. Media contact at Havas Conseil (1969-72); Founder of public relations department at Ogilvy & Mather (1972); Head of programs at Hill & Knowlton (1973-75); Founder of the public relations department at McCann-Erickson France (1975-77); Founder (1978) and Chairman-CEO (1984-87) of the Infoplan agency; CEO (1988-90), Chairman (since 1990) of E. Rémy Martin & Cie in Cognac, France; Chairman and CEO (1998-2000), Chairman of the Executive Board (2001-04) then of the Board of Directors (since 2004) of the Rémy Cointreau group; Chairman (1992-94), Director of the Federation of Wine and Spirit Exporters of France (FEVS); Chairman (1992 to 1994), Director of the Comité Colbert; Director of Baccarat; Member of the Executive Board of Mouvement des Entreprises de France (MEDEF); Chairman of Vinexpo Overseas.

#### **Directorships and positions held at December 31, 2009:**

##### **Main position:**

Chairman of the Board of Directors of Rémy Cointreau

##### **Other directorships and positions:**

Chairman of Vinexpo Overseas

Member of the MEDEF Executive Council and Director of AFEP

Director of Baccarat

Director of INRA

Member of the Supervisory Board of Vinexpo SAS

Director of the Fondation de la 2<sup>e</sup> chance

Director of the Comité France Chine



### **Guylaine SAUCIER**

**New Member of the Supervisory Board whose appointment will be submitted for shareholder approval at the Annual Meeting of June 4, 2010**

Born on June 10, 1946

#### **Business address:**

1000, rue de la Gauchetière Ouest  
Bureau 2500  
Montréal, Québec H3BOA2  
Canada

#### **Career path:**

Graduate, with a *baccalauréat ès arts*, from the Collège Marguerite-Bourgeois and a *licence* degree in business from the École des Hautes Études Commerciales de Montréal.

Fellow of the Order of Certified Public Accountants of Quebec. Chairman and CEO of Gérard 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 Montréal.

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.

#### Directorships and positions held at December 31, 2009:

##### Other directorships and positions:

Member of the Board of Directors of the Bank of Montreal (since 1992)

Member of the Board of Directors of Danone (since 2009)

Member of the Board of Directors of Axa Assurances Inc. (since 1987)

Member of the Supervisory Board of Areva (since 2006)

##### 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)

Member of the Board of Directors of Nortel Networks Corporation (1997-2005)

Member of the Board of Directors of Tembec Inc. (1991-2005)

#### 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.

#### 2.1.3 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 11, 2010, 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).

At its meeting of February 11, 2010, the Supervisory Board examined, after review and upon the analysis and proposal of the Governance Committee, whether or not its members were truly independent, within the meaning of the AFEP-MEDEF Code, and deemed that, as of January 1, 2010, only three members met this criterion: Béatrice Dautresme, Didier Cherpitel and Grégoire Olivier.

The number of independent members on the Supervisory Board is expected to rise to four after the Annual Meeting.

Béatrice Dautresme did not seek reappointment to her directorship, while the candidatures of Dominique Hériard Dubreuil and Guylaine Saucier will be submitted for shareholder approval at the Annual Meeting of June 4, 2010. At its February 11, 2010 meeting, the Governance Committee deemed that these members would be considered independent. In the event of shareholder approval of these two appointments, more than one-third of the Supervisory Board would therefore be composed of independent members, 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.

## I. Corporate governance

### 2.2 PREPARATION AND ORGANIZATION OF THE BOARD'S PROCEEDINGS

The Board's Code of Conduct, established in 2006, details the procedures of the Supervisory Board and its committees, and specifies the rights and responsibilities of its members and the minimum number of shares they must own (100). It also specifies the rules for trading shares of Wendel and of listed companies where the Group is represented on the Board of Directors or the Supervisory Board.

It also allows 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 2009 and took place according to the legal provisions in force.

The Board's Code of Conduct is available for consultation at the Company's head offices, located at 89, rue Taitbout, 75009 Paris, France.

At its February 11, 2010 meeting, the Board decided to update its Code of Conduct within the coming months, in order to transform it into the Board's internal regulations.

#### 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. 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 close of each financial 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 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. To the greatest extent possible, meetings are convened in advance by post. In cases of emergency, the Supervisory Board may be convened without notice and be held by telephone or other means of telecommunication. Board meetings are held at the head offices or at any other venue specified in the meeting notice sent out to members.

The Statutory Auditors are invited to all meetings of the Supervisory Board at which the annual or semi-annual financial statements are examined.

The Supervisory Board meets regularly. In 2009, the Supervisory Board met 15 times (vs. 18 times in the previous year). Average attendance was almost 90%, and the average length of meetings was around two and a half hours.

The Supervisory Board has appointed a new Secretary: David Darmon, a Managing Director who has been on the investment team since 2005. He has taken on this additional responsibility since July 16, 2009.

In accordance with section 11 of the AFEP-MEDEF code, Board members usually receive the agenda for the next meeting about ten days prior to the meeting date. Since 2009, greater attention has been devoted to preparing the information packages provided to Supervisory Board members, with both prompter delivery and greater quantity and quality of information. Meeting minutes are prepared by the Secretary of the Supervisory Board and are sent to members about three 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. 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.

The main items discussed at Supervisory Board meetings during 2009 were as follows:

- Earnings projections;
- Situation of subsidiaries;
- Strategic objectives for 2009 and 2010;
- Share price and NAV;
- Methodology for calculating NAV and publication dates;
- Financial communication;
- Parent company and consolidated financial statements at December 31, 2008 and June 30, 2009 and Statutory Auditors' reports;
- Regulated agreements;
- Reports of the Audit and Governance Committees;
- Resolutions submitted by the Executive Board to shareholders at their June 5, 2009 Annual Meeting;



- Report of the Chairman of the Supervisory Board on Governance and internal controls;
- Governance (appointment of new Executive Board, terms of departure of the previous Executive Board Chairman, compensation);
- Quarterly reports of the Executive Board on the situation of the Company and the Group,
- Awarding of stock options and bonus shares;
- Capital increase reserved to members of the Group savings plan;
- Update on financing;
- Review of investment opportunities;
- Restructuring the financing of subsidiaries (Materis, Deutsch, Stahl);
- Strategic transactions of subsidiaries.

To discharge its responsibilities under optimal conditions, the Board's Code of Conduct stipulates 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.

### 2.2.2. Supervisory Board committees

The committees' responsibilities and procedures are detailed in Code of Conduct.

## AUDIT COMMITTEE

### Composition

Up to April 6, 2009, the Audit Committee was composed of five members, then, following the resignation of Frédéric Lemoine, of four members:

- Jean-Marc Janodet (Chairman);
- Nicolas Celier;
- Édouard de l'Espée;
- Frédéric Lemoine (until April 6, 2009);
- Grégoire Olivier.

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

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 (at December 31, 2009) and Frédéric Lemoine (until April 6, 2009) were considered independent on this Committee. The composition of the Committee does not fully comply with AFEP-MEDEF recommendation 14.1, which advocates that at least two-thirds of the members be independent.

However, the Board is of the opinion that the involvement of its members, the quality of its work, the regular recourse to external experts and the frequency of meetings outweigh a purely arithmetic approach to committee composition.

### Responsibilities

Pursuant to la recommendation 14.2 of the AFEP-MEDEF Code and decree no. 2008-1278 of December 8, 2008 pertaining to Statutory Auditors, 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 Statutory Auditors.

## I. Corporate governance

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 internal data collection and control procedures make it possible to guarantee the quality and sincerity of the Company's accounts;
- ensure the effectiveness of the internal control and risk management systems;
- serve as liaison with the Statutory Auditors;
- review all accounting and financial documents to be 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 semi-annual and annual financial statements.

The Audit Committee has access to all the resources it considers necessary 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. It may also hire experts to perform specific tasks falling within the scope of its responsibilities.

In this regard, the Committee has engaged a recognized independent expert (Associés en Finance until December 31, 2009; Ricol Lasteyrie et Associés since January 1, 2010), to evaluate the Company's net asset value (NAV). At the conclusion of each meeting, its members confer in private with no members of the Company's management present. A report is made by the Chairman of the Audit Committee at the following meeting of the Supervisory Board.

The Audit Committee met seven times in 2009 (vs. four times in 2008). Attendance was almost 90%, and meetings lasted on average more than two hours.

The Audit Committee has appointed Patrick Bendahan, who is also Investment Manager and a member of the investment team since 2006, as Secretary, replacing David Darmon.

The main items discussed in 2009 at Audit Committee meetings were as follows:

- review of 2009 budget;
- review of the Supervisory Board Chairman's report on internal controls;
- review of parent company and consolidated financial statements at December 31, 2008 and June 30, 2009;
- audience with Statutory Auditors and review of their reports;
- audit procedure on the 2009 semi-annual financial statements;
- 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 methodology and choice of independent appraisers for unlisted companies;
- risk monitoring.

## GOVERNANCE COMMITTEE

### Composition

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

- Didier Cherpitel (Chairman);
- Béatrice Dautresme;
- 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 also invited to attend each meeting of the Governance Committee.

The Governance Committee includes two independent members, as defined by the AFEP-MEDEF code, Béatrice Dautresme and Didier Cherpitel, its Chairman. It therefore does not comply with AFEP-MEDEF recommendation 15.1, which advocates a majority of independent Directors. Nevertheless, the Board is of the opinion that the involvement of its members, the quality of its work, the regular recourse to external experts and the frequency of meetings outweigh a purely arithmetic approach to committee composition.

### 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 compensation packages for Executive Board members, including benefits in kind and awarding of stocks options or bonus shares;
- Review the methods for apportionment of Director's fees among the members of the Supervisory Board;
- Review the co-investment policy proposed to management, where applicable;
- 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 committee met nine times in 2009 (vs. 11 times in 2008). Average attendance at the meetings was over 88%, and meetings lasted on average one and a half hours.

The Committee may call upon recognized independent experts to shed light on its tasks. It was in this regard that it engaged Towers Perrin and Korn Ferry for several assignments during 2009. Documents and reports are sent to Committee members about one week prior to the Committee meeting. Similarly, agendas and minutes of previous meetings are usually sent to Committee members within a period of two to three weeks.

David Darmon has served as Committee Secretary since July 16, 2009.

Meetings in 2009 dealt with the following items:

- Executive Board compensation;
- Repercussions of AFEP-MEDEF recommendations;
- Review of the Supervisory Board Chairman's report on corporate Governance;
- Determination of performance criteria to be used upon the departure of Executive Board members, where applicable;
- Update on awards of stock options and bonus shares;
- Choice of a consultant to assess the Supervisory Board's operational set-up;
- Group Savings Plan and profit-sharing plan;
- Update on Supervisory Board evaluation and choice of consultant;
- Update on the composition and process for reappointing Board members and the choice of consultant (Korn Ferry);
- Executive Board objectives for 2010.

### 2.3 EVALUATION OF 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..."

The code recommends:

- 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.

## I. Corporate governance

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. Wendel has called upon an independent consultant to make this evaluation on a formalized basis, under the authority of the Governance Committee. The findings of this evaluation were reviewed at the August 28, 2009 meetings of the Governance Committee and Board.

Towers Perrin, which was chosen to make this evaluation of the Supervisory Board, undertook its task in the following manner:

- Drafting of a questionnaire sent to all Supervisory Board members;
- Interviews with the Chairman of the Supervisory Board, the Chairmen of the Governance and Audit Committees, four Supervisory Board members (including two independent directors) and two Executive Board members;
- Presentation to the Governance Committee of an analysis and a summary of the highlights and possible areas of improvement in the Board's work and a comparison with practices of comparable groups.

The recommendations made to the Committee dealt mainly with:

- the responsibilities and purviews of the committees;
- the process for appointing and reappointing Supervisory Board members;
- the structure of Board member compensation.

The Committee carefully discussed and reviewed these items and submitted its recommendations to the Board, which approved them at its meeting of August 28, 2009. The Governance Committee ensures that these recommendations are implemented.

## 3. Principles of Governance

### 3.1 DIVISION OF POWERS BETWEEN THE EXECUTIVE AND SUPERVISORY BOARDS

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.

Meanwhile, and pursuant to the Company's by-laws, the Supervisory Board exercises ongoing oversight of the Executive Board's management of the Company. The Executive Board presents a detailed report to the Supervisory Board at least once a quarter on the Company's situation and prospects. In particular, it presents the performance of the subsidiaries in the investment portfolio (e.g., net sales, financial condition), projected or executed financial transactions and all other transactions that might affect the Company.

Prior authorization from the Supervisory Board is required in particular:

**a)** Under current legal and regulatory provisions for:

- the sale of immovables by nature;
- the divestment of financial holdings;
- the constitution or sureties, endorsements or guarantees.

**b)** Under Wendel's by-laws for:

- any acquisition or divestment in excess of €100 million, any decision having a significant impact on the future of the Company or its subsidiaries on an ongoing basis;
- submission of any change in by-laws to shareholders at their Annual Meeting;
- any transaction that could lead, immediately or in the long term, to a capital increase or a capital reduction through the issue of securities or cancellation of shares;
- any proposal to the Annual Meeting to allocate earnings and distribute dividends, as well as any payout of an interim dividend;
- any merger or spin-off involving the Company;
- any proposal to shareholders at their Annual Meeting of a share buyback plan;
- any proposal to shareholders at their Annual Meeting to appoint or reappoint the Statutory Auditors.

- c) For all agreements subject to Article L. 225-86 of the French Commercial Code.

Pursuant to the by-laws, at its April 7, 2009 meeting the Supervisory Board authorized the Executive Board, with the option to sub-delegate and for a duration of one year, to undertake the following transactions without the prior authorization of the Supervisory Board, as long as it provides an account of them afterward in its quarterly report:

- sale of immovables by nature, up to a ceiling of €5 million per transaction;
- sale of financial holdings, up to a ceiling of €100 million per transaction;
- sureties, endorsements and guarantees on the Company's behalf to guarantee the commitments of the company or a third party, up to an annual overall ceiling of €20 million;
- currency and interest-rate hedging transactions within the limit of the underlying assets and liabilities.

These authorizations were renewed by the Supervisory Board at its March 29, 2010 meeting.

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

At least every quarter, the Executive Board also presents the change in NAV per share to the Board—the general methodology and procedure for verification were revised in 2009 (see Net Asset Value, page 225)—indicating the value created by the Company, share price performance, as well as items showing the Company's performance relative to its peers and the main indices of listed companies. It also presents details, as frequently as required, on the balance sheet position of the Company, its debt structure, its cash position and the nature and maturity of its bank or bond financing.

In accordance with recommendation 2.2 of the AFEP-MEDEF code, the Board is also kept regularly informed of the risks undertaken by the Company and the measures taken by the Executive Board to address them.

The Executive Board also keeps the Supervisory Board regularly informed of changes in share capital and voting rights, the Company's proposed acquisitions or divestments and any other plans that might have a material impact on the balance sheet of the Company. The Executive Board must obtain the Supervisory Board's approval for such plans. At each meeting of the Supervisory Board, the Executive Board gives a report on the strategy and situation of the Group and Group subsidiaries.

The Supervisory Board may carry out any checks it considers necessary.

The Executive Board presents the annual parent company and consolidated financial statements to the Supervisory Board, which presents its report and observations on the financial statements and on the Executive Board's detailed report to shareholders at their Annual Meeting.

The Supervisory Board is responsible for appointing and removing Executive Board members. It also sets, on the proposal of its own Governance Committee, the compensation policy for Executive Board members, their bonuses, as well as the number of options or bonus shares allocated to each of them and the specific performance conditions attached to them. For example, it determines the rules applicable to stock option plans (vesting, conditions, etc.). However, it is the Executive Board's responsibility to determine the grants to individual employees, the grant dates and the plan rules.

The Board also decides, on the proposal of the Governance Committee, where applicable, on the principles of, and the amounts that may be invested in, performance-based incentives for Executive Board members. It is then consulted by the Executive Board on the principles involved and the amounts likely to be invested by team members within this framework.

### 3.2 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.

At its meeting of March 29, 2010, 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, as well as the setting of Director's fees on the basis of attendance rates at Supervisory Board meetings.



## I. Corporate governance

### 3.3 COMPLIANCE ISSUES INVOLVING THE GROUP'S GOVERNING AND SUPERVISORY BODIES

#### 3.3.1 Conflicts of interest and agreements in which the members of the Supervisory and Executive Boards have an interest

##### Potential conflicts of interest

Ernest-Antoine Seillière (as Director and Honorary Chairman), François de Wendel (as Chairman and CEO) and Édouard de l'Espée (as a Director) are Directors of Wendel-Participations, the Company's main shareholder, which represents the interests of Wendel family members.

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

François de Mitry is Chairman 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 or Executive Board member has been selected as a Wendel client or supplier.

To the Company's knowledge, Executive Board members have no family ties with the Supervisory Board members.

##### Agreements in which Supervisory and Executive Board members have an interest

Members of the Executive and Supervisory Boards are required to notify the Chairman of the Supervisory Board immediately of any relationships that may exist between the companies in which they have a direct interest and the Company. Members of the Executive and Supervisory Boards must therefore notify the Chairman of any agreement, as defined by Articles L. 225-86 et seq. of the French Commercial Code, concluded by themselves or a company in which they are corporate officers or in which they hold, directly or indirectly, a significant investment, and the Company or one of its subsidiaries. These provisions do not apply to ongoing agreements concluded under standard conditions.

As far as the Company is aware, with the exception of regulated agreements in force during 2008, there are no other potential conflicts of interests between the duties of members of the Supervisory and Executive Boards with regards to Wendel, and their personal interests and/or other duties.

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

To the Company's knowledge, members of the Supervisory and Executive Boards have accepted no restrictions on the divestment of their shareholdings in the Company, with the exception of:

- the obligation under the by-laws for Supervisory Board members to hold a minimum of 100 Wendel shares during their terms;
- the obligations laid down in Wendel's code of ethics, particularly in the event the member holds privileged information or during blackout periods;
- the obligation for Executive Board members to retain a significant portion of the shares bought under stock-option plans;
- the collective lock-up commitments entered into by certain directors under Article 885 I bis and 787 B of the French Tax Code.

#### 3.3.2 Ethics restrictions applicable to members of the Supervisory and Executive Boards

The code of ethics applicable to members of the Wendel Supervisory and Executive Boards complies with the principles laid out in chapter 17 of the AFEP-MEDEF code.

Each Board member holds the minimum number of shares required by the by-laws. Similarly, average attendance rates for meetings of the Supervisory Board and its Committees, as well as the Executive Board demonstrate that their members "devote the necessary time and attention to their functions" and make every effort "to attend all meetings of the Supervisory Board and the Committees they serve on, where applicable". All of them usually attend the Company's Annual Meeting of shareholders.

Pursuant to the “Market Confidentiality and Ethics” charter that they have signed, Executive Board members must not trade in any Wendel shares:

- during a period extending from 30 calendar days before to two days after the release of semi-annual and annual results;
- during a period extending from 15 calendar days before and two days after the release of quarterly financial data (net sales in particular) and NAV (“blackout periods”) and,
- at all times if they possess privileged information on the Company, one of its subsidiaries or other investments or a company that is the subject of an investment study.

Similarly, Executive Board members are not allowed to trade in securities of listed subsidiaries and other investments of the Wendel group (except in special cases, such as provided for in the by-laws). In the event that Executive Board members hold securities in listed subsidiaries of the Wendel Group acquired prior to July 15, 2007, they may keep them or sell them, as long as they comply with the code of ethics.

Executive Board members, as well as their spouses and dependent children, must register all securities that they hold or later acquire.

Supervisory Board members are subject to rules of trading Wendel securities as set in the Board’s Code of Conduct. At its February 11, 2010 meeting the Supervisory Board assigned the Governance Committee to update it within the next few months.

Since January 1, 2005, pursuant to Article L. 621-18-2 of the Monetary and Financial Code, the Company must publish, via press release, financial instrument transactions carried out and disclosed by executives. This information must be furnished on an individual and nominative basis within five trading days from the date the Company receives disclosure of the transactions.

The Company has also decided, in an effort to increase transparency, to publish all of these transactions since 2006 on its website at the same time as they are communicated to the AMF for posting on the website [declarationdirigeants@amf-france.org](mailto:declarationdirigeants@amf-france.org).

## I. Corporate governance

The table in the “Ownership structure” section of the “Supplemental Information” chapter recaps transactions carried out by Directors during 2009.

## B. COMPENSATION OF CORPORATE OFFICERS

### 1. Summary of compensation, stock options and bonus shares granted to each executive corporate officer

Table 1

	2008	2009
<b>Frédéric Lemoine</b>		
<b>Chairman of the Executive Board (effective April 7, 2009)</b>		
Compensation due in relation to the year (detailed in table 2)		1,483,218
Valuation of options granted during the year (detailed in table 4)		172,800
Valuation of performance bonus shares granted in the year (detailed in table 6)		none
<b>TOTAL</b>		<b>1,656,018</b>
<b>Bernard Gautier</b>		
<b>Member of the Executive Board</b>		
Compensation due in relation to the year (detailed in table 2)	1,150,000 <sup>(1)</sup>	1,100,000
Valuation of options granted during the year (detailed in table 4)	150,000	115,200
Valuation of performance bonus shares granted in the year (detailed in table 6)	none	none
<b>TOTAL</b>	<b>1,300,000</b>	<b>1,215,200</b>
<b>Jean-Bernard Lafonta</b>		
<b>Chairman of the Executive Board (until April 7, 2009)</b>		
Compensation due in relation to the year (detailed in table 2)	1,878,293 <sup>(2)</sup>	1,411,238
Valuation of options granted during the year (detailed in table 4)	350,000	–
Valuation of performance bonus shares granted in the year (detailed in table 6)	none	none
<b>TOTAL</b>	<b>2,228,293</b>	<b>1,411,238</b>

(1) €1,600,000 in compensation was owed to Bernard Gautier in relation to 2008; however, in light of the global economic situation, Bernard Gautier offered to have his bonus reduced by 60% for that financial year.

(2) €2,500,000 in compensation was owed to Jean-Bernard Lafonta in relation to 2008; however, in light of the global economic situation, Jean-Bernard Lafonta offered to have his bonus reduced by 60% for that financial year.

Compensation (fixed and variable) for Executive Board members, complemented by the grant of stock options, has been developed so that it is:

- competitive compared with rival European investment funds;
- consistent with Wendel's long-term investment strategy;
- aligned with the interests of shareholders;

- demanding;
- reduced to reflect the crisis that continued into 2009.

Director's fees received by Executive Board members in compensation for serving as Directors of Wendel subsidiaries and other investments have been deducted from their fixed compensation.



Executive Board members receive no deferred bonuses or special pension arrangements.

Stock-options awarded to Executive Board members are subject to:

- a mechanism of gradual vesting based on their continued presence in the Group and may not be exercised prior to a certain period of time after being awarded;
- performance conditions related to the growth of NAV, which align the interests of Executive Board members with those of the shareholders.

After exercise of the options, Executive Board members must remain significant shareholders of the Company throughout their employment at the Company. They must keep at least 25% of the shares bought when exercising stock options awarded under 2009 plans and at least 30% of the shares bought under 2007 and 2008 plans.

## 2. Summary of the compensation of each executive corporate officer

Table 2

<b>Frédéric Lemoine</b>	2008		2009	
	Amounts due	Amounts paid	Amounts due	Amounts paid
<b>Chairman of the Executive Board (effective April 7, 2009)</b>				
Fixed compensation, excluding Director's fees			732,840	862,337
Director's fees <sup>(*)</sup>			147,160	17,663
<b>Total fixed compensation</b>			880,000	880,000
Variable compensation			600,000 <sup>(4)</sup>	—
Extraordinary compensation			none	none
Benefits in kind			3,218	3,218
<b>TOTAL</b>			<b>1,483,218</b>	<b>883,218</b>

<sup>(\*)</sup> Director's fees received from: Bureau Veritas, Legrand, Saint-Gobain, Trief Corporation.

<b>Bernard Gautier</b>	2008		2009	
	Amounts due	Amounts paid	Amounts due	Amounts paid
<b>Member of the Executive Board</b>				
Fixed compensation excluding Director's fees	794,546	794,546	626,655	637,158
Director's fees <sup>(*)</sup>	5,454	5,454	73,345	62,842
<b>Total fixed compensation</b>	<b>800,000</b>	<b>800,000</b>	<b>700,000</b>	<b>700,000</b>
Variable compensation	350,000 <sup>(2)</sup>	500,000 <sup>(1)</sup>	400,000 <sup>(4)</sup>	350,000 <sup>(2)</sup>
Exceptional compensation				
Benefits in kind	none	none	none	none
<b>TOTAL</b>	<b>1,150,000</b>	<b>1,300,000</b>	<b>1,100,000</b>	<b>1,050,000</b>

<sup>(\*)</sup> Director's fees received from: Saint-Gobain, Trief Corporation.

## I. Corporate governance

Jean-Bernard Lafonta Chairman of the Executive Board (until April 7, 2009)	2008		2009	
	Amounts due	Amounts paid	Amounts due	Amounts paid
Fixed compensation excluding Director's fees	1,298,405	1,298,405	262,478	262,478
Director's fees	55,953	55,953	171,805 <sup>(3)</sup>	160,138 <sup>(3)</sup>
<b>Total fixed compensation</b>	<b>1,354,358</b>	<b>1,354,358</b>	<b>434,283</b>	<b>422,616</b>
Variable compensation	500,000 <sup>(2)</sup>	1,200,000 <sup>(1)</sup>	–	500,000 <sup>(2)</sup>
Other compensation	–	–	955,373 <sup>(5)</sup>	955,373 <sup>(5)</sup>
Benefits in kind	23,935	23,935	21,582	21,582
<b>TOTAL</b>	<b>1,878,293</b>	<b>2,578,293</b>	<b>1,411,238</b>	<b>1,899,571</b>

(1) Bonus paid in 2008 in relation to 2007.

(2) Bonus paid in 2009 in relation to 2008, reduced by about 60% on the initiative of Jean-Bernard Lafonta and Bernard Gautier.

(3) Difference due to Legrand director's fees paid in 2010.

(4) Bonus paid in 2010 in relation to 2009.

(5) The €955,373 amount corresponds to all sums paid to Jean-Bernard Lafonta under his employment contract, reactivated on April 7, 2009, following the discontinuation of his activity as Chairman and Member of the Executive Board.

The amounts paid in relation to a given year correspond to the amounts actually received by each corporate officer. The amounts due correspond, according to the definition provided by the AMF, to “compensation granted to the executive corporate officer during the year, irrespective of the date of payment”. In practical terms, given the time lag in the granting of the bonus for the year (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 received in relation to the year and (ii) variable compensation due in relation to the year (but paid in the following year).

These amounts include all compensation paid by Group companies during the year. Executive Board members do not receive any compensation from Wendel-Participations.

### Determination of fixed compensation

The fixed compensation of Executive Board members is approved by the Supervisory Board upon examination by and recommendation from the Governance Committee. The Governance Committee's recommendation is based by reference to market practices for listed companies and the average for European private equity companies. It uses sector benchmarks provided by independent experts. In December 2008, it asked the independent firm Towers Perrin to determine an overall benchmark for Executive Board member compensation.

### Determination of variable compensation

The mechanism for the grant of bonuses to Executive Board members has been gradually changed. Historically, it was paid for a given year in January and June to take account of results obtained in the previous half-year period. In 2007, the Supervisory Board, based on proposals from the Governance Committee, set targets to be attained for the year and measures the extent to which they have been attained in February or March of the following year, the date at which this bonus is paid.

Variable compensation is generally decided at the Supervisory Board meeting held in February or March after the recommendation of the Governance Committee.

In light of the global economic situation, Executive Board members have proposed and accepted that their bonuses paid in April 2009 in relation to 2008 be reduced by around 60%, to €500,000 for Jean-Bernard Lafonta and €350,000 for Bernard Gautier.

For bonuses paid in 2010 in relation to 2009 performances, the amounts have been set on the basis of objective criteria set by the Supervisory Board on April 7, 2009. They include a quantitative portion and a qualitative portion.

At its February 11, 2010 meeting the Governance Committee deemed that the objectives of the two Executive Board members had been met and exceeded in 2009, particularly in the areas of the easing, rescheduling and extension of debts of Wendel and its subsidiaries. Accordingly, the Supervisory Board has accepted a proposal that Frédéric Lemoine receive for 2009 the entire target bonus, equal to 50% of his fixed compensation but calculated over a full year, i.e., €600,000, and that Bernard Gautier receive for 2009, a bonus of €400,000, above the targeted bonus of €350,000.

#### Other benefits

Jean-Bernard Lafonta's benefits in kind included a Company car and the payment of term life insurance premiums. Effective April 7, 2009, a Company car has been made available to Frédéric Lemoine for business use, and as he has no employment contract, unemployment insurance was taken out in his name with GSC, a specialized provider of unemployment insurance for business owners and corporate officers, effective October 1, 2009.

### 3. Director's fees and other compensation received by non-executive corporate officers

The annual amount of Director's fees was set at €700,000 by shareholders at their May 29, 2006 Meeting. The breakdown on an annual basis, which was amended in April 2007 on a proposal from the Governance Committee to take account of the increasing frequency of meetings of the Board and Committees and the duration of each meeting, is henceforth 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.

The Chairman of the Supervisory Board receives compensation for his position as Chairman, pursuant to Article L. 225-81 of the French Commercial Code, now set at €105,000. He also receives a payment equal to twice the basic Director's fee. Members of the Board may be reimbursed for their travel expenses. In contrast to the AFEP-MEDEF recommendation, the Supervisory Board has not considered it necessary, given the high attendance indicated above, to make Director's fees contingent on attendance.

## I. Corporate governance

The Director's fees and other compensation received by the nonexecutive corporate officers in relation to 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 2008	Amounts paid in 2009
<b>Ernest-Antoine Seillière</b>		
Wendel Director's fees	70,000	70,000
Wendel-Participations Director's fees	45,831	8,333
Other Director's fees	52,279	53,636
Compensation as Chairman of the Supervisory Board	105,000	105,000
Compensation as Chairman of Oranje-Nassau	93,500	127,750
Benefits in kind	4,996	4,996
<b>Total</b>	<b>371,606</b>	<b>369,715</b>
<b>Guy de Wouters</b>		
Director's fees	50,000	50,000
Other compensation		
<b>Nicolas Celier</b>		
Director's fees	50,000	50,000
Other compensation		
<b>Didier Cherpitel</b>		
Director's fees	60,000	60,000
Other compensation		
<b>Béatrice Dautresme</b>		
Director's fees	50,000	50,000
Other compensation		
<b>Jean-Marc Janodet</b>		
Director's fees	60,000	60,000
Other Director's fees	43,621	42,540
<b>Total</b>	<b>103,621</b>	<b>102,540</b>

Non-executive corporate officers	Amounts paid in 2008	Amounts paid in 2009
<b>Frédéric Lemoine</b>		
(member of the Supervisory Board until April 6, 2009)		
Director's fees	29,167	12,500
Other compensation until April 6, 2009		
<b>Édouard de L'Espée</b>		
Director's fees	50,000	50,000
Wendel-Participations Director's fees	8,333	8,333
Other compensation		
<b>Total</b>	<b>58,333</b>	<b>58,333</b>
<b>François de Mitry</b>		
Director's fees	50,000	50,000
Other compensation		
<b>Grégoire Olivier</b>		
Director's fees	50,000	50,000
Other compensation		
<b>François de Wendel</b>		
Director's fees	50,000	50,000
Wendel-Participations Director's fees	4,167	22,916
Other compensation		
<b>Total</b>	<b>54,167</b>	<b>72,916</b>
<b>Total</b>	<b>926,894</b>	<b>926,004</b>
of which total Wendel Director's fees and compensation of the Chairman of the Supervisory Board	674,167	657,500

#### 4. Subscription options granted to corporate officers

Grants of stock options at Wendel are in line 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.

Since 2007, stock options granted to Executive Board members, as to all beneficiaries, have been subject to:

- gradual vesting over five years, with up to 20% of the total amount granted vesting each year and the first tranche only vesting after one year;
- performance conditions: the amount ultimately exercisable is a function of the change in NAV per share (assuming dividends are reinvested) after five years. The amount granted vests in full if the increase in NAV is greater than or equal to 120% (i.e. 2.2 times the Reference NAV), is reduced by 75% if growth is only 30%, and is reduced on a straight-line basis within these limits.

## I. Corporate governance

For the plan awarded to Executive Board members on July 16, 2009, the stock options are subject to:

- gradual vesting 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);
- performance conditions: the amount ultimately exercisable is subject to a 20% annual increase in NAV over three years (with the amount granted vesting in full if the NAV increase during the period of 2009 to 2012 is equal to, or greater than, 72.8%, or two-thirds of the amount allocated if the NAV increase during the period of 2009 to 2011 is equal to, or greater than, 44%, or one-third of the amount granted if the NAV increase during the period of 2009 to 2010 is equal to, or greater than 20%).

The purchase or subscription price is calculated according to the share price in the 20 trading days prior to the grant date. No discount is applied. Executive corporate officers received highly variable parts of the annual allocations. The Governance Committee has set an objective of stabilizing this proportion at about 40%.

In 2009, the Board asked the Executive Board members to hold and register with the Company at least 25% of the shares acquired from vested stock options until the end of their term of office with the Company.

In 2009, members of the Executive Board received stock options. The amount of the grant was approved at the Supervisory Board meeting of July 16, 2009 upon the recommendation of the Governance Committee and is as shown in the table below:

**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)	Options priced based on the method used for the consolidated financial statements	Number of options granted during the year	Exercise price	Exercise period
<b>Frédéric Lemoine</b>	no. :W2-1 07/16/2009	purchase	172,800	120,000	22.58	2012/2019
<b>Bernard Gautier</b>	no. :W2-1 07/16/2009	purchase	115,200	80,000	22.58	2012/2019
<b>Jean-Bernard Lafonta</b>	No: Date:			none		

The stock options have been 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. It 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. Each option has been priced in line with this report's recommendations

at €1.44. This valuation is based on the particularly restrictive assumptions that ensure that the Executive Board's interests are aligned with the Company's objectives.

By virtue of the presence requirement, upon his departure in 2009, Jean-Bernard Lafonta lost all of the options that were granted to him in 2008 and retained only 70,000 of the 350,000 options that were granted to him in 2007.

## 5. Stock options exercised by executive corporate officers during the year

The executive corporate officers exercised no stock options during the year.

**Table 5: Stock options exercised during the year by each executive corporate officer for the subscription or purchase of shares**

Name of executive corporate officer	No. and date of plan	Number of stock options awarded during the year	Exercise price
<b>Frédéric Lemoine</b>	No. Date	none	
<b>Bernard Gautier</b>	No. Date	none	
<b>Jean-Bernard Lafonta</b>	No. Date	none	

## 6. Performance bonus shares awarded to executive corporate officers during the year

Corporate officers did not receive any performance bonus shares during the year.

The granting of free bonus shares that began in 2007 was in 2008 reserved for employees who did not receive any stock option grants. In early 2010, bonus shares were awarded to certain stock-option beneficiaries (but not to any executive corporate officer).

It will be proposed in 2010 that Executive Board members receive bonus shares awards based on performance.

**Table 6: Performance bonus 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 consolidated financial statements	Vesting date	Availability date	Performance conditions
<b>Frédéric Lemoine</b>		none				
<b>Bernard Gautier</b>		none				
<b>Jean-Bernard Lafonta</b>		none				
<b>Total</b>		<b>none</b>				

**Table 7: Performance bonus shares that became available for each executive corporate officer**

	Plan no. and date	Number of shares that became available during the year	Purchase requirements
<b>Frédéric Lemoine</b>		none	
<b>Bernard Gautier</b>		none	
<b>Jean-Bernard Lafonta</b>		none	
<b>Total</b>		<b>none</b>	

## I. Corporate governance

### 7. History of options granted to corporate officers

Table 8:

	Plans of Compagnie generale d'industrie et de participations				Plans of WENDEL Investissement					Plans of Wendel			
	Plan no. 4		Plan no. 5		Plan no. 1	Plan no. 2	Plan no. 3			Plan no. 1		Plan no. 2	
Date of Shareholders' Meeting	June 2, 1999		May 30, 2000		June 13, 2002	May 27, 2003	June 10, 2004			June 4, 2007		June 5, 2009	
Plans	CGIP 4-1	CGIP 5-1	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
Date of Board of Directors or Executive Board meeting	May 30, 2000	July 20, 2000	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
Type of options	Subscription	Purchase	Purchase	Subscription	Subscription	Subscription	Subscription	Subscription	Subscription	Subscription	Subscription	Subscription	Purchase
Total number of shares that can be subscribed or purchased	213,025	5,919	224,549	82,643	283,510	323,821	428,223	49,000	60,600	837,500	890,600	271,000	391,200
of which: Number initially awarded to directors:													
Mr. Seillière	91,121*	–	99,157*	–	90,854*	141,328*	171,612*	–	–	90,000	–	–	–
Mr. Lemonie	–	–	–	–	–	–	–	–	–	–	–	–	120,000
Mr. Gautier	–	–	–	–	–	–	20,190*	–	–	150,000	150,000	–	80,000
Mr. Lafonta	–	–	–	82,643*	60,569*	90,786*	111,043*	–	–	350,000	350,000	–	–
Starting date for exercise of the options	May 30, 2003	July 20, 2000	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 <sup>(2)</sup>
Expiration date of the options	May 29, 2010	July 19, 2010	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
Subscription or purchase price per share	€42.23	€44.23	€33.35	€28.50	€24.59	€25.96	€39.98	€65.28	€90.14	€132.96	€67.50	€18.96	€22.58
Discount	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Performance conditions <sup>(1)</sup>	–	–	–	–	–	–	–	–	–	for everyone	for everyone	for everyone	for directors
Number of shares subscribed or purchased at Dec. 31, 2009	188,742	5,919	214,148	82,643	261,249	306,661	360,206	0	100	0	0	0	0
Cancelled or expired subscription or purchase-type options	0	0	0	0	0	5,047	5,151	5,000	8,300	315,200	415,200	58,000	0
Number of options remaining to be subscribed or purchased at Dec. 31, 2009	24,283	0	10,401	0	22,261	12,113	62,866	44,000	52,200	522,300 <sup>(3)</sup>	475,400 <sup>(3)</sup>	213,000 <sup>(3)</sup>	391,200 <sup>(3)</sup>

(\*) Amounts adjusted to reflect equity-linked operations.

(1) All performance conditions are linked to the increase in NAV.

(2) For directors, the starting date for exercise of the options is July 16, 2012.

(3) Maximum number subject to meeting performance objectives.



## 8. Options granted to top ten optionees, excluding corporate officers, and options exercised by them

During 2009 the top ten employee optionees, excluding corporate officers, received and exercised the following number of options:

Table 9

	Number total	Weighted average price	Plan no. W1-2	Plan no. W2-1
Options granted during the year to the top ten employee optionees	391,000	€20.16	€18.96	€22.58
Options exercised during the year by the top ten employee optionees	none	–	–	–

## 9. Position of executive corporate officers in regard to the AFEP-MEDEF recommendations

Table 10 below summaries the position of executive corporate officers in regards to the AFEP-MEDEF recommendations:

Executive corporate officers	Employment contract		Supplementary pension plan		Indemnities or benefits due or likely to be due upon leaving office		Non-compete clause payment	
	yes	no	yes	no	yes	no	yes	no
<b>Frédéric Lemoine</b>								
Chairman of Executive Board (April 7, 2009- April 7, 2013)		X		X	X			X
<b>Bernard Gautier</b>								
Member of Executive Board (April 7, 2009-April 7, 2013)	X			X	X			X
<b>Jean-Bernard Lafonta</b>								
Chairman of Executive Board (May 31, 2005-April 7, 2009)	X			X		X		X

Following the resignation of Jean-Bernard Lafonta, the Supervisory Board, at its April 7, 2009 meeting, formed a new Executive Board composed of Frédéric Lemoine and Bernard Gautier, with Mr. Lemoine being appointed as Chairman.

It approved their compensation based on the Governance Committee report, in full compliance with the AFEP-MEDEF recommendations, which Wendel has adopted. These compensation amounts are significantly less those of the previous Executive Board.

### Frédéric Lemoine

The components of Frédéric Lemoine's compensation are as follows:

- his annual fixed compensation has been set for 2009 at €1,200,000 (prorated to the time spent in the position) and also for 2010;
- his annual variable compensation could represent a maximum of 50% of his fixed compensation, i.e. up to €600,000 for 2009 and 2010. This maximum variable compensation will be subject to quantitative and qualitative criteria. It cannot be paid, in whole or in part, unless these criteria have been met. It is under no circumstances guaranteed; it can be as high as 100% of his fixed compensation in the event that he exceeds his quantitative objectives;

## I. Corporate governance

- he also has a vehicle provided by the Company for official use, and an insurance policy underwritten by GSC, an association that provides unemployment insurance for business owners and corporate officers. A €3,218 premium was paid to GSC in 2009 for the period from October 1, 2009 to December 31, 2009. This premium constitutes a benefit in kind; he has health, and death and disability insurance under the same terms and conditions as Wendel management employees.

At its April 7, 2009 meeting, the Supervisory Board appointed Frédéric Lemoine as Chairman of the Executive Board.

As Mr. Lemoine does not have an employment contract the Supervisory Board has decided to put in place a departure clause, whose terms and conditions for implementation are as follows:

1. In the event of departure prior to April 7, 2010, due to removal from office not arising from a situation of failure, an indemnity equal to six months of fixed and variable compensation (on the basis of achieved objectives) would be allocated by the Supervisory Board to Frédéric Lemoine.

This departure indemnity would be assessed in regard to the realization of a performance condition related to the implementation of quality relationships with key individuals in the Group, which is essential to achieving the Company's long-term performances objectives.

These criteria were brought to the public's knowledge on the Company's website on April 12, 2009.

This commitment received the prior consent of the Supervisory Board at its April 7, 2009 meeting and was mentioned in the Statutory Auditors' special report on regulated agreements and commitments presented at Wendel's Annual Meeting of June 5, 2009. It complies with the recommendations of the AFEP-MEDEF Code and was approved by shareholders at the Annual Meeting of June 5, 2009.

2. The conditions for implementation in the event of departure after April 7, 2010 are described below:
  - A departure indemnity would be due notably in the event of a change in control or strategy and supported by reasons other than a situation of failure or a resignation on the initiative of Mr. Lemoine.

- The departure indemnity would be equal to no more than two years of the last fixed and variable compensation with achieved objectives (12-24 months of fixed and variable compensation between April 7, 2010 and April 7, 2011, prorated to the time spent at the Company).

- The performance conditions for the payment of a departure indemnity were set as follows by the Supervisory Board at its meeting of February 11, 2010:

- 50% of the indemnity is subordinated to the payment, during two of the three financial years prior to departure, including the current year, of a bonus equal to at least 50% of the variable compensation on the basis of objectives achieved and allocated by the Supervisory Board to Mr. Lemoine for the years considered; in the event of departure prior to April 7, 2011, it is subordinated to the payment, during one of the two financial years prior to departure, including the second year in progress, of a bonus equal to at least 50% of his variable compensation in relation to the two years considered;
- 50% of the indemnity is paid only if NAV per share at the moment of departure (Actual NAV) is greater than or equal to 90% of the average NAV per share of the preceding 12 months (Reference NAV); if the Actual NAV is between 90% and 60% of the Reference NAV, the portion of the indemnity paid on this basis is discounted by 2.5 times the difference (hence, if Actual NAV is 20% below the Reference NAV, the portion of the indemnity paid on this basis is reduced by half:  $20\% \times 2.5 = 50\%$ ); if Actual NAV is 60% below the Reference NAV, no indemnity is paid on this basis.

This arrangement constitutes a regulated agreement under the meaning of Article L. 225-90-2 of the French Commercial Code.

These criteria were brought to the public's knowledge on the Company's website on February 16, 2010.

This commitment received the prior consent of the Supervisory Board at its February 11, 2010 meeting and was mentioned in the Statutory Auditors' special report on regulated agreements and commitments presented at Wendel's Annual Meeting of June 4, 2010. It complies with the recommendations of the AFEP-MEDEF Code and was approved by shareholders at the Annual Meeting of June 4, 2010.

### Bernard Gautier

The components of Bernard Gautier's compensation are as follows:

- his annual fixed compensation has been set for 2009 and 2010 at €700,000;
- his variable compensation could represent a maximum of 50% of his fixed compensation, i.e. up to €350,000. This maximum variable compensation will be subject to quantitative and qualitative criteria. It cannot be paid, in whole or in part, unless these criteria have been attained. It is under no circumstances guaranteed but may be exceeded in the event of outperformance. Bernard Gautier will retain his employment contract, in accordance with AFEP-MEDEF recommendations.

In the event of departure, Bernard Gautier would be entitled to:

- an end-of-contract indemnity equal to one year of fixed and variable compensation with achieved objectives, as allocated by the Supervisory Board; if this indemnity exceeds the indemnity provided for under the collective bargaining agreement, the excess is paid only if Bernard Gautier has received, during two of the three years preceding departure, a bonus equal to at least 50% of his variable compensation on the basis of objectives achieved as set by the Supervisory Board;
- an indemnity in connection with the end of his term as corporate officer, equal to one year of fixed and variable compensation with achieved objectives, as allocated by the Supervisory Board, subject to the following performance conditions set and verified by the Supervisory Board on the proposal of the Governance Committee:
  - obtaining, during two of the three most recent years, a bonus equal to at least 50% of the variable compensation on the basis of objectives achieved;
  - 50% of the indemnity is paid only if NAV per share at the end of the term (Actual NAV) is greater than or equal to 90% of the average NAV per share of the preceding six months (Reference NAV); if the Actual NAV is between 90% and 60% of the Reference NAV, the portion of the indemnity paid on this basis is discounted by 2.5 times the difference (hence, if Actual NAV is 20% below the Reference NAV, the portion of the indemnity paid on this basis is reduced by half:  $20\% \times 2.5 = 50\%$ ); if Actual NAV is 60% below the Reference NAV, no indemnity is paid on this basis.

In the event these performance conditions are fully attained or exceeded, the total amount of this payment may not, however, exceed a maximum of two years' fixed and variable compensation, including collective bargaining agreement rights under the employment contract.

This arrangement constitutes a regulated agreement under the meaning of Article L. 225-90-2 of the French Commercial Code.

These criteria were brought to the public's knowledge on the Company's website on May 12, 2009.

This commitment received the prior consent of the Supervisory Board at its May 6, 2009 meeting and was mentioned in the Statutory Auditors' special report on regulated agreements and commitments presented at Wendel's Annual Meeting of June 4, 2010. It complies with the recommendations of the AFEP-MEDEF Code and was approved by shareholders at the Annual Meeting of June 4, 2010.

## C. INTERNAL CONTROL REPORT

To prepare this report, the Chairman of the Supervisory Board consulted the Finance Department and asked it to gather the information necessary from various entities and managers concerned. This report has been submitted for review by the Audit Committee and approval by the Supervisory Board.

### 1. Definitions and objective of internal control

The Company has defined and put in place an internal control system that aims to ensure:

- compliance with laws and regulations;
- application of instructions and strategies laid down by the Executive Board;
- efficient operation of internal procedures of the Company, in particular those concerned with the protection of its assets through appropriate monitoring and control;
- reliability of financial information;
- and generally, that contributes to the control of its activities, the effectiveness of its operations and the efficient use of its resources.

The internal control system plays a key role in the management and control of the Company's various activities. It contributes to preventing and controlling risks that may impede the ability of the Company to attain its objectives.

## I. Corporate governance

It is also directed at preserving the image of the Company and its position as a public issuer of securities, by protecting it against the risks of disclosure of confidential information, illegal insider trading and financial fraud.

Internal control cannot, however, provide an absolute guarantee that such risks are totally eliminated and that the objectives of the Company will be achieved.

### 2. Internal control scope and duties

#### Scope

The internal control system put in place by Wendel and described in this report covers all operations carried out within the Group, both by the parent company and all its directly controlled holdings 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 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 internal control can vary from one subsidiary to another. Each company and its executives are responsible for designing and implementing their own internal control systems, in line with the Group's philosophy and organization.

#### Duties

For this, Wendel has for three years relied on the AMF's guidelines and framework set down in its recommendation of January 21, 2007 and on its application guide, in carrying out a number of reviews relating to internal control. These analyses are based on a self-evaluation questionnaire that reflects all control principles and objectives provided for in the AMF's reference framework while adapting them to the Group's particular features and activities, i.e., by identifying the specific areas that constitute risks for the Group's activities (financial risks, in particular).

Wendel answered the self-evaluation questionnaire and disseminated it to the main subsidiaries. Each year the questionnaire is revised, the replies are updated, and the suggested improvements are followed up on.

The questionnaire has three parts:

#### 1. General principles of 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 the confidentiality and protection of sensitive information;
- risk management: procedure for the identification, analysis, classification and monitoring of risks, and for reporting to the Company's governing bodies;
- control activities: existence and monitoring of controls enabling risks to be managed, existence and monitoring of performance indicators necessary for the control of activities, procedures for the management and control of cash and debt, control and monitoring of acquisitions, monitoring of outsourced activities;
- internal control management: systems to ensure that controls in place operate effectively and that the necessary measures for improvement are put in place; reporting to the Company's governing bodies.

#### 2. Accounting and financial organizational set-up

- general organization: documentation of accounting and financial procedures and closing operations, organization of the accounting function, compliance with accounting principles;
- resource management: process for review of the adequacy of resources available and the organization of the team responsible for the closing of the accounts;
- application and management of accounting standards: procedures ensuring correct IFRS application, notably on new accounting issues – regulatory watch system, identification of complex accounting points, compliance with Group accounting principles and account closure timetables, indepth examination and communication of Statutory Auditor reports;
- organization and security of IT systems;
- role of senior executives and the Company's governing bodies in relation to the financial statement.

### 3. Preparation of accounting and financial information:

This part of the questionnaire relating to the preparation of financial information was distributed in 2008. The subsidiaries extended its application to their main divisions. This questionnaire covers all accounting cycles.

The Audit Committee of each subsidiary has examined and analyzed the replies given in the questionnaires.

The data gathered have enabled improvement plans to be drawn up and implemented for the control points that require it.

The findings of this work were given to the Wendel Audit Committee, and a summary of the replies served as a basis for preparing this report.

## 3. Summary of control procedures

### 3.1. ORGANIZATION

#### Supervisory Board

The Supervisory Board exercises ongoing control of the Executive Board's management of the Company. To do so, it undertakes year-round checks and controls that it deems appropriate and may call for any documents that it deems useful for accomplishing its task.

The Supervisory Board regularly reviews the main risks that the Group is exposed to. It does so within the framework of the numerous meetings that it holds, and in particular:

- as part of the quarterly management reports prepared by the Executive Board on the economic and financial situation of each subsidiary and investment (trends in business, 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 details to the Supervisory Board its implementation, the risks and opportunities incurred on the basis of various assumptions, as well as current and planned means to protect against risks, with the Board's prior approval being required for all projects amounting to more than €100 million;
- amid volatile and uncertain financial markets, the Executive Board regularly updates the Supervisory Board on Wendel's cash situation and changes in NAV.

The Audit Committee of the Supervisory Board is responsible for ensuring the quality and reliability of financial statements and other published financial information, reviewing internal control procedures and monitoring risks, interviewing the Statutory Auditors, in particular with no Company representatives present, and ensuring they remain independent.

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 2.2.2 of the chapter on Corporate Governance 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 asks a financial expert to value the Company's unlisted assets several times a year as part of its review of NAV.

All these points, including the accounting principles derived from law or the by-laws, appear in the Board's Code of Conduct, which was revised in 2006.

The Supervisory Board and its Committees regularly analyze their operating methods. In 2009, the Supervisory Board called on an external firm to assist it in assessing its operations and composition.

The by-laws and legal provisions governing the transactions for which the Supervisory Board's prior consent is necessary, as well as the specific thresholds set by the Supervisory Board on divestment of financial holdings, the sale of immovables and sureties, endorsements and guarantees are described in section 3.1 of the "Corporate Governance" chapter of the Reference Document. These rules are part of the internal control process. The division of roles between the Supervisory and Executive Boards is stated in the same section.



## I. Corporate governance

### 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.

In 2009, the Executive Board wished to clarify and better organize procedures within the Company 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. It meets once per week;
- an Investment Committee, which includes the Executive Board and the five Managing Directors of the investment team and meets every week in order to monitor the subsidiaries effectively and identify and deal with any investments or divestments by the Group;
- an Operations Committee for coordination purposes, which comprises all the company's senior executives and takes stock of the situation of Wendel and the Group and reports and any difficulties or risks encountered. This committee meets each 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".

### Operating subsidiaries

As for the subsidiaries, each entity enjoys full management autonomy but reports to Wendel regularly on financial matters. Wendel is also represented on the corporate Governance bodies of its subsidiaries and thus ensures that internal control and risk management procedures are properly implemented.

### 3.2. INTERNAL DISSEMINATION OF INFORMATION

#### Reporting information within the framework 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 that Wendel is exposed to, within the framework of the regular meetings described in the section above.

Further, the frequency of the meetings of Wendel's various managing committees described in the section above allow the Executive Board to organize the dissemination of information within Wendel, such that the Executive Board and each department head is able to make decisions on the basis of all relevant information in Wendel's possession, on strategic planning, its financial situation, the activity of subsidiaries and its organizational set-up.

#### 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:

- in 2009, Wendel expanded its annual performance review procedures, through which the Company regularly reviews the contribution of each employee, the scope of their positions and the resources given to them for meeting the objectives assigned to them. 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 skill sets. Wendel's operational and hierarchical organization chart may be viewed on its website;
- The Chairman of the Executive Board convenes meetings of all the Company's employees to share information, whenever necessary and at least four times a year, in addition to the weekly Executive Board meetings mentioned above and internal team meetings. Also, group reflection and motivation seminars involving all employees may be organized to encourage each person to express his or her expectations about the Company's operations;
- The dissemination of procedures and rules to all personnel, such as commitment procedures and the "Market Confidentiality and Ethics" charter (see below) assist each employee in complying with the internal control procedures established by the Executive Board;

- Since 2008, an intranet has been operational at Wendel. Its 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.

#### Protection of confidential information

Wendel endeavors to preserve the utmost confidentiality in sharing sensitive information:

- The “Market Confidentiality and Ethics” charter was updated in 2009 and presented to all employees and is part of the internal regulations;
- A process for preventing the dissemination of sensitive information was strengthened in 2008;
- The securing of computer equipment and access, begun in mid-2006, continued and was strengthened and is tested regularly by independent experts. Similarly, the policy for protecting computer data was amended in 2008;
- Arrangements to enhance the security of the Company’s offices were strengthened in 2008 and 2009.

### 3.3. SYSTEM FOR IDENTIFYING, ANALYZING AND MANAGING RISKS AND ENSURING THAT RISK MANAGEMENT PROCEDURES ARE IN PLACE

The chapter dealing with risk in the Management Report details the main risks encountered within the Group and the way in which they are addressed.

The organization of the Company and its Committees allows for active management of the main risks.

The Executive Board assigns and distributes risk monitoring responsibilities to various departments of Wendel:

- the Investment Unit monitors the valuation risk of Wendel’s assets, subsidiary performance on a monthly basis, and the operational risks specific to each subsidiary;
- the Finance Department monitors financial risks (e.g., interest-rate and liquidity risks), cash management, NAV, accounting regulations, processes for preparing financial statements and the earnings forecasts and estimates needed to prepare them;
- the Legal Department is responsible for Wendel’s legal security; it monitors the legal validity of contracts (financing, purchases or divestments, etc.), regulations that apply to Wendel and the transactions it undertakes, particularly securities market regulations, compliance and liability and malpractice insurance for Directors;

- the Tax Department monitors regulations and the prevention of tax risks;
- the General Secretariat is in charge of managing risks to people and equipment, and the prevention of IT risks (intrusions, data security and storage, business continuity, etc.).

Each department may be assisted, to the extent necessary, by outside experts (lawyers, investment bankers, brokers, etc.).

The Executive Board manages the monitoring of risk with each department and may decide to set up ad hoc task forces for certain risks.

As indicated above, the Executive Board presents details of the main risks that could significantly impact Wendel’s NAV to the Supervisory Board, whenever required and at least four times a year. 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 major risks are actively monitored (see below). Meanwhile, as Wendel is an investment firm it does not have its own internal audit department, but relies on those of its subsidiaries and on the reports given to it by them; Wendel also takes into account the conclusions of audits by Statutory Auditors at the level of its subsidiaries and other investments.

### 3.4. INTERNAL CONTROL MANAGEMENT AND STEERING ACTIVITIES

#### New investments and divestments

The Investment Committee, composed of all the five Managing Directors of the investment team and the Executive Board, meets every week to examine the progress of purchase or divestment transactions and potential opportunities. 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, the financial position and the NAV of the Group. It shows the outcome under favorable and unfavorable scenarios. If the Supervisory Board approves the transaction, the Executive Board supervises the successful execution of the transaction by the team responsible for it.

## I. Corporate governance

### Monitoring investments

Monitoring the existing portfolio involves:

- a monthly operational report from each subsidiary and investment 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 installed;
- regular work sessions with management of each subsidiary and investment whose agenda includes, in addition to a review of the business, an in-depth review of an important topic (procurement policy, optimization of business assets, research and development, analysis of the situation of major subsidiaries, existence and organization of internal control, etc.);
- an annual budget meeting with each subsidiary and investment, updated at meetings when new projections become available;
- numerous exchanges or meetings organized with members of the management of each subsidiary and investment, if required.

Within the Investment Committee, the senior investment unit members meet with the Executive Board to present a summary of their work monitoring the investments for which they are responsible and to make recommendations in the event significant decisions concerning these subsidiaries and other investments need to be made.

Moreover, over the last three years the Executive Board has sought to ensure, as a matter of course, that members of the Operations Committee are represented on the Boards of subsidiaries and, in particular, on their Audit Committees, in order to strengthen dialogue with the subsidiaries, better understand their operating environment and share the concerns of their respective management teams. This presence on the corporate Governance bodies of the subsidiaries helps ensure that internal control and risk management procedures are functioning properly.

The Wendel Supervisory Board is kept regularly informed of trends in the economic and financial situation of subsidiaries and other investments at the numerous meetings described in the section on "Organization".

In all subsidiaries, the CEO and his senior executives are chosen in agreement with Wendel management. In addition, within the framework of the corporate Governance bodies of each subsidiary, Wendel closely monitors the compensation of subsidiaries' senior managers and ensures its incentive character. It ensures the alignment of interests between managers and the company they run.

### Monitoring the Company's financial situation

Certain internal control procedures are designed to provide ongoing reasonable assurance that financial transactions are carried out under secure conditions and in accordance with objectives. These procedures have been strengthened in reaction to the high volatility on financial markets since 2008:

- regular monitoring by the Executive Board of the cash position presented by the CFO and regular presentation by the Executive Board to the Supervisory Board of the liquidity position;
- review by the Executive Board of monthly reporting of the cash position of Wendel and its holding companies;
- regular monitoring of NAV trends;
- rating of the Company by Standard & Poor's since September 2002;
- the implementation in 2009 of a formalized budget process for Wendel and its subsidiaries and other investments, with formal procedures and responsibilities, and budget tracking using special software.

### Arranging financing

Terms and arrangement of financing are decided and approved by the Executive Board after an in-depth review of various solutions and analysis of Wendel's financial situation prepared by the CFO (see preceding section). Financing transactions are executed under delegations of power and/or power of signature given by the Executive Board Chairman to the CFO or a member of the Management Committee. Pursuant to by-laws, the issue of bonds or the setting up of a loan is subject to the Supervisory Board's authorization, depending on the transaction amounts and characteristics.

Interest-rate exposure is analyzed regularly by the CFO. Decisions on adjusting interest-rate exposure are made by the Executive Board, where necessary through suitable financial instruments.



### Compliance with laws and regulations and with 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” charter 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.

The Code explains the rules of confidentiality for persons who are in possession of confidential or privileged information. It explains the obligation for persons to refrain from market transactions when they have privileged information and during blackout periods, which extend from 30 days prior to two days after the release of semi-annual or annual results, as well as the 15 days prior and two days after the release of quarterly financial data and 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 charter also includes the provisions applicable to stock options and bonus shares and details the AMF disclosure obligations incumbent on senior managers and persons affiliated with them.

In addition to legal and regulatory obligations in this area, the charter includes certain, more restrictive provisions in the interest of transparency and caution. For example, it places an obligation on Executive 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 senior managers from, at any time, owning or transacting on securities of Group subsidiaries and investments when such entities are listed, except as part of a co-investment mechanism defined on an ex-ante basis and approved by the Supervisory Board and, ultimately, shareholders as a regulated agreement. It also deals with potential conflicts of interest. The Group Compliance Officer monitors adherence to the charter.

### Procedures for preventing fraud and monitoring commitments and expenditure

The commitment authorizations of Wendel and its investments were reviewed in 2009. They cover all the Company’s commitments, as well as the signatures needed for bank accounts transactions (in the form of power of signature). Funding commitment procedures were disseminated and implemented in late 2009:

- Expenditure is subject to a procedure of formal authorization by the member of the Management Committee concerned by the expenditure. Beyond a certain threshold the approval of the Executive Board Chairman is also required;
- Requests for funding 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 documentary proofs approved by a member of the Executive Board or Management Committee;
- All checks and bank transfers are subject to double signatures, and the list of signatories is updated regularly;
- Price quotes are obtained from several service providers; they are systematically negotiated and subject to checks by one or more of the Management Committee members concerned.

### Preservation of the integrity of IT data

In order to prevent the risks 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 interventions on data-filing and storage systems. The data security policy is undergoing significant changes that are expected to lead to the implementation of a Business Continuity Plan that ensures full redundancy of IT and communications resources through the installation of a dedicated recovery facility.

## I. Corporate governance

### 4. Preparation of Wendel's accounting and financial information

The internal control procedures designed to ensure that the annual and semi-annual financial statements (parent company and consolidated) present a true and fair view of the income from operations as well as the Company's financial position and net assets are as follows:

#### Procedures for the preparation and consolidation of the financial statements

The Wendel Group has applied the International Financial Reporting Standards (IFRS) for the consolidated financial statements since 2005. The principal rules applicable are described in the annual report and distributed to subsidiaries as part of the process for the communication of information and the preparation of 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 person responsible for the consolidation at Wendel ensure uniformity of treatment within the Group, notably by examining accounting principles appearing in the financial statements of each subsidiary and through the procedures set out below.

In addition, Wendel's Finance Department ensures the proper reporting of full accounting and financial information of subsidiaries to Wendel using the procedures described below:

- in coordination with the Finance Department of each subsidiary, a timetable is determined for the submission of financial statements with the supplementary information required for the preparation of the parent company 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;
- a detailed review of accounting information from subsidiaries and a check of consistency 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 Committee in charge of coordination (see section on "Organization"), which allows 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.

#### Procedures for auditing of the financial statements

At the subsidiary level:

- to ensure better communication with the parent company's Statutory Auditors, the Group's rule, to the extent possible, is to use the same audit firms for the parent company and all of its subsidiaries. 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 their colleagues;
- a representative of the Finance Department attends end-of-audit 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 subsidiaries' Board of Directors/Supervisory Board meetings and/or Audit Committee meetings.

At the parent company level:

- the Group CFO is responsible for accounting policies and, in particular, reviewing compliance with accounting rules in the Group holding company and subsidiaries. If required, he has authority to commission audits. He regularly holds pre-closing meetings with the Statutory Auditors to ensure that points raised in previous financial periods have been addressed and to review transactions of the financial period with the Statutory Auditors and decide 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. Meetings between the Statutory Auditors and the Chairman of the Executive Board are organized when subjects arise where the accounting interpretation is complex or significant to the financial statements. He also reviews all financial communication of the Group and is informed of any subject that is likely to have an impact on it. On an exceptional basis, on June 30, 2009, the Chairman of the Executive Board asked the Statutory Auditors to undertake an audit of parent-company financial statements of Wendel and its holding companies, whereas regulations require only a limited review for purposes of the semi-annual consolidated financial statements;

- the Audit Committee: the Committee's purview, its mode of operation and its activity during the fiscal year are presented in detail in the report on corporate Governance. The Committee can decide to seek independent expert advice to confirm its views on the financial position of the Company. Members also meet regularly with the Statutory Auditors to ensure with them the reasonableness of the parent company and consolidated financial statements. They also ensure the consistency of, or changes to, accounting policies.

#### **Control procedures related to financial information**

Upon approval by the Executive Board, financial announcements and publications (press releases, shareholders' letters, documents distributed to analysts) are systematically submitted to the Audit Committee for an opinion before being examined by the Supervisory Board and the Statutory Auditors.

## **5. 2009 Achievements**

As part of constant efforts to enhance internal controls at Wendel, several improvements were made in 2009:

- An updated evaluation of the functioning and composition of the Supervisory Board was done with the assistance, for the first time in 2009, of an external firm;
- Commitment authorizations of Wendel and its holding companies were fully reviewed in 2009; they cover all the Company's commitments, as well as the signatures required for bank account transactions. Funding commitment procedures were disseminated and implemented in late 2009;
- A budgetary process was set up for Wendel and its holding companies, with formalization of procedures and responsibilities, and implementation of budget tracking using special software;
- The "Market Confidentiality and Ethics" charter was updated in late 2009. It is now included in the internal regulations and was formally presented to the entire staff;
- Progress interviews have been extended to all personnel; each year they are used to define the position of each employee and to set each employee's objectives for the following year;
- The data security policy is undergoing significant change that is expected to lead to the implementation of a Business Continuity Plan ensuring full redundancy of IT and communications resources through the installation of a dedicated recovery facility;
- A schedule has been set up summarizing the periodic financial disclosure obligations.

Implementation of these procedures will be followed up in 2010, and the procedures will be improved if necessary. In addition, in 2010 the Audit Committee will continue reviewing risk control procedures for controlled operating subsidiaries.

## I. Corporate governance

## II. Corporate responsibility

- 44 • Environmental data
- 49 • Human resources policies
- 55 • Relationships with the community

## II. Corporate responsibility

For Wendel, Corporate Social Responsibility (CSE) is an integral component of its business as a long-term investor. Wendel Group is fully aware of its role as a responsible corporate citizen and understands the importance of the environmental challenges facing the world. As a pioneer of social progress with manufacturing origins dating back three centuries, Wendel has been unfailingly committed to developing employee talents and skills. The Group also participates actively in the community through its partnerships in education with INSEAD and in art with the Cartier-Bresson Foundation.

Most importantly, Wendel understands that its impact on issues related to corporate responsibility can be significantly increased by its subsidiaries and associates and the policies they implement, since the scope of their businesses far exceeds that of Wendel's direct activity. Accordingly, Wendel, as an active shareholder, ensures that all of its subsidiaries manage the social and environmental impact of their businesses by carrying out sustainable development initiatives and encourages its associated companies to do the same.

To this end, compliance of Group companies with current environmental and International Labor Organization regulations is reviewed and evaluated on a regular basis.

In the Group's decentralized organization, each entity is autonomous in its management and the executive officers of these subsidiaries and associates are fully in charge of their company's sustainable development policy.

The main elements of the sustainable development policies of companies of which the Group is the majority shareholder, and whose financial statements are therefore fully consolidated by Wendel, are presented in the following sections on "Environmental Data" and "Human Resources Policies". Although Stahl will not be fully consolidated until the next fiscal year, information for this company has also been included.

### A. ENVIRONMENTAL DATA

#### Wendel

On a regular basis, Wendel reviews and evaluates its compliance with current environmental regulations and the ability of its subsidiaries' management to sustainably meet its environmental responsibilities. As an investment company, Wendel's own activity does not significantly impact the environment in a direct manner. Its goal for 2010 is to shift the Company's paper consumption to recycled paper. In addition, the energy efficiency of the building housing Wendel's headquarters, 89 rue Taitbout, will be improved through the use of Group-made products.

Pre-acquisition audits include a thorough evaluation of the target company's environmental risks and prevention policy, including appraisal by outside experts where necessary.

#### Bureau Veritas

The chief role of Bureau Veritas is to develop solutions to enable all of its customers to have the tools and resources they need to continuously improve their quality, health and safety, environment and social responsibility (QHSE) programs. As a result, its impact in these areas can mainly be observed outside the group, in the services it renders to its customers.

The group's management nevertheless strives to build its growth on a set of values and principles inspired by its ethical commitment and social responsibility in all of its business activities. QHSE is therefore an integral part of Bureau Veritas' corporate culture.



Its specific commitments to environmental protection focus on two goals:

- diminishing the group's environmental footprint by implementing sustainable development initiatives and reducing resource consumption and waste;
- building employee awareness of environmental impact and issues.

These commitments apply not only to the group and its employees but also to the activities of Bureau Veritas' subcontractors.

In 2009, Bureau Veritas invested approximately €200,000 in pro-environmental initiatives, mainly to:

- introduce programs to reduce the consumption of paper, water and energy in the 12 largest countries in which the group does business.

Bureau Veritas established environmental indicators calculated every half-year using data collected on energy, water and paper consumption per employee and per year. The targets are to:

- reduce energy consumption by 10% compared with 2008;
- reduce water consumption by 10% compared with 2008;
- reduce paper consumption by 15% compared with 2008.

For 2009, the energy consumption target was significantly exceeded (consumption fell 23%). Water and paper consumption did not reach their targets; they were reduced by 9% and 13%, respectively.

Actions taken to reduce consumption are documented and communicated throughout the group to promote experience-sharing. They involve changing attitudes (via information campaigns, etc.), modifying practices (e.g. regulate watering systems, control inside temperatures, optimize lighting) and adapting management (procedures, management systems, etc.).

At the end of 2009, a total of 18,000 employees in over 25 countries on four continents were involved in these efforts:

- make the group's head office in France a recognized benchmark for the management of paper and energy consumption;
- build awareness and develop action plans for environmental priorities such as transportation and energy and paper consumption.

To monitor the group's CO<sub>2</sub> emissions and the effects of its environmental action plans, its experts developed a carbon footprint measurement tool called "BV Carbon", finalized in early 2009.

Bureau Veritas also took steps in 2009 to better integrate sustainable development criteria into its procurement management process. A new procedure will be launched in 2010, but a number of its principles are already being applied to the procurement of office supplies.

In 2009, 13 countries in the group monitored their spending on "green" items. In terms of cost, over 20% of the office supplies purchased by the group in these countries are considered ecological.

#### Environmental certification

Bureau Veritas strongly encourages its entities to develop an ISO 14001-compliant environmental management system, although such certification is not mandatory in the Group.

At the end of 2009, ISO 14001 certification covered 15% of Group employees, which represents all of Spain, the main sites in the UK and Brazil and part of the Group's manufacturing business in Australia. The 2010 certification program includes 12 new countries, and more are preparing to obtain certification in 2011. Once this happens, 35% of the Group will be certified in 2012.

## II. Corporate responsibility

### Materis

Materis continues to take steps to control the environmental impact of its business activities through its decentralized responsible development policy that reflects the group's culture. Each of its teams plays a major role in this effort by delivering products and processes that are increasingly friendly to people and the environment and improving the management of emissions.

Materis has integrated two key objectives into its Responsible Development program that demonstrate its commitment to environmental protection: develop products and services promoting Durable Construction that protect natural resources and implement responsible management of industrial processes.

#### Develop products and services promoting Durable Construction and protecting natural resources

The strategy adopted by Materis is to develop, through its business activities or subsidiaries, 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 fully meet the standards of high-environmental quality (Haute Qualité Environnementale, or HQE) construction.

#### Products promoting energy efficiency

- Extended range of external insulation products. These significantly contribute to reducing energy consumption in buildings.
- New, lighter one-coat products. This reduces quantities used and, in turn, facilitates handling and reduces the fuel consumption of spraying machines used for application.
- New TurboCast® technology. TurboCast® is an acceleration system for precast concrete, which allows admixtures and additives customers to eliminate the steam-curing process. Customers also benefit from a patented solution that enables them to use raw materials sourced locally, thereby limiting the impact of raw materials transportation.

### Products with environmentally friendly characteristics

- Extended selection of paints featuring the “NF Environnement” and “Ecolabel” labels.
- Expanded range of dustless mortars, improving the application experience for customers.
- New solvent-free and biocide-free dry-mix products featuring “dry” technology. These reduce the environmental impact of the supply chain by eliminating the transportation of water, added at the building site.
- New multipurpose products, such as leveling compounds for all types of surfaces or combination tile adhesive and grout. These facilitate management for users, diminish inventory and help reduce waste.
- New sound insulation system installed under tiles, using 100% recyclable panels.
- New plant-based emulsions.
- Materis now meets the requirements of REACH, the European directive on chemicals, and even exceeds its obligations by implementing programs to substitute hazardous chemicals with non-hazardous substances.

#### Innovative products and services promoting recycling and the reduction of waste produced at customer construction sites

- New Big fût® drums to replace traditional 16-liter paint cans. This enables a 90% reduction in the volume of waste handled onsite and meets high-environmental quality, “eco-construction” standards.
- 100% recycled packaging to gradually replace plastic buckets. In 2009, this enabled certain business activities to cut their volume of waste in half.
- Paper bags, mostly recyclable, to replace plastic packaging.
- Gradual rollout of policies to collect soiled packaging from customer sites.
- Increase in bulk product deliveries, attributable to promotional campaigns among customers, with the aim to reduce packaging waste.

### Implement responsible management of industrial processes at Materis production facilities

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.

- Treatment of 100% of industrial waste water and 63% of rainwater; treatment of waste oil whenever possible.
- Reduction of dust emissions, through significant, continuous investments.
- Protection of natural resources at Materis production facilities through continuous and gradually intensified efforts, made over the past ten years, to manufacture products that use alternative and co-produced raw materials.
- 20% energy savings in the manufacturing of certain construction material admixtures and additives.
- Reduction of CO<sub>2</sub> emissions generated by the transportation of products. Several business activities invested in the installation of specialized software to optimize the supply chain.
- Increase in the rate of use of multi-transportation methods, with a rise in Europe of road-rail and road-sea combinations.
- Implementation of a policy to systematically recycle pallets at production facilities.
- Selective sorting of waste (paper, cardboard, metal, wood) at production facilities and paper recycling in administrative locations.

These actions also had a positive effect on Materis' image: in 2009, the Zolpan brand received the "All Categories" first prize award for sustainable development, by Societhica.

### Deutsch

In 2009, Deutsch again implemented its environmental policy with initiatives rolled out in its production facilities in France and the United States.

In its aerospace business, ISO 14001 certification of its US factory was renewed in 2009. The plant also committed to meet or exceed national and European regulations on environmental protection, resource conservation and health and safety conditions. It implements a proactive policy to reduce the volume of hazardous waste transported, which it successfully diminished in 2009 by about 47% from 2008.

ISO 14001 re-certification of the Évreux factory in France is 80% complete. The few points to be completed are employee awareness (scheduled for the first half of 2010) and audit plans. The Évreux plant also established a four-year program to replace all of its cooling units using CFC or FCHC refrigerants.

Several years into its program to reduce waste, water consumption and energy consumption, Deutsch has achieved the following improvements:

- Over 99% of waste is now recovered, either through re-use (metal residue, paper and cardboard), incineration with energy recovery (produced by the internal treatment plant) and treatment for re-use (oil). A new treatment plant was built at the surface-treatment facility, leading to a 40% reduction in discharge;
- Water consumption has been reduced by two-thirds in ten years. This reduction was achieved through the construction of a zero-discharge treatment plant for the surface-treatment facility enabling the re-use of water purified internally and through the installation of cooling units to replace the open-water-circuit system. Increased employee awareness also helped diminish consumption;
- Electricity consumption has been reduced by 15% since 2005, thanks to actions implemented over the past three years. Since consumption is proportional to sales, the indicator used for monthly tracking is the consumption-to-sales ratio;
- In 2009, a campaign was launched to measure atmospheric emissions.

## II. Corporate responsibility

In its industrial vehicle business, audits of Deutsch's facilities in the United States and China are performed on a regular basis. Following the 2009 audits on the management of discharge to water and air, the US facilities were found to be compliant. Employees participate in an annual program for continuous improvement and environmental awareness aiming to prevent or reduce pollution. In 2009, the total volume of hazardous waste transported at each plant was reduced by more than 50%, compared with 2008.

### Stallergenes

The allergens used to make Stallergenes products are made from small quantities (about two tons) of high value-added raw materials of plant or animal origin. They are obtained by extraction in a saline solution and are then purified by filtration. These operations generate almost no emissions or effluents to air, water or soil, and practically no noise or disagreeable odor. The risk of pollution can be considered very limited to nonexistent. The annual consumption of water in 2009 (25,600 m<sup>3</sup>) is very low: it represents a mere 30 m<sup>3</sup> per year and per person.

Annual energy consumption is 10,440 MWh, which includes 7,000 MWh of electricity for air conditioning and machines and 3,440 MWh of gas for heating. Again, this annual consumption of 12.3 MWh per year and per person is very low. The environmental expenses of the group are thus limited to the cost of reprocessing the waste, which was €132,654 in 2009. In addition, 50 vehicles in the automobile fleet emit no more than 140 g/km of CO<sub>2</sub> (with certain exceptions).

All waste is processed by specialized companies accredited by FNADE (the French Federation of Waste Management Services). There are three types of waste: ordinary industrial waste (approximately 1,950 m<sup>3</sup>/year), chemical waste (10T phenol, 2.5T effluent) and bacteriological waste (60T).

Stallergenes is also working to obtain the BBC (Bâtiment Basse Consommation) energy label for the building in Antony, France, that will house its future administrative headquarters.

### Stahl

Protecting the environment is a key issue for Stahl, taking into consideration its business activities and the need to respond to expectations regarding the chemical industry.

Stahl's economic growth strategy includes a committed, innovative approach to Health, Safety and the Environment (HSE). Its executive team is directly responsible for the application of HSE principles. In addition, safety and environmental issues are included on the agenda of every Board of Directors, management and department meeting in all Stahl operating units.

Stahl's main commitments to environmental protection are to:

- Meet every legislative requirement and demonstrate responsible corporate citizenship. For example, Stahl cut its water consumption by 16.1% between 2008 and 2009, at constant production volumes, and reduced the waste produced by its business activities by 22% in five years.
- 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 skills that are appropriate for their job;
- Define HSE standards in simple, clear terms, communicate them to all employees, and ensure that employees adopt them;
- Report, monitor and audit all aspects of HSE performance to confirm compliance and continuous improvement;
- Recognize and reward HSE excellence.

### HSE Audits

The management team of each site must ensure that all of the group's business activities comply with local and national legislation as well as internal regulations and directives. A group director in charge of HSE operations and issues visits each site at regular intervals. Compliance with HSE standards, legislation in force and internal regulations is systematically included on the agenda of these visits. More detailed audits are also performed by internal and external professional teams.

### 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 innovation in research, the company was among the first to market water-based products, which now represent the majority of Stahl's production.

### Operating standards

The managers of each business activity and operating unit are required to meet HSE objectives. To achieve these goals, they adopt and apply HSE principles, using locally established rules to manage HSE performance. These rules are generally written procedures drafted by managers, in which special emphasis is given to ensuring that the necessary measures are in place to assess and monitor compliance with applicable national legislation.

### 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.

### REACH legislation

REACH (Registration, Evaluation, Authorization and Restriction of Chemicals) is a new European Community regulation to reinforce consumer safety. As a European Union manufacturer and importer, Stahl implements precautionary measures downstream of the supply chain to prevent any potential adverse effects on people or the environment.

## B. HUMAN RESOURCES POLICIES

### Wendel

As a holding and investment company, Wendel employs a small, experienced and diversified workforce.

The 2009 data below apply to the parent company only.

### Employment

Permanent workforce at December 31, 2009	Non-management level	Management level	Total
<b>Total workforce</b>	<b>18</b>	<b>48</b>	<b>66</b>
Women	11	18	29
Men	7	30	37
<b>New hires</b>		<b>8*</b>	<b>8*</b>
Women		5	5
Men		3	3
<b>Departures</b>	<b>3*</b>	<b>4</b>	<b>7*</b>
Women	3	2	5
Men		2	2

(\*) Including one change in employee status.

Wendel also employed one management-level employee on a fixed-term contract (to replace an employee on unpaid leave).

### Absences (in hours)

There were no work-related accidents in 2009.

Two employees took maternity leave, and one employee took a seven-month sabbatical. Another two employees took a year of unpaid leave to attend a training program.

## II. Corporate responsibility

### Subcontracting

Wendel uses subcontractor services, mainly for building operation and maintenance (security, office cleaning, receptionists, landscape maintenance, etc.). The Company endeavors to maintain long-term quality relationships with its service providers. In particular, it takes care to ensure that their personnel are well received.

### HR policy

In 2009, Wendel created a new position for a human resources development manager, with the aim to ensure alignment between its employees and the achievement of its strategic goals.

In connection with this strategy, Wendel took several main initiatives:

- Development of a new training policy. As a result, it delivered training to 60% more employees than in 2008 (65 employees, versus 40 in 2008), providing slightly more hours of training (996, compared with 989 in 2008) with a reduced budget (€260 thousand, vs. €321 thousand in 2008);
- Completion of skills assessments for several employees;
- Personalized training for managers, to help them adapt their management to the new challenges facing the Group;
- Introduction of end-of-year performance appraisals conducted by managers for all employees. These provide an opportunity to translate the company's goals into individual objectives and to develop an improvement plan for each employee;
- Study of employment opportunities for people with disabilities. The use of sheltered workshops was doubled. The mandatory contribution paid to AGEFIPH, a private organization that promotes the employment of people with disabilities, was €13,442 in 2009.

### Non-discrimination

Promoting equal opportunities and fighting discrimination are strong priorities of Wendel's human resources policy. The Company takes steps to ensure that no discriminatory criteria are applied when making recruitment, career development (training and job promotions) and compensation decisions. In 2009, Wendel recruited two employees aged over 50 years. Women represent 43% of Wendel's workforce.

### Health and safety

In 2009, the safety signage at Wendel's headquarters was completely overhauled and staff received emergency fire-safety training on a live fire.

### Labor relations

Constructive dialogue with staff representatives led to several achievements:

- A new collective performance bonus agreement (2009-2011) aligning the compensation of all employees with company performance. In 2009, based on 2008 results, no collective performance bonus was paid.
- A new Group savings plan enabling employees to:
  - Continue to show their commitment to the company by subscribing significantly to the capital increase reserved for employees;
  - Diversify their savings by investing in socially responsible mutual funds;
- An action plan to promote the employment of seniors and maintain the proportion of workers aged over 55 above 13.5%.

### Employee services

The company allocated €43 thousand to the Works Council to fund social and cultural activities for employees in 2009.

Wendel also covers the cost of a range of employee services (e.g. meals at the company restaurant, exercise classes, payment vouchers for home services), which represented €119 thousand in 2009.

### Pay policy

There was no general salary increase in 2009.

In connection with the capital increase reserved for employees and corporate officers, Wendel made an increased matching contribution. Nearly all employees received bonus shares or stock options.

In 2009, the work of management-level staff with multiple-employer contracts returned to France and the relative share of their compensation in France increased accordingly. Total compensation (base salary and bonuses) paid in respect of 2009 was €12,621 thousand. The change from 2008 is mainly attributable to the return of business to France and team restructuring costs.



## Bureau Veritas

### Employment

#### Number and breakdown of employees as of December 31, 2009

As of December 31, 2009, the Bureau Veritas group had 39,067 employees in 140 countries, compared with 40,053 employees as of December 31, 2008. The group's workforce therefore remained relatively stable despite the tough global economic environment in 2009. The 2% decline in the workforce from 2008 to 2009 is mainly attributable to the expiration of fixed-term employment contracts.

The global workforce is 64% male and 36% female.

The large majority of employees (88% of the total workforce) 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 breakdown of the Bureau Veritas group's workforce by geographic region as of December 31, 2009.

<b>Total workforce as of 12.31.2009</b>	<b>39,067</b>
By geographic region	
France	7,317
EMEA (Europe, Middle East and Africa)	10,597
Asia-Pacific	13,300
North and South America	7,853

Bureau Veritas hired close to 5,500 employees worldwide in 2009.

At group level, the voluntary departure (resignation) rate was approximately 8% in 2009. The highest resignation 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 resignation rate is about 3%, all divisions combined).

### HR policy

The Bureau Veritas group's human resources policy is developed and implemented by the Human Resources department, which includes a central Corporate team of some 20 HR experts and a network of about 350 professionals operating around the world.

#### Training and knowledge management

Bureau Veritas continuously strives to maintain and develop its experts' knowledge.

As part of the group's knowledge management system, communities of experts were created to support operational teams. A hundred or so communities of practice exist to enable thousands of specialists and experts to interact.

Within the group, every new hire, regardless of the level or type of position, systematically participates in an induction program.

The group places emphasis on on-the-job training for operational staff. Most technical training programs are qualification-based.

#### Employee performance and career management

As a minimum, the Bureau Veritas group's 1,750 managers all undergo an annual performance appraisal.

In addition, in 2009, 79% of employees (nearly 30,000 people worldwide) also attended at least an annual meeting organized by local Human Resources departments.

#### Employee representatives

The Bureau Veritas group strives to promote the smooth running of employee representative bodies. Bureau Veritas has employee representative organizations in all of the key countries in which the group does business.

More generally, Bureau Veritas encourages open communication and the sharing of ideas and opinions.

In France, this approach has led to the signing of several company agreements pertaining to collective relationships, which provide for means of representation in addition to the legal minimum.

## II. Corporate responsibility

### Information pertaining to the parent company, Bureau Veritas SA

As of December 31, 2009, the Company had 6,442 employees, of which 4,211 were men and 2,231 were women. In 2009, 479 employees were hired, including 193 on fixed-term contracts and 286 on permanent contracts. The number of dismissals was 83.

The rate of employee resignations in 2009 was approximately 2.6%.

The workforce external to the company totaled 49 employees.

### Materis

#### Employment

Total workforce as of 12.31.2009	8,747
France	3,870
Europe (excluding France)	1,566
US	380
Latin America	905
Asia	1,580
Australia	115
Africa	331

The 2009 absence rate was low: from 0.5% to 6.2%, depending on the country.

#### HR policy

Companies in the group are granted considerable leeway in defining and implementing their own human resources policies.

Although the Materis group was required to adapt its cost base, it gave priority to:

- Measures aiming to maintain employment.
- Employee training: the number of group employees receiving training increased significantly in 2009 (6,215, vs. 4,517 in 2008) while spending was reduced (€2,351 thousand, vs. €3,602 thousand in 2008). In Brazil, Kerneos implemented a policy to help employees continue/complete their basic and vocational education.
- Actions to improve working conditions for employees: for example, a staff satisfaction survey was launched at Zolpan ("Great place to work" Institute).

### Health and safety

Materis has made safety a top priority and placed responsibility for this issue directly on Chairman and Chief Executive Officer Olivier Legrain.

Accident rates have been steadily declining for over ten years. From 1995 to 2009, the "TF1" frequency rate of accidents causing lost working time decreased from 60 to less than 5. Materis continues to implement a structured safety policy, and several entities obtained OHSAS 18001 or equivalent certification.

In June 2009, the Materis group held its first World Safety Day at all its locations worldwide. The event will be repeated annually.

### Employees with disabilities, diversity and equal opportunity

There are 88 employees with disabilities in the Materis group.

Examples of the initiatives taken by the Materis group in this area:

- A program launched by Zolpan to triple the number of people with disabilities it employs by 2012;
- Partnership with training centers in South Africa, including a financial contribution;
- Partnership with universities and schools in China to promote local employment;
- Experience-sharing with teachers in local vocational schools in Brazil;
- Continued implementation of the AIDS awareness-building program in South Africa and donations to organizations helping children with AIDS.

### Employee services

In 2009, the Materis group allocated €1,782 thousand to employee services.

### Pay policy

The Materis group made significant efforts to reduce costs. Payroll reduction was proportionally greater than the decrease in workforce, falling from €271,960 thousand in 2008 to €256,513 thousand in 2009. Nevertheless, companies continued to implement targeted pay increases, in particular to maintain the purchasing power of employees at the low end of the pay scale.

## Deutsch

### Employment

In an effort to adapt to the slowdown in business activities caused by the very difficult economic environment, the Deutsch group carried out significant restructuring operations in 2009. Whenever possible, it sought to protect employment, for example through the implementation of working time reduction agreements. Despite these measures, three factories had to be shut down (two in the United States and one in France).

Consequently, the Deutsch group's workforce diminished by nearly 1,000 employees over the year.

Group workforce as of	12.31.2009
<b>Total workforce</b>	<b>2,585</b>
Women	1,287
Men	1,298
Permanent	2,301
Fixed-term	30
Temporary	205
Unpaid leave	49

The Deutsch group maintained its training policy, with 1,728 employees participating in at least one training program. Training plans are developed in accordance with the needs of each division.

### Working time

The French companies in the Deutsch group apply a 35-hour workweek, with various company-wide agreements and application methods. The absence rate averaged about 2.5%.

### HR policy

#### Training

On average, approximately 1% of the payroll of the French companies in the group was devoted to implementing programs in the training plan.

#### Employees with disabilities

Over 31 employees with disabilities work in group companies in France.

#### Diversity and equal opportunity

The company is currently negotiating an agreement to guarantee and develop training for women.

## Compensation in 2009

There was no general salary increase in 2009.

## Stallergenes

### Employment

The Stallergenes group had 850 employees as of December 31, 2009, including 624 in France. The Stallergenes group's workforce grew 9% over one year, in contrast with the general trend observed in the pharmaceutical industry.

Female employees make up two-thirds of the workforce, and 11% of employees work part-time.

There are 772 permanent employees.

### HR policy

#### Recruitment, working time and training

There were 62 employees hired on permanent contracts in 2009, of which 53% were management-level staff and 40% were technicians.

Of all these new hires, 47% joined development teams. This growth is a strong indication that Stallergenes is devoting the required resources to implement its product innovation and development policy.

Stallergenes actively contributed to job security. Of the 77 persons recruited on fixed-term contracts, 52% were subsequently hired as permanent staff.

Over three years, Stallergenes created 191 permanent jobs.

In addition to achieving this high recruitment rate, Stallergenes signed an agreement on the employment of older workers, which preceded the industry-wide agreement. The company also facilitates voluntary part-time work, financial support for day care, and the use of CESU (Cheque Emploi Service Universel) payment vouchers for home services.

Continuous efforts are made to provide training above and beyond the legal minimum. This training accelerates the integration of new hires, helps employees continuously adapt to the company's new businesses, and facilitates internal promotion, which concerns 42% of job openings. Training also contributes to reducing turnover, which fell from 6.99% in 2008 to 3.96% in 2009. The 2009 training budget represented an estimated 4.50% of payroll.

## II. Corporate responsibility

### Pay policy

Stallergenes' pay policy is based on a broad consensus. The company has signed an agreement with labor unions pertaining to salary increases. In 2009, the group's payroll and social welfare contributions totaled €53,638 thousand.

In addition to the legally mandated profit-sharing plan, Stallergenes offers a significant collective performance bonus plan in France, tied to operating income. For the past 20 years, this practice of encouraging employees to become active participants in the company's success has been a very significant driver of their cohesion and motivation. This benefit represented an average of €10,000 per employee in 2009.

The sharing of profits breaks down as follows:

- Dividend: €6,602 thousand (23%);
- Profit-sharing and collective performance bonus: €6,287 thousand (22%);
- Investment: €16,019 thousand (55%);
- Total: €28,908 thousand (100%).

### Oranje-Nassau

Following the sale of its business activities in the energy sector, Oranje-Nassau remains the Wendel Group's international development platform. Given the size of its workforce, which now includes six employees, the details of its employment data are not material.

Oranje-Nassau complies with regulations in force as defined by the Dutch Labor Code.

### Stahl

#### Employment

**The breakdown of full-time employees as of December 31, 2009, was as follows:**

By geographic region

Europe	449
Asia-Pacific	251
India	123
North and South America	297
<b>Total</b>	<b>1,120</b>

Faced with particularly tough markets in 2009, Stahl was forced to adapt by reducing its production capacity and closing two factories. The necessary restructuring was carried out in a socially responsible manner that was respectful of employees, who were offered a competitive package including additional benefits suited to the situation in each country.

The average absence rate was 1.4%.

#### HR policy

##### Human resources development

The Stahl group is highly committed to developing its employees' skills. It devotes a significant number of hours to tutoring and hands-on training for its technicians.

In addition to internal measures to promote skills development, the group continued to invest in outside training in 2009. This chiefly involved Health, Safety and the Environment issues and developing sales skills.

##### Compensation policy

The group continued its efforts to harmonize the tools and processes used in performance assessment and compensation.

In light of the difficult economic environment, salary increases were limited. However, an efficient bonus system was introduced for employees in sales.

##### Health and safety

As described in the "Environmental Data" section, Stahl is strongly committed to its Health, Safety and the Environment (HSE) 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.

## C. RELATIONSHIPS WITH THE COMMUNITY

### Wendel

As a socially responsible company, Wendel Group strives to maintain dialogue with other players in its cultural and social environment and constantly embody its values of responsibility, boldness and innovation. Wendel has worked with the Cartier-Bresson Foundation for two years to promote artistic creation and has also supported INSEAD via the Wendel International Centre for Family Enterprise for nearly 15 years.

#### The Wendel Group and the Grand Prix International Henri Cartier-Bresson

Since 2007, Wendel has supported the creation and promotion of contemporary photographic works through the Grand Prix International Henri Cartier-Bresson, awarded every two years by the Henri Cartier-Bresson Foundation. The award was created to enable a photographer having already accomplished significant work, closely related to photojournalism, to undertake a project of several months. The winner is selected by an international jury of seven individuals from the world of photography, literature, fine arts, cinema and journalism. Antoinette Seillière represents Wendel. The Grand Prix International Henri Cartier-Bresson comes with a purse of €30,000.

In 2009, the prize went to David Goldblatt for his project called "TJ", which stands for "Transvaal Johannesburg" and was the prefix on vehicle plates before computerized registration was introduced.

David Goldblatt intends to use his prize money to complete his photographic work on Johannesburg, which has been in progress for several years, focusing on two themes. The first is to photograph the walled housing estates that have cropped up in suburban Johannesburg. The second is to illustrate crime and the measures for protection that have been introduced as a result – work that will require the services of a bodyguard.

The Henri Cartier-Bresson Foundation was established in May 2003. The Board of Directors is chaired by Martine-Franck Cartier-Bresson.

Henri Cartier-Bresson Foundation - 2, impasse Lebourg, 75014 Paris  
Tel.: 01 56 80 27 00 – [contact@henricartierbresson.org](mailto:contact@henricartierbresson.org)

#### The Wendel Group and the Wendel International Centre for Family Enterprise

In 1996, Wendel lent its support to creating a university teaching chair at INSEAD. This leading business school is one of the world's largest and most influential graduate schools for international affairs. It runs three campuses, in Asia (Singapore), Europe (France) and the Middle East (Abu Dhabi) and an office in New York.

The Wendel International Centre was established to communicate the importance of family enterprise as a business model. This model is prevalent worldwide and has demonstrated its success both economically and in terms of management thinking. The Centre provides initial and ongoing training programs and is a recognized leader in generating, disseminating and applying research, publications, case studies, and participating in conferences on family enterprises. Wendel is represented by Priscilla de Moustier.

Wendel International Centre for Family Enterprise  
[www.insead.edu/wicfe](http://www.insead.edu/wicfe) – Tel.: (33) 1 60 72 92 50

#### The Wendel Group, partner of ParisTech Review

ParisTech Review, aimed at promoting French debate on major scientific and economic issues, in partnership with France's elite graduate schools, will launch online in April 2010. Wendel is one of its seven founding shareholders.

## II. Corporate responsibility

### Stallergenes

#### Stallergenes strongly supports the community of allergy professionals

For some time, Stallergenes has provided services to prescribers and patients. For example, it offers a pharmaceutical information service to rapidly answer questions from physicians. It has also developed a wide array of additional services and communications media: telephone assistance, educational material, training, continuing education programs, a website and an extranet site reserved for professionals, a database of medical information, user help software, and so on.

Stallergenes supports the medical profession and various allergy medicine organizations and companies with expertise in the study of allergies. It supports the “Asthma & Allergies” organization, in particular by participating in the “Journée Française de l’Allergie” awareness event held by the organization each year.

Since 2007, Stallergenes has been a supportive sponsor of the Comité Français d’Observation des Allergies (CFOA), whose role is to study the economic and social impact of respiratory allergies on the French population, build general awareness of this issue and encourage industry players and governments to work together to remedy this problem affecting the public health and society.

### Materis

With 90 production facilities and 360 outlets worldwide, Materis frequently dialogues with local administrative agencies and works with charitable or local organizations each year to help those who are disadvantaged.

For example, in its South Africa factories, it continues to run an information program on the dangers of AIDS and how to prevent it, and it also donates funds to fight AIDS. In China, Materis partners with schools and universities to promote local employment. In Brazil, a program has been implemented to help employees continue/complete their basic or vocational education.



## III. 2009 Financial statements

### Consolidated financial statements

- 58 • Analysis of the consolidated financial statements
- 68 • Balance sheet - consolidated financial position
- 70 • Consolidated income statement
- 71 • Statement of recognized profit (loss)
- 72 • Change in shareholders' equity
- 73 • Consolidated cash flow statement
- 75 • Notes to the consolidated financial statement
- 149 • Statutory Auditors' report on the consolidated financial statements

## III. 2009 Financial statements

# Analysis of the consolidated financial statements

The Wendel Group includes:

- fully consolidated companies, i.e. the holding companies and subsidiaries over which Wendel exercises exclusive control: Bureau Veritas, Materis, Deutsch, Stallergenes, Oranje-Nassau (whose Energy division was sold in May 2009) and, until May 30, 2008, Editis;
- companies accounted for by the equity method (associates), i.e. those over which Wendel has significant influence, specifically Saint-Gobain, Legrand and Stahl;

- Income from divested subsidiaries (Oranje-Nassau Energy in 2009, Editis in 2008). Pursuant to IFRS, this is presented in a separate line of the income statement entitled "Net income from discontinued operations and operations held for sale" for each year presented.

## Consolidated income statement –accounting presentation

In millions of euros	2009	2008
Net sales	4,865.5	5,038.4
Operating income	495.0	323.4
Net financial income (expense)	-776.7	-421.0
Income taxes	-88.8	-73.4
Net income (loss) from equity-method investments	-800.6	44.5
<b>Net income (loss) from continuing operations</b>	<b>-1,171.2</b>	<b>-126.5</b>
Net income from discontinued operations and operations held for sale	362.4	353.7
<b>Net income (loss)</b>	<b>-808.8</b>	<b>227.2</b>
Net income (loss) –minority interests	109.4	69.1
<b>Net income (loss) –Group share</b>	<b>-918.3</b>	<b>158.1</b>

## 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 on an equity basis.

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 hereafter.

### Net income from business sectors

Net income from business sectors is the recurring net income of the Group. It comprises the net income from investments and the net income from holding companies excluding non-recurring items and the impact of goodwill allocations as defined below:

- "Net income from business sectors" is defined as the net income of companies under exclusive control (full consolidation:

Bureau Veritas, Materis, Stallergenes, Deutsch and the Energy division of Oranje-Nassau until it was sold in May 2009) and Wendel's share in the net income of investments accounted for by the equity method (Saint-Gobain, Legrand and Stahl) before non-recurring items and the impact of goodwill allocations.

- The net income of holding companies incorporates the general and administrative expenses of Wendel and its holding companies, of Oranje-Nassau's holding company activities from July 2009 (excluding the Energy division), the cost of the net borrowings to finance Wendel and its holding companies, the financing cost of the Eufor group (Saint-Gobain investment structure) and tax expense and income associated with these items. The amounts indicated are those recognized by Wendel and by all consolidated financial holding companies (excluding the acquisition holding company and operating subsidiaries).
- The finance costs of the investment in Saint-Gobain, previously deducted from Saint-Gobain's contribution to Wendel's net income, is now presented in a separate line for both 2009 and 2008.

### Non-recurring income

“Non-recurring income” includes, for the entire scope of consolidation, the amounts (net of tax) that are not related to the operating activities of the business sectors or the ongoing operations of Wendel and its holding companies:

- capital gains and losses from the divestment of assets;
- restructuring costs considered exceptional;
- exceptional legal disputes, notably those that are not linked to operating activities;
- interest income and expenses on shareholder loans, 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 as 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 extinguishment of debt;
- any other significant item unconnected with the recurring operations of the Group.

### Impact of goodwill allocation

Goodwill allocations have an impact on the income statement when acquired assets and liabilities are revalued at the time of the investment (or reappraised within 12 months following the transaction). In particular, they concern:

- inventories and work-in-process;
- property, plant and equipment;
- intangible assets, including trade names and contracts;
- deferred taxes related to them.

These accounting entries have an impact on the net income from investments, disconnecting the *income statement* from the *cash flow* deriving from the subsidiary's activity (because the entries arise from the acquisition of the investments, not from their business activity).

### 2009 activity description

The Group recorded a slight 3.4% decline in consolidated sales to €4,865 million, notably thanks to the good performances by Bureau Veritas and Stallergenes. Associated companies (equity-accounted) posted sharp declines in sales (see Note 4 to the consolidated financial statements). The overall economic contribution of the Group's companies amounted to €537.2 million, down 42.5% on 2008. The contributions made by Bureau Veritas and Stallergenes to Wendel's income increased by 15.2% and 16.8% respectively. Contributions by companies positioned in the various construction sectors (Materis, Saint-Gobain, Legrand), and by Deutsch and Stahl declined sharply. Against this backdrop, overall expenses associated with the Group's financial structure and operations remained under control at €384.3 million, slightly lower than last year's figure of €415.5 million. Overall, net income from business sectors amounted to €152.9 million and net income from business sectors, Group share, totalled €6.4 million.

The Group posted a non-recurring loss of €961.7 million, which includes positive elements such as €626 million in capital gains (notably gains from the sale of Oranje-Nassau's oil and gas activities, sales of blocks of shares in Bureau Veritas and Legrand). The figure was also affected by a net impact of €-1,007 million associated with the adjustment in the value of Saint-Gobain shares on Wendel's consolidated balance sheet (including dilution losses in the amount of €782.2 million, asset impairment of €290.2 million and €65.5 million from the sale of share warrants) in addition to a €225 million loss linked to the adjustment of the value of hedges. It also included goodwill allocation charges of €-172 million, other asset impairments and market value adjustments of €-140 million and finally other non-recurring elements of €-44 million.

**Bureau Veritas:** Despite the end-of-year slowdown, 2009 sales increased 3.9% to €2,647.8 million. Organic growth came in at 1.9% over the year (including 6% in H1 2009 and -1.8% in H2 2009). Against a backdrop of global recession, Bureau Veritas's activities held up well overall thanks to their recurring profile and continued growth in emerging markets, which now account for 42% of Bureau Veritas's sales. Adjusted net income, Group share, amounted to €273.5 million in 2009, up 18.2% on 2008. Adjusted operating margin grew 120 basis points to 16.4% in 2009 (vs. 15.2% in 2008).

### III. 2009 Financial statements

This increase occurred throughout the year, reflecting improved operating processes, particularly in the Consumer products, Industry and Certification divisions, the impact of cost-control programs on all of Bureau Veritas's activities and its capacity to adapt to a sharper downswing in certain divisions and countries.

**Materis:** In 2009, Materis, a leader in specialty chemicals for the construction sector, recorded a 8.7% decline in sales to €1,703.5 million. In the second half of the year, Materis saw a month-on-month improvement in its activity and accordingly contained the organic reduction in sales to 5.5%, compared with a 10.9% decline in the first half.

Adjusted operating income contracted 13.9% to €184.9 million; operating margin stood at 10.9% (vs. 11.5% in 2008). Operational profitability was maintained thanks to the effective implementation of substantial and efficient adaptation plans. Accordingly, over the year, Materis benefited from the optimisation of its price range, its improved product offering and cost-cutting programme (€60 million).

**Deutsch:** In 2009, Deutsch, a world leader in high-performance connectors, recorded sales of \$446.6 million, down 32.3% on 2008. At constant scope of consolidation, this decline was particularly sharp for the Industry division, which was hard hit by its exposure to the US trucking market and where sales fell 49.7% excluding LADD, Deutsch's industrial division retailer in the United States. The decline was less severe for Aerospace and Transport (18.4%). The offshore division held up well, with organic growth of 6%. In Q4 2009, Deutsch recorded a gradual recovery in its activity (organic contraction of 14.5% vs. a 35.2% decline over the first nine months of the year). For 2009, adjusted operating income plunged 60% to \$51.4 million and margin came in at 11.5% compared with 19.6% in 2008. Hard hit by the crisis, Deutsch has intensified its adaptation efforts and accelerated the implementation of drastic restructuring plans (a reduction of working time and the closure of three production sites). Accordingly, Deutsch doubled initially-planned savings: \$33 million in Industry and \$22 million in Aerospace.

**Stallergenes:** 2009 sales exceeded expectations, increasing 13% on 2008 to €192.8 million. This growth was mainly attributable to Northern European markets and sublingual immunotherapy (which represented more than 85% of 2009 sales), while Southern European markets saw an encouraging improvement in Q4. Full-year results were up sharply on 2008, with operating margin and net margin of 16.7% and 11.5%

respectively (compared with 16.5% and 11.1% respectively in 2008). The 28.9% increase in net R&D spending demonstrates the continued development policy of desensitization tablets.

**Saint-Gobain:** Saint-Gobain's consolidated sales declined 13.7% to €37,786 million. In 2009, full-year organic growth contracted by 13.2%.

In H2 2009, sales contracted 10.8% on an organic basis, indicating a relative improvement compared with H1 2009. Operating income, which decreased by 39.3% to €2,216 million, improved sequentially between the first and second half of the year (38%). This was also the case for operating margin, which amounted to 6.7% of sales in the second half, compared to 5.0% in the first, mainly thanks to cost cutting. Action plans implemented by Saint-Gobain in 2009 paid off with:

- emphasis on pricing policy (+0.8%) despite the downward trend in inflation;
- amplification of cost-cutting plans across all business lines, resulting in savings of €1.1 billion generated in 2009 compared with 2008, bringing total savings in 2008 and 2009 to €1.5 billion;
- continued optimisation of free cash flow generation: free cash flow of €1 billion, sharp reduction of working capital requirements (gain of €1.4 billion) and a significant contraction in capital expenditure (down €900 million over the year compared with an initial reduction target of €500 million).

Recurring net income, Group share, amounted to €617 million, representing a dramatic 94% increase from H1 to H2.

**Legrand:** Legrand's 2009 sales declined 13.9% to €3,577.5 million compared with 2008 at constant scope of consolidation and exchange rates. Maintainable adjusted operating income contracted 15.6% to €629.5 million. Maintainable adjusted operating margin represented 17.6% of sales, which is nearly stable compared with 2008 (17.7%). This was due to Legrand's continued adaptation of costs to the level of sales; production costs and administrative and marketing costs were slashed by 15.3% in 2009 at constant scope of consolidation and exchange rates. Investments in innovation continued into 2009 at an upbeat pace with the launch of new products and a higher level of net R&D expenses in proportion to sales, up from 4.4% in 2008 to 4.8% in 2009.

**Stahl:** Stahl, the world leader in leather finishing products and high-performance coatings, recorded a 14.2% drop in sales to €253.5 million in 2009, compared with 2008. A low point was reached in Q1 2009 with a significant deterioration in volumes across all activities, heightened by inventory reductions in the automobile, furnishings, footwear and leather goods businesses. Starting from Q2 2009, Stahl saw a steady improvement in sales, underpinned by market share gains, and an upturn in underlying markets,

resulting in robust organic growth of 10.7% in the second half, compared with a decline of 33.2% in the first half.

Adjusted operating income fell 23% to €30.1 million. Operating margin came out at 11.9% compared to 13.2% in 2008. This solid performance is thanks to efficient management of selling prices and a reduction in fixed costs (streamlining of industrial capacity and closure of production sites).

	2009	2008
<b>Full consolidation</b>		
Bureau Veritas	278.5	241.8
Materis	0.1	33.0
Oranje-Nassau	13.8	78.0
Deutsch	-8.2	31.7
Stallergenes	22.2	19.0
Editis	-	-5.3
<b>Equity method</b>		
Saint-Gobain	115.0	398.3
Legrand	115.7	138.2
Stahl	0.0	-0.1
<b>Income from subsidiaries and associates</b>	<b>537.2</b>	<b>934.7</b>
Overheads	-43.4	-39.3
Depreciation, amortization, provisions and stock-option costs	-1.6	-4.0
Sub-total	-45.0	-43.3
Management fees	-0.2	2.2
<b>Total overheads</b>	<b>-45.2</b>	<b>-41.1</b>
Net financing costs	-117.1	-75.4
Financing costs related to Saint-Gobain	-222.1	-298.9
<b>Total financing costs</b>	<b>-339.1</b>	<b>-374.3</b>
<b>Net income from business sectors</b>	<b>152.9</b>	<b>519.2</b>
of which Group share	6.4	395.3
Non-recurring income (loss) and impact of goodwill allocations	-961.7	-292.0
<b>Consolidated net income</b>	<b>-808.8</b>	<b>227.2</b>
Net income (loss) –minority interests	109.4	69.1
<b>Net income (loss) –Group share</b>	<b>-918.3</b>	<b>158.1</b>

## III. 2009 Financial statements

## Conversion from accounting presentation to economic presentation

The following tables show how the line items in the 2009 income statement in its accounting presentation are allocated to the various headings used in the economic presentation.

2009			Oranje-Nassau Groep (Energy)	Deutsch	Stallergenes	Equity-method investments			Holding Companies	Total
NET INCOME FROM BUSINESS SECTORS	Bureau Veritas	Materis				Saint-Gobain	Legrand	Stahl		
Net sales	2,647.8	1,703.5	–	321.3	192.8				–	4,865.5
Adjusted operating income <sup>(1)</sup>	433.2	184.9	–	37.0	N/A				–	–
Operating income before R&D	N/A	N/A	–	N/A	70.9				–	–
R&D					–38.6				–	–
Other recurring operating items	0.0	2.0		–3.2	0.3				–	–
Operating income	433.2	186.9	–1.3	33.8	32.6				–49.7	635.6
Finance costs, net	–44.0	–153.0	–0.6	–37.2	–0.6				–326.5	–561.9
Other financial income and expenses	–17.1	–1.2	–0.2	–2.3	–0.5				–8.0	–29.2
Tax expense	–94.1	–32.3	0.2	–2.5	–9.4				–0.1	–138.3
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	–				–	16.1
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 - Group share	147.3	–0.7	13.8	–10.5	10.2	115.0	115.7	–	–384.4	6.4
Non-recurring 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 <sup>(a)</sup>	–31.1	–	–794.7 <sup>(b)</sup>	–4.8	–2.3	113.1 <sup>(d)</sup>	–409.4
– Impact of goodwill allocation	–47.0	–13.5	–	–15.8	–	–87.8	–8.1	–	–	–172.2
– Asset impairment	–1.9	–63.4	–	–19.6	–	–290.2 <sup>(c)</sup>	–5.0	–	–	–380.1
Non-recurring net income from business sectors - 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 - 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 impact of goodwill allocations, non-recurring items (e.g. exceptional restructuring costs, impact of exceptional impairment, asset sales) and management fees.

(a) includes gain on sale of Oranje-Nassau's oil and gas activities of €346.3 million.

(b) includes a dilution loss on Saint-Gobain of €782.2 million in 2009.

(c) includes impairment losses on Saint-Gobain assets of €225.4 million at the Wendel level and €64.9 million at Saint-Gobain.

(d) includes:

- gain of €118.4 million on sale of Bureau Veritas block;
- gain on sale of Legrand block of €161.6 million and €9.2 million gain on dilution;
- gain (loss) on sale and change in fair value of Saint-Gobain puts totaling €–225.2 million;
- gain of €65.5 million on sale of Saint-Gobain share warrants;
- fair value adjustment of €–26.2 million on VGG/AVR.



## 2008

2008	Equity-method investments										
NET INCOME FROM BUSINESS SECTORS	Bureau Veritas	Materis	Oranje-Nassau Groep	Deutsch	Stallergenes	Editis	Saint-Gobain	Legrand	Stahl	Holding Companies	Total
Net sales	2,549.4	1,866.5	–	451.6	170.9	–				–	5,038.4
Adjusted operating income <sup>(1)</sup>	387.9	214.6	–	88.2	N/A	–				–	–
Operating income before R&D	N/A	N/A	–	N/A	58.1	N/A				–	
R&D					–30.0	–				–	–
Other recurring operating items	8.4	–0.0	–	–1.5	0.2	–				–	–
Operating income	396.3	214.6	–5.7	86.7	28.3	–				–49.0	671.1
Finance costs, net	–52.3	–152.9	–4.6	–46.1	–1.2	–				–352.4	–609.5
Other financial income and expenses	–9.6	–5.1	–0.2	–3.3	–0.3	–				–14.0	–32.5
Tax expense	–92.7	–23.9	6.5	–5.7	–7.8	–				–0.2	–123.7
Share of net income from equity-method investments	0.1	0.3	–	–	–	–	398.3	138.2	–0.1	0.1	536.9
Net income from discontinued operations and operations held for sale	0.0	–	82.1	–	–	–5.3	–	–	–	–	76.8
Recurring net income from business sectors	241.8	33.0	78.0	31.7	19.0	–5.3	398.3	138.2	–0.1	–415.5	519.2
Recurring net income from business sectors - Group share	147.1	23.4	78.0	22.5	8.9	–5.3	398.3	138.2	–0.1	–415.8	395.3
Non-recurring income											
Operating income	–87.6	–181.5	–	–80.8	–	–				2.0	–347.8
Net financial income	–7.8	–53.0	11.2	–39.0	–	–				309.5	220.9
Tax expense	37.9	15.5	–	–3.1	–	–				–	50.3
Share of net income from equity-method investments	–	–	–	–	–	–	–436.6	–28.1	–27.7	–	–492.4
Net income from discontinued operations and operations held for sale	–	–	15.1	0.6	–	–11.8	–	–	–	273.0	276.9
Non-recurring net income	–57.4	–219.0	26.2	–122.2	–	–11.8	–436.6	–28.1	–27.7	584.6	–292.0
of which:					–						
– Non-recurring items	–3.2	–47.7	30.6	–57.3	–	–9.0	10.0	–16.6	–7.5	638.6 <sup>(b)</sup>	538.2
– Impact of goodwill allocation	–53.0	–11.8	–4.4	–17.1	–	–2.9	–167.8	–11.5	–6.6	–	–275.2
– Asset impairment	–1.2	–159.5	–	–47.8	–	–	–278.7 <sup>(a)</sup>	–	–13.6	–54.0 <sup>(c)</sup>	–554.9
Non-recurring net income from business sectors - Group share	–35.9	–199.4	26.2	–108.7	–	–11.8	–436.6	–28.1	–27.6	584.6	–237.3
Consolidated net income	184.4	–185.9	104.3	–90.5	19.0	–17.1	–38.3	110.1	–27.8	169.0	227.2
Consolidated net income - Group share	111.3	–176.0	104.3	–86.2	8.9	–17.1	–38.3	110.1	–27.6	168.8	158.1

(1) before impact of goodwill allocations, non-recurring items (e.g. exceptional restructuring costs, impact of exceptional impairment, asset sales) and management fees;

(a) includes €239.7 million in impairment losses on Saint-Gobain assets and €39.0 million at Saint-Gobain;

(b) includes:

–€418 million increase in the fair value of Saint-Gobain puts;

–€35.7 million decline in the fair value of interest rate swaps;

–gain of €273.0 million on sale of Editis;

(c) write-down of €54 million on loans to Stahl.

### III. 2009 Financial statements

#### Consolidated balance sheet

The following table shows the principal changes that took place in the balance sheet in 2009. For the purposes of this analysis and to ease understanding, certain line items of identical nature have

been combined and only the net amount is shown. Accordingly, financial debt is presented net of cash and cash equivalents, both pledged and unpledged. Financial assets and liabilities are also presented net of these items.

<b>Assets</b>	<b>12.31.2009</b>	<b>12.31.2008</b>
Goodwill, net	2,458	2,608
Intangible assets and property, plant and equipment	2,287	2,571
Net financial assets	252	799
Equity-method investments	4,836	5,881
Working capital requirements	436	474
	<b>10,269</b>	<b>12,333</b>

<b>Liabilities and shareholders' equity</b>	<b>12.31.2009</b>	<b>12.31.2008</b>
Shareholders' equity	1,154	2,034
Minority interests	427	284
Provisions	293	367
Net financial liabilities	7,958	9,215
Net deferred tax liabilities	437	434
	<b>10,269</b>	<b>12,333</b>

## Breakdown of principal variations in the consolidated balance sheet

<b>Goodwill as of 12.31.2008</b>	<b>2,608</b>	<b>Shareholders's equity, Group share as of 12.31.2008</b>	<b>2,034</b>
Acquisitions by Bureau Veritas, Materis and Stallergenes	17	Net income (loss) for the year	-918
Sale of Bureau Veritas shares	-94	Dividend paid by Wendel	-50
Changes in the scope of consolidation: sale of Oranje-Nassau Energy	-41	Actuarial gains and losses, net of tax	-97
Impairment losses during the year	-95	Translation reserves	198
Currency fluctuations and other	64	Other	-12
<b>Goodwill as of 12.31.2009</b>	<b>2,458</b>	<b>Shareholders's equity, Group share as of 12.31.2009</b>	<b>1,154</b>
<b>Intangible assets and property, plant and equipment as of 12.31.2008</b>	<b>2,571</b>	<b>Provisions as of 12.31.2008</b>	<b>367</b>
Investments	145	Changes in the scope of consolidation: sale of Oranje-Nassau Energy	-105
Disposals	-21	Other	31
Oranje-Nassau Energy	-214	<b>Provisions as of 12.31.2009</b>	<b>293</b>
Other changes in the scope of consolidation	4		
Depreciation, amortization and provisions recognized during the year	-243	<b>Net financial debt as of 12.31.2008</b>	<b>9,215</b>
Currency fluctuations and other	44	Net cash flow from operating activities	-825
<b>Intangible assets and property, plant and equipment as of 12.31.2009</b>	<b>2,287</b>	Acquisition of Saint-Gobain shares	116
		Acquisition of shares by subsidiaries	45
<b>Financial assets and liabilities as of 12.31.2008</b>	<b>799</b>	Acquisition of property, plant and equipment and intangible assets	145
Sale of Saint-Gobain puts	-238	Sale of Bureau Veritas shares	-273
Changes in the fair value of Saint-Gobain puts	-181	Sale of Legrand shares	-276
Changes in the fair value of assets available for sale (VGG/AVR)	-26	Change in scope of consolidation: sale of Oranje-Nassau Energy	-532
Change in scope of consolidation (Oranje-Nassau Energy)	-13	Dividend paid (incl. 50 by Wendel)	101
Currency fluctuations and other	-90	Dividends received	-163
<b>Financial assets and liabilities as of 12.31.2009</b>	<b>252</b>	Net finance costs	547
		Sale of Saint-Gobain puts	-193
<b>Equity-method investments as of 12.31.2008</b>	<b>5,881</b>	Sale of Saint-Gobain share warrants	-66
Acquisition of newly-issued Saint-Gobain shares	116	Net cash flows related to taxes	138
Sale of Legrand shares	-95	Other	-21
Share in net income (loss) for the year	45	<b>Net financial debt as of 12.31.2009</b>	<b>7,958</b>
Dividends paid	-146		
Impairment of assets (Saint-Gobain)	-225		
Saint-Gobain dilution	-742		
Other	1		
<b>Equity-method investments as of 12.31.2009</b>	<b>4,836</b>		

# Consolidated financial statements

- 68 • [Balance sheet - consolidated financial position](#)
- 70 • [Consolidated income statement](#)
- 71 • [Statement of recognized profit \(loss\)](#)
- 72 • [Change in shareholders' equity](#)
- 73 • [Consolidated cash flow statement](#)
- 75 • [Notes to the consolidated financial statements](#)
- 75 • [A - General principles](#)
- 77 • [B - Accounting principles](#)
- 84 • [C - Changes in consolidation scope](#)
- 87 • [D - Related parties](#)
- 88 • [E - Participation of managers in group investments](#)
- 90 • [F - Risk management](#)
- 99 • [G - Notes to the consolidated balance sheet](#)
- 99 • Note 1. Goodwill
- 102 • Note 2. Intangible assets
- 104 • Note 3. Property, plant and equipment
- 105 • Note 4. Equity-method investments
- 108 • Note 5. Inventories
- 108 • Note 6. Trade receivables
- 109 • Note 7. Cash and cash equivalents
- 110 • Note 8. Financial assets and liabilities (excl. financial debt and operating receivables and payables)
- 114 • Note 9. Shareholders' equity
- 116 • Note 10. Provisions
- 121 • Note 11. Financial debt
- 126 • Note 12. Trade payables
- 126 • Note 13. Other current liabilities
- 127 • Note 14. Current and deferred taxes
- 128 • Note 15. Off-balance-sheet commitments

## 129 • H. Notes to the consolidated income statement

129 • Note 16. Net sales

129 • Note 17. Operating expenses

130 • Note 18. Income from ordinary activities

130 • Note 19. Other operating income and expenses

131 • Note 20. Finance costs, net

131 • Note 21. Other financial income and expenses

132 • Note 22. Income tax

132 • Note 23. Net income from equity-method investments

133 • Note 24. Net income (loss) from discontinued operations and operations held for sale

133 • Note 25. Net income

134 • Note 26. Earnings per share

## 135 • I. Notes on changes in cash position

135 • Note 27. Acquisitions of property, plant and equipment and intangible assets

135 • Note 28. Divestment of property, plant and equipment and intangible assets

135 • Note 29. Acquisitions and subscription of non-current financial assets

136 • Note 30. Divestment of non-current financial assets (at sale price)

136 • Note 31. Impact of changes in group structure and operations held for sale

136 • Note 32. Changes in other financial assets and liabilities

136 • Note 33. Dividends received from equity-method investments and non-consolidated companies

137 • Note 34. Net change in borrowings and other financial liabilities

## 138 • J. Additional information

138 • Note 35. Leases

139 • Note 36. Stock options and bonus shares

141 • Note 37. Segment information

145 • Note 38. Unavailable assets

146 • Note 39. Subsequent events

## 147 • K. List of principal companies consolidated at december 31, 2009

## 149 • Statutory Auditors' report on the consolidated financial statements

## III. 2009 Financial statements

## Balance sheet - consolidated financial position

## ASSETS

In millions of euros	Note	12.31.2009	12.31.2008
Goodwill, net	1	2,458.4	2,607.6
Intangible assets, net	2	1,439.5	1,509.7
Property, plant and equipment, net	3	847.1	1,061.6
Non-current financial assets	8	1,112.9	2,294.9
Equity-method investments	4	4,836.2	5,881.3
Deferred tax assets	14	134.7	168.5
<b>Total non-current assets</b>		<b>10,828.8</b>	<b>13,523.7</b>
<b>Assets and operations held for sale</b>		<b>–</b>	<b>20.6</b>
Inventories	5	302.5	373.0
Trade receivables	6	1,111.9	1,203.2
Other current assets		172.2	150.4
Current income tax assets	14	30.9	6.8
Other current financial assets	8	1,796.6	1,444.7
<b>Total current assets</b>		<b>3,414.1</b>	<b>3,178.0</b>
<b>Total assets</b>		<b>14,243.0</b>	<b>16,722.3</b>



## LIABILITIES

In millions of euros	Note	12.31.2009	12.31.2008
Share capital		201.7	201.5
Share premiums		247.8	246.9
Retained earnings and other reserves		1,622.8	1,427.4
Net income for the year		-918.3	158.1
		1,154.1	2,033.8
Minority interests		426.5	283.7
<b>Total shareholders' equity</b>	9	1,580.7	2,317.6
Long-term provisions	10	280.8	357.2
Long-term borrowings and debt	11	9,697.5	11,318.4
Other non-current financial liabilities	8	149.3	150.3
Deferred tax liabilities	14	571.9	602.4
<b>Total non-current liabilities</b>		10,699.4	12,428.4
<b>Liabilities of operations held for sale</b>		—	23.5
Short-term provisions	10	12.2	9.3
Short-term borrowings and debt	11	702.0	624.8
Other current financial liabilities	8	67.4	62.1
Trade payables	12	472.0	555.0
Other current liabilities	13	649.6	618.1
Current income tax liabilities	14	59.7	83.6
<b>Total current liabilities</b>		1,962.9	1,952.8
<b>Total liabilities and shareholders' equity</b>		14,243.0	16,722.3

## III. 2009 Financial statements

## Consolidated income statement

In millions of euros	Note	2009	2008
<b>Net sales</b>	16	<b>4,865.5</b>	<b>5,038.4</b>
Other income from operations		9.6	8.5
Operating expenses	17	-4,353.5	-4,501.8
<b>Income from ordinary activities</b>	<b>18</b>	<b>521.6</b>	<b>545.1</b>
Other operating income and expenses	19	-26.6	-221.8
<b>Operating income</b>		<b>495.0</b>	<b>323.4</b>
Income from cash and cash equivalents		27.0	101.8
Finance costs, gross		-595.1	-716.3
<i>Finance costs, net</i>	20	-568.2	-614.5
Other financial income and expenses	21	-208.6	193.4
Tax expense	22	-88.8	-73.4
Net income (loss) from equity-method investments	23	-800.6	44.5
<b>Net income from continuing operations</b>		<b>-1,171.2</b>	<b>-126.5</b>
Net income from discontinued operations and operations held for sale	24	362.4	353.7
<b>Net income</b>	<b>25</b>	<b>-808.8</b>	<b>227.2</b>
Net income - minority interests		109.4	69.1
<b>Net income –Group share</b>		<b>-918.3</b>	<b>158.1</b>

	Note	2009	2008
Basic earnings per share (in euros)	26	-18.31	3.15
Diluted earnings per share (in euros)	26	-18.37	3.09
Basic earnings per share from continuing operations (in euros)	26	-25.54	-3.90
Diluted earnings per share from continuing operations (in euros)	26	-25.60	-3.94
Basic earnings per share from discontinued operations (in euros)	26	7.23	7.04
Diluted earnings per share from discontinued operations (in euros)	26	7.23	7.03

# Statement of recognized profit (loss)

In millions of euros	2009			2008		
	Gross amounts	Tax effect	Net amounts	Gross amounts	Tax effect	Net amounts
Translation reserves <sup>(1)</sup>	117.4	–	117.4	–332.0	–	–332.0
Actuarial gains and losses <sup>(2)</sup>	–138.9	42.0	–96.9	–46.7	52.2	–94.4
Gains and losses on assets available for sale	–2.2	–	–2.2	0.9	–	0.9
Gains and losses on qualified hedges <sup>(3)</sup>	52.4	–13.7	38.7	–148.4	–3.4	–151.7
Earnings previously recognized in shareholders' equity taken to the income statement <sup>(4)</sup>	52.7	17.5	70.2	5.4	–	5.4
<b>Income and expenses recognized directly in shareholders' equity (A)</b>	<b>81.4</b>	<b>45.9</b>	<b>127.3</b>	<b>–620.7</b>	<b>48.9</b>	<b>–571.8</b>
Net income for the year (B)	–	–	–808.8	–	–	227.2
<b>Total income and expenses recognized for the year (A) + (B)</b>			<b>–681.5</b>			<b>–344.7</b>
Attributable to:						
-Shareholders of Wendel	–	–	–809.9	–	–	–389.2
-Minority interests	–	–	128.4	–	–	44.6

(1) includes €74.6 million related to Saint-Gobain (€246.5 million in 2008), €4.7 million related to Bureau Veritas (€17.9 million in 2008) and €11.4 million related to Oranje-Nassau.

(2) includes €-132.7 million related to Saint-Gobain, before tax (€-139.6 million in 2008).

(3) includes €-3.7 million on a swap in the Eufor group, €12.5 million on derivatives at Bureau Veritas, €11.8 million on derivatives at Materis and €16.0 million on derivatives at Saint-Gobain, before tax (€-25.7 million in 2008).

(4) includes:

–€-35.1 million in oil and gas derivatives, before tax, and €34.4 million in translation reserves taken to the income statement when Oranje-Nassau's oil and gas business was sold;  
–translation reserves of €5.7 million, €9.6 million and €38.1 million taken to the income statement when Bureau Veritas and Legrand blocks were sold and Saint-Gobain dilution was recognized, respectively.

## III. 2009 Financial statements

## Change in shareholders' equity

In millions of euros	Number of shares outstanding	Share capital	Share premiums	Treasury shares	Retained earnings and other reserves	Translation adjustments	Group share	Minority interests	Total shareholders' equity
<b>Balance at 12.31.2007</b>	<b>50,218,410</b>	<b>201.3</b>	<b>244.8</b>	<b>-9.6</b>	<b>1,970.6</b>	<b>-74.9</b>	<b>2,332.1</b>	<b>248.4</b>	<b>2,580.5</b>
Income and expenses recognized directly in shareholders' equity (A)	-	-	-	-	-226.4	-320.9	-547.3	-24.5	-571.8
Net income for the year (B)	-	-	-	-	158.1	-	158.1	69.1	227.2
<b>Total income and expenses recognized during the period (A)+(B)<sup>(2)</sup></b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-68.4</b>	<b>-320.9</b>	<b>-389.2</b>	<b>44.6</b>	<b>-344.7</b>
Dividends paid <sup>(1)</sup>	-	-	-	-	-100.5	-	-100.5	-38.2	-138.7
Treasury shares	-42,846	-	-	-2.4	-	-	-2.4	-	-2.4
Capital increase									
– exercise of stock options	19,929	0.1	0.7	-	-	-	0.8	-	0.8
– company savings plan	28,271	0.1	1.4	-	-	-	1.5	-	1.5
– other	-	-	-	-	80.4	-	80.4	-	80.4
Share-based compensation: stock options (including equity-method investments)	-	-	-	-	25.7	-	25.7	2.9	28.6
Changes in the scope of consolidation	-	-	-	-	-1.3	0.1	-1.2	24.7	23.5
Other	-	-	-	-	86.7	-	86.7	1.3	88.0
<b>Balance at 12.31.2008</b>	<b>50,223,764</b>	<b>201.5</b>	<b>246.9</b>	<b>-12.0</b>	<b>1,993.2</b>	<b>-395.7</b>	<b>2,033.8</b>	<b>283.7</b>	<b>2,317.6</b>
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
<b>Total income and expenses recognized during the period (A)+(B)<sup>(2)</sup></b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-1,007.5</b>	<b>197.5</b>	<b>-809.9</b>	<b>128.4</b>	<b>-681.5</b>
Dividends paid <sup>(1)</sup>	-	-	-	-	-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
– other	-	-	-	-	-	-	-	-	-
Share-based compensation: stock options (including equity-method investments)	-	-	-	-	14.7	-	14.7	3.5	18.1
Changes in the scope of consolidation	-	-	-	-	-	-	-	56.4	56.4
Other	-	-	-	-	-18.1	-	-18.1	3.5	-14.8
<b>Balance at 12.31.2009</b>	<b>49,865,170</b>	<b>201.7</b>	<b>247.8</b>	<b>-29.3</b>	<b>932.0</b>	<b>-198.1</b>	<b>1,154.1</b>	<b>426.5</b>	<b>1,580.7</b>

(1) Net dividend paid in 2009: €1.00 per share, and in 2008: €2.00 per share.

(2) See "Statement of recognized profit (loss)".

# Consolidated cash flow statement

In millions of euros	Note	2009	2008
<b>Cash flows from operating activities</b>			
Net income		-808.8	227.2
Share of net income from equity-method investments		800.6	-44.5
Net income from discontinued operations and operations held for sale		-362.4	-256.6
Depreciation, amortization, provisions, and other non-cash items		346.5	528.7
Non-cash income and expense related to stock options and similar items		7.8	10.6
Expenses on investments and asset disposals		0.9	4.2
Gains/losses on disposal of assets		-123.2	-36.3
Financial income and expenses		776.7	426.8
Taxes (current and deferred)		88.8	237.0
Cash flow from consolidated companies before tax		727.0	1,097.1
Change in working capital requirement related to operating activities		98.2	-90.1
<b>Net cash flows from operating activities, excluding tax</b>		<b>825.2</b>	<b>1,006.9</b>
<b>Cash flows from investing activities, excluding tax</b>			
Acquisitions of intangible assets and property, plant and equipment	27	-145.4	-357.0
Disposals of intangible assets and property, plant and equipment	28	10.5	49.6
Acquisition of equity investments	29	-160.5	-1,131.3
Disposal of equity investments	30	1,146.3	504.8
Impact of changes in Group structure and operations held for sale	31	-114.7	-106.0
Changes in other financial assets and liabilities and other	32	269.9	-217.3
Dividends received from equity-method investments and non-consolidated companies	33	163.0	233.0
Change in working capital requirements related to investing activities		-18.6	1.0
<b>Net cash flows from investing activities, excluding tax</b>		<b>1,150.6</b>	<b>-1,023.3</b>
<b>Cash flows from financing activities, excluding tax</b>			
Proceeds from issuance of shares		1.2	2.3
Contribution of minority shareholders		7.2	6.5
Share buybacks		-14.4	-3.8
Dividend paid by the parent company		-50.2	-100.5
Dividend paid to minority shareholders		-50.6	-34.9
New borrowings	34	549.4	1,836.5
Repayment of borrowings	34	-2,001.3	-916.8
Finance costs, net		-547.4	-586.7
Other financial income (expenses)		-19.6	-65.5
Change in working capital requirement related to financing activities		2.5	40.5
<b>Net cash flows from financing activities, excluding tax</b>		<b>-2,123.1</b>	<b>177.9</b>

### III. 2009 Financial statements

In millions of euros	Note	2009	2008
<b>Cash flows related to taxes</b>			
Current tax		-126.7	-279.3
Change in tax assets and liabilities (excluding deferred taxes)		-11.0	25.8
<b>Net cash flows related to taxes</b>		<b>-137.7</b>	<b>-253.4</b>
Effect of currency fluctuations		-2.0	-26.5
Net change in cash and cash equivalents		-286.9	-118.5
Cash and cash equivalents at the beginning of the year		2,728.1	2,846.6
<b>Cash and cash equivalents at the end of the year</b>	<b>7</b>	<b>2,441.1</b>	<b>2,728.1</b>

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, 2009, cash and cash equivalents were composed of €682 million in pledged cash recognized under non-current financial assets and €1,759 million in unpledged cash recognized under current financial assets. At December 31, 2008, these figures were €1,400 million and €1,328 million, respectively.

Fiscal year 2008 included the following amounts of cash flow generated by the Energy division of Oranje-Nassau during the period:

- cash flows from operating activities, excluding tax: €299.9 million;
- cash flows from investing activities, excluding tax: €-89.0 million;
- cash flows from financing activities, excluding tax: €-11.1 million;
- cash flows related to taxes: €-146.9 million.

# Notes to the consolidated financial statements

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, 2009 and are expressed in millions of euros. They include:

- the balance sheet (statement of financial position);
- the income statement and the 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 22, 2010.

## A. GENERAL PRINCIPLES

Wendel's consolidated accounts for the fiscal year ended December 31, 2009 have been drawn up in accordance with IFRS principles and methods as adopted by the European Union on December 31, 2009, in accordance with Regulation no. 1606/2002 of the European Council and the European Parliament pertaining to the application of international accounting standards, adopted on July 19, 2002. These financial statements should be read in conjunction with the financial statements for the 2008 fiscal year included in the Reference Document filed with the AMF on May 11, 2009 under number D09-400.

These accounting principles are consistent with those used in preparing the consolidated annual accounts for the fiscal year ended December 31, 2008, with the exception of the new standards and interpretations that became mandatory for fiscal years beginning on or after January 1, 2009 (see list below). The new standards, amendments to existing standards and interpretations that must be adopted for all fiscal years starting on or after January 1, 2009 did not have a significant impact on the financial statements of the Group.

Wendel has applied the amendment to IFRS 7 (March 2009), applicable to fiscal years beginning on or after January 1, 2009. This amendment requires additional information related to the measurement of fair value and liquidity risk. All instruments measured at fair value must be presented according to the following three-level hierarchy:

- 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.

IFRS 8 "Operating segments" is mandatory for fiscal years opened on or after January 1, 2009. IFRS 8 requires that segment information be based on information reviewed by Group managing bodies. The principal decision-making body is the Executive Board. Wendel has concluded that its operating segments as provided under IFRS 8 are the same as those presented on the primary level under IAS 14, as previously applied. Operating segments correspond to the businesses of our subsidiaries and associates and are as follows:

- Bureau Veritas (certification, verification);
- Deutsch (high-performance connectors);
- Materis (specialty chemicals for the construction sector),
- Stallergenes (immunotherapy);
- Saint-Gobain (production, transformation and distribution of materials);
- Legrand (products and systems for low voltage installations);
- Stahl (high-performance coatings and leather finishing products);
- Holding companies.

Equity-accounted companies – Saint-Gobain, Legrand and Stahl – are detailed separately in Note 4 "Equity-method investments" and Note 23 "Net income from equity-method investments", so as to better present the relevant information for these segments.

Until 2008, Oranje-Nassau constituted an operating segment. Since the sale of its oil and gas business, Oranje-Nassau's activities are similar to those of a holding company and is presented under "Holding companies".



### III. 2009 Financial statements

Implementing this standard in 2009 had no impact on the Group's financial position or on the presentation of its financial performance.

Wendel did not opt for early adoption of the new standards, amendments to existing standards and interpretations that were not mandatory for 2009 (see list below).

Wendel is currently assessing the potential impact of the application of these texts on its financial statements.

#### Standards, interpretations and amendments to existing standards that were mandatory in 2009

- IAS 23 Revised «Borrowing costs»;
- IFRS 8 «Operating segments»;
- Amendments to IAS 1 «Presentation of the financial statements»;
- Amendments to IAS 7 «Statement of cash flows»;
- Amendment to IAS 32 «Financial instruments –presentation» and IAS 1 «Presentation of financial statements» –Puttable financial instruments and obligations arising on liquidation;
- Amendment to IAS 39 «Financial instruments: recognition and measurement»;
- Amendments to IFRS 1 and IAS 27 –Cost of an investment in a subsidiary, jointly controlled entity or associate;
- Amendment to IFRS 2 «Share-based payment» –Vesting conditions and cancellations;
- Amendment to IFRS 7 «Financial instruments: Disclosures»;
- Amendment to IFRIC 9 and IAS 39 - Embedded derivatives;
- IFRIC 11 «IFRS 2 - Group and treasury share transactions»;
- IFRIC 13 «Customer loyalty programmes»;
- IFRIC 14 «IAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction»;
- Improvements to IFRSs (May 2008).

#### Standards, interpretations and amendments to existing standards for which early adoption was not applied in 2009

- Amendments to IAS 39 «Financial instruments: recognition and measurement of eligible hedged items»;
- IAS 3 Revised «Business combinations» and amendment to IAS 27 «Consolidated and separate financial statements»;
- IFRIC 12 «Service concession arrangements»;
- IFRIC 15 «Agreements for the construction of real estate»;
- IFRIC 17 «Distributions of non-cash assets to owners»;
- IFRIC 18 «Transfer of assets from customers»;
- Amendment to IFRS 2 - Cash-settled share-based payment transactions;
- Amendments to IFRSs (April 2009);
- Amendment to IAS 32 «Classification of rights issues»;
- Amendment to IFRIC 14 «Prepayment of minimum funding requirements»;
- IFRIC 16 «Hedges of a net investment in a foreign operation»;
- IFRIC 19 «Extinguishing Financial Liabilities with Equity Instruments»;
- IFRS 1 Revised «First-time Adoption of International Financial Reporting Standards»;
- Amendment to IFRS 1 «Additional exemptions for first time adopters»;
- IAS 24 Revised «Related party disclosures»;
- IFRS 9 «Financial instruments».

The standards adopted by the European Union can be found on the Web site of the European Commission: "[http://ec.europa.eu/internal\\_market/accounting/ias/index\\_fr.htm](http://ec.europa.eu/internal_market/accounting/ias/index_fr.htm)".

Certain items in the 2008 income statement, presented for comparative purposes, were reclassified in accordance with IFRS 5 so as to present the impact of operations discontinued or held for sale during the course of 2009, principally the oil and gas activities of Oranje-Nassau Groep (see «Changes in consolidation scope»).

## B. ACCOUNTING PRINCIPLES

### 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.

### Financial statements used as the basis for the 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, 2009 of Bureau Veritas, Materis (Materis Parent), Deutsch (Deutsch Group), Oranje-Nassau Groep (excluding Energy division), Stallergenes, Legrand, Stahl and Saint-Gobain;
- the consolidated accounts of the Energy division of Oranje-Nassau Groep for the five-month period from January 1 until it was sold in May 2009;
- for the other companies, their individual accounts for the 12-month fiscal year ended on December 31, 2009. Some holding companies have a 12-month fiscal year from July 1 to June 30; 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 in 2009 are presented in Section C - Changes in consolidation scope. A list of principal subsidiaries consolidated as of December 31, 2009 is presented in Section K.

### Business combinations

The accounting principles applied in the event of business combinations comply with IFRS 3.

When the percentage interest in a subsidiary decreases without a change in control, the Group applies the "parent company" approach and recognizes the impact in the income statement (see «Changes in consolidation scope» for 2009 related to Bureau Veritas).

### 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 prolonged, for which an impairment charge has been recognized on the income statement.

### Conversion of financial statements of foreign companies

Wendel's operating currency is the euro.

The balance sheet 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 the income statement at the average exchange rates for the fiscal year or consolidation period. The discrepancy resulting from the application of these exchange rates has been allocated to consolidated reserves under "translation adjustments". Translation adjustments related to subsidiaries are recognized on the income statement when those subsidiaries are divested.

The following exchange rates have been used in the consolidated financial statements:

	Closing rate		Average rate	
	12.31. 2009	12.31. 2008	2009	2008
USD/EUR	1.4406	1.3917	1.3897	1.4635

### 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 and whether an independent appraiser was used, and are reviewed on a regular basis. The uncertain global economic picture since late 2008 has complicated forecasting, and actual amounts could therefore be different from the forecasts.

### III. 2009 Financial statements

The most significant estimates used in preparing these financial statements concern mainly goodwill, impairment tests on goodwill and equity-method investments, provisions, deferred taxes and derivatives.

#### Measurement rules

##### 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 at the date of acquisition. The fair value of the assets and liabilities of acquired companies must be determined within 12 months of acquisition.

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, Stallergenes) represents a Cash Generating Unit. 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 the shares 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 losses 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".

##### Intangible assets

##### Brands of the Bureau Veritas, Deutsch and Materis groups

These brands have been valued using the relief-from-royalty approach, which consists of 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.

##### 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.

According to IAS 38 and pharmaceutical industry practice, development costs incurred prior to obtaining full marketing approval for the related drugs are not capitalized. Stallergenes' development costs have therefore not been capitalized, as its development projects do not meet the criteria of IAS 38.

### 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.

Property, plant and equipment other than land and investment properties are 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 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 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.

### 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 in value or once a year for assets having indefinite useful lives, limited in Wendel's case to goodwill and brands. Impairment losses are recognized on the income statement under "Other operating income and expenses".

### 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".

### 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.

### 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 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.

### Investments held to maturity

Investments held to maturity are financial assets with a fixed income stream that the Group intends to hold to maturity. They are stated at amortized cost using the effective interest method.

### Loans and receivables

Loans and receivables 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. Loans and receivables 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.

### Financial liabilities

All borrowings and other financial liabilities are stated at amortized cost using the effective interest method, except for derivative instruments.

### III. 2009 Financial statements

#### Derivatives

Derivatives are measured at fair value. Gains and losses arising from changes in the fair value of derivatives are recognized on 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 currency 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 of 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 a 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. The method applied to Wendel's various derivative instruments is described in the note on derivative instruments.

#### 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.

#### Cash and cash equivalents (pledged and unpledged)

Cash is comprised 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 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.



## 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, 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”.

### 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 in order to cover these obligations.

Actuarial gains and losses are recognized directly in shareholders' equity as soon as they are booked (IAS 19.93A).

### Income taxes

The 2010 Budget Act, voted into law on December 30, 2009, eliminated the business license tax (*taxe professionnelle*) on French companies, beginning in 2010, and replaced it with two new contributions:

- The “CFE” tax based on the property rental values currently 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 will therefore be recognized in 2010, 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 temporary 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 will be presented on this line.

### 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.

### III. 2009 Financial statements

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 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, i.e. for French companies, 34.43% for income subject to standard assessment.

#### 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 therefore have no impact on income for the fiscal year.

#### Accounting treatment of managers' participation in Group investments

The percentage interest taken into account for the consolidation of a newly-acquired subsidiary is equal to the ratio between Wendel's equity investment and the total equity investment (i.e. Wendel + co-investors + managers).

The manager's co-investment structures can dilute Wendel's investment in a given subsidiary (see note on "Participation of managers in Group investments"). This potential dilution varies as a function of time and performance realized. It is not known in advance, because it depends on ultimate performance and therefore cannot be known before the investment matures. The impact of the dilution is therefore taken into account at the same time as the gain or loss on divestment. In addition, the consolidated book values of the subsidiaries concerned are not recognized on Wendel's financial statements at market value and therefore do not reflect this performance.

#### Assets held for sale and activities being divested

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 is 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 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.

#### Revenue recognition

Revenue from the sale of goods and services 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 reliably 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 a forecast negative margin, provisions are set aside for the entire contract.

#### Translation of foreign currency transactions

Transactions denominated in foreign currencies are translated into euros using the exchange rates prevailing 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 of transactions 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 foreign business that is considered to be an effective hedge is recognized directly in shareholders’ equity. The ineffective portion is immediately recognized on the income statement.

### Subscription- and purchase-type stock option plans

In accordance with IFRS 2 “Share-based payments”, the Group recognizes a personnel expense for employee stock options in an amount corresponding to their fair value at the grant date. The expense is spread out over the options’ vesting period.

Wendel uses the Black and Scholes model and the binomial model to determine the fair value of options granted. In 2008 and 2009, Wendel’s plans were valued by an independent appraiser.

### 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:
- it is expected to be settled in the Group’s 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.

### 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 taxes.

“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, provisions for claims and litigation and the gains and losses from the sale of consolidated investments.

Financial income and expenses include “Finance costs, net” and “Other financial income and expenses” which notably include gains and losses on disposals of financial assets, impairment losses on financial assets, dividends paid by non-consolidated companies, 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.

### 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 earnings per share are 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. Dilutive instruments issued by the Group’s subsidiaries are also taken into account in the calculation of the Group’s share of net income for the year.

If the income statement presents income from discontinued businesses separately, earnings per share from continuing and discontinued operations are also presented separately.

### III. 2009 Financial statements

## C. CHANGES IN CONSOLIDATION SCOPE

### Fiscal year 2009

#### Changes in scope of consolidation at the level of Wendel

##### Investment in Saint-Gobain (production, transformation and distribution of materials)

As of December 31, 2009, Wendel owned 89.8 million shares, representing 17.66% of Saint-Gobain, vs. 21.57% at December 31, 2008 (net of treasury shares). The dilution was caused by three transactions carried out on the share capital of Saint-Gobain:

##### 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. The 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 by around 3.1 percentage points (calculated net of treasury shares).

##### Rights issue reserved for employees

The rights issue reserved for employees under the Company savings plan diluted Wendel's investment in Saint-Gobain by around 0.3 percentage points (calculated net of treasury shares).

##### Dividend paid in 2009

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 in the context 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 around 0.5 percentage points (calculated net of treasury shares).

The accounting impact of this dilution was a negative €741.6 million, 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, which led to the change in Wendel's stake in Saint-Gobain, were issued.

Changes in Saint-Gobain shareholdings during the second quarter of 2009 generated a loss of €2.9 million.

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, Wendel's stake in Saint-Gobain declined from 21.57% to 17.66% (net of treasury shares).

##### 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 a 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.

The gain on the sale was €118.4 million and broke down as follows:

<b>Sale proceeds</b>	<b>€275.0 million</b>
Book value of shares sold (including reversal of translation adjustments)	€154.4 million
Selling costs	€2.2 million
<b>Gain on sale</b>	<b>€118.4 million</b>

The gain on sale was recognized in the “Other operating income and expenses” line item of the income statement.

#### 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:

<b>Sale proceeds</b>	<b>€601.6 million</b>
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
<b>Gain on sale</b>	<b>€346.3 million</b>

After payment of the 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. This cash was carried on the balance sheet of Oranje-Nassau.

In accordance with IFRS 5, all items on the income statement related to the oil and gas business from the beginning of the fiscal year until the divestment date are presented under “Net income from discontinued operations”, along with the divestment gain. Income statement items related to the 2008 oil and gas activities of Oranje-Nassau Groep are presented under the “Net income from discontinued operations” line of the 2008 income statement.

#### 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 these transactions, Wendel held 25% of Legrand (net of treasury shares). Wendel continues to account for Legrand according to the equity method, because it still exerts a significant influence over the company.

The proceeds from the sale totaled €277.5 million, excluding expenses. The gain on the sale was €161.6 million and broke down as follows:

<b>Sale proceeds</b>	<b>€277.5 million</b>
Book value of shares sold (including reversal of translation adjustments)	€114.2 million
Selling costs	€1.7 million
<b>Gain on sale</b>	<b>€161.6 million</b>

The gain on sale was recognized in the “Share of net income from equity-method investments” line item of the income statement.

#### Changes in scope of consolidation at the level of subsidiaries and associates

##### Acquisitions by the Bureau Veritas group (certification and verification)

The Bureau Veritas group made €37 million in acquisitions in 2009. These included finalization of the purchase of Geoanalitica, dated December 31, 2008.

The total amount of goodwill on these acquisitions was €25 million, including €15 million on subsidiaries acquired in 2008 and consolidated in 2009.

Acquired companies contributed €14 million to net income.

##### Acquisitions by the Materis group (specialty chemicals for the construction sector)

The Materis group made €6 million in acquisitions in 2009. In almost all of these transactions Materis acquired 100% of the share capital. The total amount of goodwill on these acquisitions was €3 million.

Acquired subsidiaries did not make a significant contribution to Wendel's net income.

##### Acquisitions of the Saint-Gobain group (production, transformation and distribution of construction materials); an equity-method investment

The Saint-Gobain group did not carry out any significant acquisitions in 2009. Allocation of the acquisition price of Maxit (March 2008) was finalized in the first half of 2009. This was the primary impact of changes in the scope of consolidation.

### III. 2009 Financial statements

#### Acquisitions of the Legrand group (products and systems for low voltage installations); an equity-method investment

Acquisitions of Legrand group subsidiaries included principally adjustments to the prices of transactions carried out in previous periods. They totaled €5 million in 2009.

#### Fiscal year 2008

##### Changes in scope of consolidation at the level of Wendel

#### Investment in Saint-Gobain (production, transformation and distribution of materials)

In 2008, Wendel raised its stake in Saint-Gobain from 17.9% (net of treasury shares) to 21.6% as of December 31, 2008. At the same date, the Wendel Group held 81,541,000 Saint-Gobain shares.

As of December 31, 2008, investments accounted for by the equity method totaled €5.4 billion, after impairment and net income or loss for the year. Wendel's share of residual goodwill was €3.2 billion. In accordance with IFRS, allocation of goodwill was definitive at December 31, 2008.

#### Divestment of Editis (publishing and distribution)

Wendel sold the Editis group on May 30, 2008. Net proceeds from the sale totaled €500 million and the gain on the sale was €256 million.

In accordance with IFRS 5, all items on Editis' income statement for the period from the beginning of the fiscal year until the divestment date are presented under "Net income from discontinued operations", along with the divestment profit.

##### Changes in scope of consolidation at the level of subsidiaries and associates

#### Acquisitions by the Bureau Veritas group (certification and verification)

The Bureau Veritas group made €319 million in acquisitions in 2008. Amdel (the Australian leader in laboratory analyses of minerals) was the main acquisition in 2008. In almost all of these transactions Bureau Veritas acquired 100% of the share capital.

The total amount of goodwill on these acquisitions was €229 million.

Acquired companies contributed €10 million to 2008 net income.

#### Acquisitions by the Materis group (specialty chemicals for the construction sector)

The Materis group made €18 million in acquisitions in 2008. In almost all of these transactions Materis acquired 100% of the share capital. The total amount of goodwill on acquisitions of consolidated subsidiaries in 2008 was €11 million (in addition, €12 million was generated on subsidiaries acquired in 2007 and consolidated in 2008, while €4 million results from adjustments in acquisition prices);

Acquired subsidiaries did not make a significant contribution to Wendel's 2008 net income.

Companies acquired in 2008 that were not consolidated at December 31, 2008, because of a lack of accounting information, are not included in the previous paragraph. These companies accounted for €3 million of non-current financial assets at end-2008.

#### Acquisitions of the Deutsch group (high-performance connectors)

The Deutsch group made €54 million in investments. These included essentially the acquisition of 60% of Ladd (US distributor of Deutsch's Industry division products). The total amount of goodwill on these acquisitions was €7 million.

Acquired companies contributed €17 million to Wendel's 2008 net income (including minorities).

#### Acquisitions of the Saint-Gobain group (production, transformation and distribution of construction materials); an equity-method investment

On March 13, 2008, Saint-Gobain effectively acquired the Maxit group from HeidelbergCement for €2,087 million, including €559 million in assumed debt. Maxit was fully consolidated, effective March 1, 2008, by Saint-Gobain and was folded into its Industrial Mortars business. This investment contributed €1,019 million to consolidated 2008 net sales.

In the first half of 2008, Saint-Gobain acquired the Danish materials trading company Dalhoff Larsen and Horneman A/S (DLH) and the Estonian materials trading company Famar Desi. Saint-Gobain also acquired the UK materials distributor Gibbs and Dandy through a public takeover offer that closed on July 1, 2008.

### Acquisitions of the Legrand group (products and systems for low voltage installations); an equity-method investment

Legrand's main acquisitions in 2008 were PW Industries (North American ceiling cable tray systems for offices and industry), Estap (the Turkish leader in Voice-Data-Image cabinets and enclosures), HDL (no. 1 in audio and video entry phones in Brazil) and Electrak (a UK leader in under-floor cable routers for the tertiary sector).

Entities consolidated for the first time in 2008 contributed €136 million to Legrand's 2008 net sales. When including the impact of their consolidation, these same entities generated operating income of €5 million in Legrand's accounts.

## D. RELATED PARTIES

Wendel's related parties are:

- Saint-Gobain, Legrand and Stahl, which are accounted for by the equity-method;
- Members of the Supervisory Board and Executive Board; and
- Wendel-Participations, which is the Group's control structure.

### Saint-Gobain

During the 2009 fiscal year, Wendel received €89.8 million in dividends from Saint-Gobain. This dividend was paid in the form of 3.9 million newly-issued Saint-Gobain shares. Wendel monetized these shares for €89.8 million under a financial contract with a bank. The contract enabled Wendel to receive a premium of €6.8 million in addition to the price received from the sale of the share dividends.

The Saint-Gobain group has commercial relationships with some of Wendel's fully-consolidated subsidiaries, mainly Materis. These transactions took place at market value and were not affected by the stake that Wendel holds in Saint-Gobain.

### Legrand

During the 2009 fiscal year, Wendel received €56.4 million in dividends from Legrand.

### Stahl

The investment in Stahl was realized in part through a shareholder loan. As of December 31, 2009, it totaled €71.8 million (par value before impairment).

### Members of the Supervisory Board and Executive Board

The amount of compensation due with respect to 2009 to the members of Wendel's Executive Board (Frédéric Lemoine, Chairman from April 7, 2009, Jean-Bernard Lafonta until April 7, 2009 and Bernard Gautier) totaled €3,994 thousand. This amount included €955,373 paid to Mr. Lafonta after the end of his term. The value of options allocated to the members of the Executive Board in 2009 totaled €288 thousand.

Compensation paid in 2009 to the Supervisory Board totaled €926 thousand. This figure included €657.5 thousand in Wendel director's fees and compensation paid to the Chairman of the Supervisory Board. It also included €39.6 thousand in director's fees paid to certain members of the Supervisory Board by Wendel-Participations, which holds 34% of the shares of Wendel.

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, member of the Executive Board, in the event of his departure, are as follows:

- employment contract termination indemnity, representing a maximum of one year of fixed and variable compensation with achieved objectives, as allocated by the Supervisory Board;
- Corporate officer termination indemnity, representing a maximum of one year of fixed and variable compensation with achieved objectives, as allocated by the Supervisory Board, subject to performance conditions.

Certain corporate officers are shareholders in the co-investment companies described in the section below entitled "Participation of managers in Group investments".



### III. 2009 Financial statements

In connection with Jean-Bernard Lafonta's departure from the Wendel Group and as authorized by the Supervisory Board on March 25, 2009:

- Amounts paid to Mr. Lafonta under his employment contract, reactivated on April 7, 2009 when his appointment as Chairman and member of the Executive Board was terminated, totaled €955,373;
- Under the agreements signed on April 7, 2009, Wendel repurchased from Mr. Lafonta, via its subsidiaries, the unvested portion of his co-investment in Saint-Gobain, Materis, Deutsch, Stahl and VGG/AVR. These co-investments were repurchased at their subscription price, independently of any fluctuations in their market value, for a total price of €2,496,000. This repurchase was consistent with the principle of gradual vesting of co-investment rights, under which the members of the senior management team have agreed to sell their unvested shares upon request, at their initial value, in the event of their departure from the Wendel Group;
- Mr Lafonta forfeited 350,000 stock options granted in 2008 and 280,000 stock options granted in 2007.

#### Wendel-Participations

Wendel-Participations is owned by approximately 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 an licence agreement governing the "WENDEL Investissement" brand;
- agreements with Wendel-Participations regarding technical assistance and leasing of premises.

## E. PARTICIPATION OF MANAGERS IN GROUP INVESTMENTS

### 1. 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 performance of each entity.

For listed subsidiaries and associates (Bureau Veritas, Legrand, Stallergenes, Saint-Gobain), these mechanisms consist in stock-option and bonus share plans.

For unlisted subsidiaries, the participation policy is based on a co-investment mechanism through which these executives may invest significant amounts alongside Wendel and in return benefit from a specific payout profile depending on the internal rate of return (IRR) achieved by Wendel for each investment.

The investment by top managers does not generate a return in excess of that earned by Wendel until a certain profitability threshold has been reached on Wendel's investment (7-15%). Below these thresholds, executives receive a lower return than Wendel, or no return in certain cases.

These investments present a risk for the executives inasmuch as they have invested significant amounts that they may lose altogether depending on the value of the investment at the date the mechanism is unwound.

Wendel and the executives purchase a variety of financial instruments to implement these co-investment mechanisms and to determine the manner in which they share the risks. These instruments include ordinary shares, indexed-yield preferred shares, fixed-income securities, etc.

These mechanisms are unwound either when a liquidity event occurs (divestment or IPO) or if no such event takes place, at a specific point in time (6-12 years after the initial investment, depending on the company).

As of December 31, 2009, such arrangements were in place at Materis, Deutsch and Stahl.

Now that the financing of certain entities (Deutsch and Stahl) has been restructured, these co-investment mechanisms are being reviewed.

## 2. Participation of Wendel executives in Group performance

As part of Wendel's plan to allow its senior managers to participate in creating value for the Group, the Executive Board has implemented co-investment mechanisms 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 Executive Board's action was authorized by the Supervisory Board, which in turn first obtained the opinion of the Governance Committee.

The co-investment program, suspended in June 2009, consists in offering senior managers the opportunity to invest in each of the companies in which Wendel has invested since 2006, so that they would participate in earnings and that their personal assets would be subject to the risks of these investments.

These general principles are as follows, for the companies in the portfolio that are included in the program:

- (i) the individuals in question invest, alongside the Company and based on a proposal from the Company, a total of 0.5% of the amount of Wendel's investment;
- (ii) the individuals in question finance their co-investment on their own;
- (iii) the co-investments confer 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% of its investment. Otherwise, the senior managers will 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 vest over a period of four years in five tranches of 20% each (20% at the investment date, then 20% at each anniversary date). Nevertheless, the members of the management team agree that in the event of their departure they will 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 ten years, on the basis of an expert opinion.

In application of these principles and according to the procedures described above, after approval by the Supervisory Board on the advice of the Governance Committee, the members of the management team and certain corporate officers who were present at the time the program was implemented invested the following amounts in several tranches:

- €3.9 million in Materis, Deutsch, Stahl and VGG/AVR;
- €7 million in Saint-Gobain.

However, taking into account the amounts Mr. Lafonta sold in 2009 in the context of his departure from the Group, his unvested rights in these co-investments and the suspension of the program, the amounts invested by the members of the management team at December 31, 2009 represented less than 0.5% of the amounts invested by the Group.

As indicated to shareholders at Wendel's Annual Shareholders Meeting on June 5, 2009, the program was suspended in June 2009 and no co-investment has been made since then.

## 3. Impact on Wendel of these co-investment mechanisms

The programs in place for existing investments could have a dilutive impact of 10-15% on Wendel's percentage interest in these companies, assuming the business plans envisioned by Wendel at the time of the acquisitions are realized. In the near term, the ongoing economic and financial crisis has made the prospect of dilution less likely.



### III. 2009 Financial statements

## F. RISK MANAGEMENT

Risk management must be analyzed in connection with the report of the Chairman on internal control and risk management procedures, in particular those concerning the management of financial risk.

### Managing equity market risk

Group assets are mainly investments in which Wendel is the main or controlling shareholder. Some are listed (Saint-Gobain, Bureau Veritas, Legrand and Stallergenes) and others are unlisted (Materis, Deutsch, Stahl). The Group also has minority shareholdings whose amounts are relatively insignificant (VGG/AVR).

These assets are actively managed through constant monitoring of the performance of each company. Growth in Wendel's net asset value (see description in the financial report) depends on the capacity of its managers to select, purchase, develop and then resell companies able to distinguish themselves as leaders in their sectors. Operational and financial performance of these companies is monitored and analyzed at regular meetings held with each company's management. Sharing information with management creates genuine sector expertise and makes it possible to supplement these in-depth discussions with regular forward-looking analyses. This regular review also enables Wendel to anticipate developments in each subsidiary or affiliated company and play its role of strategic shareholder.

Wendel's company-specific approach is supplemented at the Group level by an overall analysis of the breakdown of Wendel's subsidiaries and investments by industrial sector, in an effort to ensure sufficient asset diversification, not only geographically, but also from the point of view of their competitive positioning and their resilience to economic hardship.

Nevertheless, there is a risk that the subsidiary's economic results will not meet Wendel's expectations. This risk is significant amidst the current heavy volatility on the financial markets and the global recession, which has generated much uncertainty about economic trends.

Wendel may use equity or index derivatives to hedge its asset portfolio. To protect a portion of Wendel's investment in Saint-Gobain shares against a decline in the share price, Wendel has implemented net hedges. To create these net positions Wendel purchased puts (some of which have been sold) and sold puts. In 2009, Wendel sold some of these puts, thereby increasing its exposure to fluctuations in Saint-Gobain's share price, from 64% at the beginning of the year to 75% at December 31, 2009 (see Note 8D "Derivatives"). This protection frees Wendel from collateral calls on part of the financing for the Saint-Gobain investment (see section entitled "Liquidity-bank covenants" with regard to the Eufor group).

Equity market risk relates to:

- Consolidated and equity-method securities, whose recoverable values used for impairment tests are based on market parameters, including, and depending on the case, the discount rate used in calculating "value in use" or the market price used in calculating "fair value" (see notes on goodwill and equity-method investments);
- puts on Saint-Gobain shares, which are 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. The impact of changes in their value is recognized in the income statement as follows: As an indication, at December 31, 2009, a +/-5% variation in the price of Saint-Gobain shares (underlying for these financial instruments) would have an impact of +/- €34 million on the income statement (see Note 8D "Derivatives");
- collateral calls on Eufor group financing. These depend on the share price of the shares serving as collateral. Collateral calls are described in the note on management of the liquidity risk related to the financing of the Eufor group.

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% change in share price	Note	Impact of net income		
							Change of +/-5% in share price	Change of -/+0.5% in discount rate applied to the value of discounted future cash flows	Change of +/-0.5% in perpetual growth rate used to calculate discounted future cash flows
Equity-method investments									
Saint-Gobain	4,786.6	-421.7	4,364.9	3,419.2	-171.0	4	NA <sup>(1)</sup>	+421.7 / -511.9	+421.7 / -377.2
Legrand	467.5	0.0	467.5	1,277.2	-63.9	4	0.0	NA <sup>(5)</sup>	NA <sup>(5)</sup>
Stahl	0.0	0.0	0.0	NA	NA	4	NA	0.0	0.0
Stahl shareholder loan <sup>(2)</sup>	60.0	-60.0	0.0	NA	NA	8	NA	0.0	0.0
			0.0						
Consolidated investments									
Bureau Veritas	836.1	NA <sup>(4)</sup>	836.1	2,049.4	-102.5	1	0.0	NA <sup>(5)</sup>	NA <sup>(5)</sup>
Materis	-73.1	NA <sup>(4)</sup>	-73.1	NA	NA	1	NA	-	-
Materis shareholder loan <sup>(3)</sup>	181.2	0.0	181.2	-	-	-	-	0 / 0	0 / 0
			108.1						
Deutsch	-84.9	NA <sup>(4)</sup>	-84.9	NA	NA	1	NA	-	-
Deutsch shareholder loan <sup>(3)</sup>	220.3	0.0	220.3	-	-	-	-	0 / 0	0 / 0
			135.4						
Stallergenes	48.2	NA <sup>(4)</sup>	48.2	357.9	-17.9	1	0.0	NA <sup>(5)</sup>	NA <sup>(5)</sup>
Financial instruments									
Saint-Gobain protection (puts)	341.7	NA	341.7	341.7	+ 34	8	-/+ 34	NA	NA

(1) impairment is based on a valuation calculated using the discounted present value of future cash flows. See Note 4 "Equity-method investments".

(2) classified in non-current financial assets under loans.

(3) eliminated in consolidation.

(4) impairment losses on goodwill are irreversible.

(5) the recoverable value used for impairment tests on these investments is the market share price (fair value).

## Managing liquidity risk

### Wendel

Wendel's cash needs are related to 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.

### Management financial maturities

Wendel's objective is to align the maturities of its bond issues and Eufor group financing (Saint-Gobain investment) with its long-term investment objectives. In this way, Wendel secures medium to long-term financing and extends existing maturities when market conditions permit and Wendel management deems it necessary to do so (see Note 11 "Financial debt").

### III. 2009 Financial statements

#### Cash investment vehicles

Every month cash investments are displayed on a chart showing the changes during the month and the month-end position. The chart also shows the breakdown between pledged and unpledged cash. Another chart shows the cash flows expected in future months and years.

Depending on the repayment obligations of Wendel and its holding companies, cash is invested in various instruments. Investment vehicles consist primarily in short-term bank deposits and low-volatility, money-market mutual funds (classified in “Cash and cash equivalents”), as well as short-term bonds, insurance accounts, and equity and diversified funds (classified in “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 invested cash. 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.

As of December 31, 2009, cash balances were invested in bank deposits (€201.7 million) and money-market mutual funds (€1,961.8 million). At the date the financial statements were approved, investments in bonds, diversified/equity funds and insurance funds represented €43.8 million, €142.6 million and €125.0 million, respectively, out of total cash of €1,954 million.

#### Impact of collateral calls on available cash

Wendel uses simulations of collateral calls on Eufor financing to analyze the impact of a change in Saint-Gobain's share price on Wendel's liquidity. These simulations are based on changes in the share price of Saint-Gobain and other listed shares given as collateral, coupled with projections of Wendel's cash flow.

#### Operating subsidiaries

Subsidiary debt is without recourse to Wendel. The management of each operating subsidiary is responsible for 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.

#### Liquidity–bank covenants

##### Wendel

As of December 31, 2009, cash held by Wendel and its holding companies (excluding operating subsidiaries) was as follows:

In millions of euros	Available	Pledged	Total
Wendel and holding companies	993.7	29.3*	1,023.0
Oranje-Nassau Groep	486.3		486.3
Eufor group (investment in Saint-Gobain)	1.2	653.0	654.2
<b>Total</b>	<b>1,481.2</b>	<b>682.3</b>	<b>2,163.5</b>

*\*guarantee provided under the agreement with Deutsch lenders (see below)*

Wendel and its holding companies also have €15 million in liquid financial investments classified as “Other financial assets”.

As of December 31, 2009, gross debt with recourse to Wendel included €2,666 million in Wendel bonds. There was no repayment scheduled on these bonds before the end of 2010. At December 31, 2009, the first scheduled repayment, in 2011, totaled €466 million. The other bond repayment dates extend from 2014 to 2017 (see detail in Note 11 “Financial debt”). In accordance with Wendel's long-term investment strategy, the average maturity of this debt as of December 31, 2009 was more than five years.

Wendel also has a €1.2 billion undrawn syndicated line of credit, with a maturity of September 2013.

As of December 31, 2009, the long-term Standard and Poor's rating attributed to Wendel was BB, with a negative outlook, and the short-term rating was B.

The debt of the operating subsidiaries and the Eufor group (Saint-Gobain investment financing) are without recourse to Wendel, meaning that the liquidity risk of these subsidiaries affects Wendel only when Wendel decides to accept it.

- **operating subsidiaries:** Wendel has no legal obligation to support operating subsidiaries that might experience cash flow difficulties. Similarly, the operating subsidiaries have no mutual support obligation. As a result, Wendel's liquidity is affected only if Wendel decides to contribute cash to an operating subsidiary in difficulty. 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.

With respect to negotiations between operating subsidiaries and their bank lenders in 2009, Wendel has made the following commitments:

- **Materis** (see “Liquidity” with regard to Materis): in the context of the renegotiation of Materis’ debt at the end of the first half of 2009, Wendel decided to contribute €36 million in cash to Materis;
- **Deutsch** (see “Liquidity” with regard to Deutsch): in the context of the agreement between Deutsch and its bank lenders in August 2009, Wendel agreed to provide as collateral €29.3 million in cash as of December 31, 2009. As of the date the financial statements were approved, Deutsch was in negotiations with its bank creditors. A proposal was submitted to them on March 17, 2010.

In the context of Stahl’s financial restructuring, Wendel invested €60 million in this company during the first quarter of 2010 (see Note 4 “Equity-method investments” related to Stahl).

- **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 taken by the bank, but the bank would have no further recourse to Wendel (collateral call mechanisms and security granted as of December 31, 2009 are described in the paragraph entitled “Liquidity of Eufor group”). Only one financing arrangement has a demand guarantee associated with it: €232.6 million granted by Wendel.

Wendel’s liquidity risk in 2009 is therefore limited, owing to Wendel’s considerable available cash (€1,481.2 million as of December 31, 2009; see table above). This level of liquidity will enable Wendel to meet its cash needs for the next fiscal year, finance any Eufor group collateral calls related to potential sharp declines in the financial markets and honor the commitments Wendel has made in the context of its subsidiaries’ bank negotiations (see above).

### 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 be the ownership by one or more persons, acting on their own or jointly, other than existing shareholders of the issuer, excluding free float, of 50% of the issuer’s share capital and voting rights, where this change of control would lead to a rating downgrade of the issuer.

These bonds are not subject to financial covenants.

### Wendel syndicated credit line (undrawn as of December 31, 2009)

Wendel has a €1,200 million undrawn syndicated line of credit, with a maturity of September 2013. 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.

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, Materis, Deutsch, Legrand, Stallergenes 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) unsecured gross debt plus off-balance-sheet commitments similar in nature to unsecured debt of Wendel and its financial holding companies, less available cash (not pledged or in escrow) of Wendel and its financial holding companies, 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), shall not exceed 1.

### III. 2009 Financial statements

These ratios are tested half-yearly when there are drawdowns under the syndicated credit line. At December 31, 2009 Wendel was in compliance with all covenants. Wendel can therefore use this line of credit.

As of year-end 2009 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.

#### Financing for the Saint-Gobain investment (Eufor group)

As of December 31, 2009, Eufor's gross debt totaled €4,534 million and broke down as follows:

- €2,985.6 million in gross debt subject to collateral calls in the form of cash and/or listed shares (Bureau Veritas and Legrand).

The value of collateral given by Eufor (i.e. financed Saint-Gobain shares, listed shares and 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 is impacted 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 apply the collateral already provided.

As of December 31, 2009, collateral was composed of financed Saint-Gobain shares, €233.3 million in cash as part of the initial collateral, €396.0 million in cash as a result of collateral calls, and €1,769.7 million in listed shares (Bureau Veritas and Legrand at their closing prices) as a result of collateral calls. Wendel also granted a demand guarantee of €232.6 million when the financing was put in place (exercisable up to the amounts owed by the Eufor group).

As of December 31, 2009 Wendel had €1,481.2 million in available cash and €1,556.9 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.

- €1,548.4 million in gross debt against which the shares financed therewith and protection against declines in Saint-Gobain's share price (see Note 8 "Financial instruments") have been pledged. This financing is not subject to collateral calls, except for initial cash collateral of €23.7 million.

As such, all cash pledged as collateral (initial collateral plus collateral calls) totaled €653 million as of December 31, 2009. Shares pledged as collateral in response to collateral calls (Bureau Veritas and Legrand) totaled €1,769.7 million. The value of financed and pledged Saint-Gobain shares (73 million shares) totaled €2,777.5 million (valuation at closing price).

The Eufor group also has two undrawn lines of credit available for the financing or refinancing of Saint-Gobain shares. These lines of credit can be used to refinance existing Eufor financing arrangements or to finance available Saint-Gobain shares that are not already linked to a financing arrangement (16.9 million shares) (see Note 11 "Financial debt").

#### Bureau Veritas financial debt

The gross face value of Bureau Veritas' bank debt was €826.3 million (including accrued interest). See detail of maturity dates in Note 11 "Financial debt". This debt is without recourse to Wendel. Cash totaled €147.0 million as of December 31, 2009.

Bureau Veritas is in a position to handle all disbursements in the context of its business. The company does not have repayment obligations on its debt in the short or medium term and has unused lines of credit. Under its syndicated loan, Bureau Veritas had a revolving credit of €378 million available as of December 31, 2009. This is a confirmed, multi-currency line.

In July 2009, Bureau Veritas signed a framework agreement with a US investor concerning a \$225 million multi-currency financing line, available at all times for three years. As of this date, no firm commitment has been made. This potential drawdown ability would give Bureau Veritas the flexibility it needs to finance its acquisition strategy.

The syndicated credit and the 2007 Club Deal loan require Bureau Veritas to adhere to certain ratios:

- an interest cover ratio, i.e. EBITDA divided by net interest expense, of more than 5.5;
- the ratio of consolidated net debt of Bureau Veritas to its 12-month trailing EBITDA must be less than 3. The USPP contract, meanwhile (see Note 11 "Financial debt"), requires that this ratio be less than 3.25;



These ratios are tested every six months. At December 31, 2009, Bureau Veritas was in compliance with the covenants.

### **Materis bank debt**

The gross face value of Materis' bank debt was €1,814 million (including accrued interest and excluding issue costs and shareholder loans). See detail of maturity dates in Note 11 "Financial debt". This debt is without recourse to Wendel. Cash totaled €57 million as of December 31, 2009.

Materis renegotiated its bank debt at the end of June 2009 and obtained the following amendments from its lenders:

- Materis' liquidity has been protected until 2013 in the following ways:
  - amortizing debt has been rescheduled (€290 million in amortization extended to 2013);
  - interest on mezzanine debt has been capitalized (€70 million in additional liquidity between now and 2013);
  - a new €100 million line for capital expenditures and acquisitions has been granted;
  - an additional €40 million facility is now available for factoring or any other discounting-type financing;
- Banking covenants have been adjusted to the reality of the economic situation and the company's new business plan;
- the company may repurchase debt on the secondary market in the future.

In return, lenders collected an amendment fee and the margin on the amortizing debt was increased (with surplus interest fully capitalized). Wendel and the minority shareholders, including Materis' manager-investors, contributed equity of €45 million in the same proportions as their initial investment in 2006. For Wendel this contribution came to €36 million.

Under this agreement, only the following covenants were tested at December 31, 2009:

- the sum of available cash and undrawn lines (RCF, BBF, factoring, investment line) must be greater than €35 million;
- the ratio of LTM (last-12-month) EBITDA to net cash interest expense, must be greater than 1.65 as of December 31, 2009. This minimum rises to 3.2 at June 30, 2015. This ratio is calculated on a rolling 12-month basis.

- Capex must not exceed €60 million plus 4.5% of net sales of companies acquired in the meantime. At December 31, 2009, the capex ceiling was €60.7 million.

As of December 31, 2009, Materis was in compliance with these covenants.

Leverage and debt coverage ratios were suspended and will be tested again beginning on June 30, 2010:

- the ratio between consolidated net debt (excluding shareholder loans) and LTM EBITDA must be less than 9.9 as of June 30, 2010. This ceiling falls to 4.92 at December 31, 2016;
- the ratio of cash flow after capex and dividends, plus up to €35 million in available cash, to total debt service, i.e. cash interest payable plus scheduled principal repayment, must be greater than 1. This ratio is calculated on a rolling 12-month basis.

In 2010, Capex must not exceed €75 million plus 4.5% of the sales of any companies acquired in the interim. Between 2011 and 2016, they must not exceed 4.5% of consolidated sales, adjusted for any postponed capex.

The credit agreements entered into by Materis contain standard restrictions for this type of LBO credit line. Certain transactions, such as mergers, exit from Wendel's tax consolidation group, asset divestments, guarantees given, acquisitions, additional debt, payment of dividends, share buybacks, or changes in ownership structure are prohibited, restricted or require the prior approval of the lending banks.

### **Deutsch's bank debt**

The gross face value of Deutsch's bank debt was €534.1 million (including accrued interest). See detail of maturity dates in Note 11 "Financial debt". This debt is without recourse to Wendel. Cash totaled €51.3 million as of December 31, 2009.

As of June 30, 2009, Deutsch was not in compliance with a senior debt and second lien (net debt/LTM EBITDA) covenant. As a result, Deutsch's gross financial debt was reclassified as current liabilities.

To resolve this non-compliance situation on the senior debt and second lien, Deutsch negotiated and reached an agreement with its lending banks in August 2009 before delivering its covenant compliance certificate to them. This agreement eliminated the compliance requirement on the June 2009 test and relaxed it for the end-September 2009 test.

### III. 2009 Financial statements

The principal components of the agreement were as follows:

- the banks' right to declare an event of default for non-compliance with the senior debt and second lien covenants as of June 30, 2009 was suspended (Deutsch was in compliance with mezzanine debt covenants, as thresholds on this debt category are more lenient);
- for senior debt, second lien and mezzanine debt, the three customary covenants (net debt/LTM EBITDA, cash flow after capex and dividends/debt service and LTM EBITDA/interest) for end-September 2009 were replaced by the following two covenants:
  - minimum cash of \$40 million, and
  - LTM EBITDA of at least \$75 million (taking into account 100% of LADD's EBITDA).

Deutsch was in compliance with these covenants as of September 30, 2009.

- the shareholders of Deutsch have opened an escrow account with the agent bank. In the absence of default, this account will remain open until April 30, 2010 at the latest. As of December 31, 2009, Wendel had deposited €29.3 million in this account. This cash can be called by the banks if the Deutsch's cash falls below \$40 million at the end of each month or to pay cash interest expense on the mezzanine debt (ca. \$2.5 million). At December 31, 2009, only the \$2.5 million corresponding to payment of interest on the mezzanine debt has been drawn.
- certain additional financial information about Deutsch's business trends must be provided;
- an amendment fee must be paid.

At December 31, 2009 the covenants of the initial bank loan agreement applied anew:

- the ratio of Deutsch's consolidated net debt (excluding shareholder loans) and LTM EBITDA must be less than or equal to 5.85 (this ceiling falls to 3.5 at June 2013);
- the ratio of cash flow after capex and dividends to total debt service, i.e. interest payable plus scheduled principal repayment, must be greater than or equal to 1. This ratio is calculated on a rolling 12-month basis;

- the ratio of LTM EBITDA to net interest expense must be greater than or equal to 2 at December 31, 2009. This minimum rises to 3 at September 30, 2013. This ratio is calculated on a rolling 12-month basis;
- Capex must not exceed \$38 million for 2009.

Deutsch must deliver a covenant compliance certificate to the banks no later than March 31, 2010. In all likelihood, Deutsch will not be in compliance. After certification and barring an agreement with bank lenders, the banks will be able to accelerate maturity if at least two-thirds of lenders vote in favor of doing so. This debt was therefore maintained as a current liability. Nevertheless, the non-recourse character of the debt means that Wendel would not be required to participate in this potential repayment.

On March 17, 2010 Deutsch submitted the following proposal for approval by a 2/3 majority of senior and second-lien lenders and 100% of mezzanine lenders:

- (i) waive all cases of accelerated maturity resulting from non-compliance with financial ratios as of December 31, 2009 and March 31, 2010;
- (ii) strengthen the financial condition of the group through an additional injection of cash from the principal shareholders;
- (iii) loosen the financial ratios to which the company must adhere.

If Deutsch obtains agreement on this proposal, it will be in full compliance with its obligations with respect to its creditors, who will therefore not accelerate maturity of any debt.

The credit agreements entered into by Deutsch contain standard restrictions for this type of LBO credit line. Certain transactions, such as mergers, exit from Wendel's tax consolidation group, asset divestments, guarantees given, acquisitions, additional debt, payment of dividends, share buybacks, or changes in ownership structure are prohibited, restricted or require the prior approval of the lending banks.

#### 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 finance without recourse to Wendel). Wendel tracks the Group's overall position, however.



As of December 31, 2008, the Wendel Group's interest-rate exposure was limited:

in billions of euros	Fixed rate	Capped rate	Floating rate
Gross debt	3.1		8.8
Cash and financial investments			-2.7
Impact of derivatives	3.6	1.5	-5.1
<b>Interest-rate exposure</b>	<b>6.7</b>	<b>1.5</b>	<b>1.0</b>
	<b>73%</b>	<b>17%</b>	<b>10%</b>

As of December 31, 2009 Wendel's interest-rate exposure remained limited, insofar as almost all borrowings were at fixed or capped rates:

in billions of euros	Fixed rate	Capped rate	Floating rate
Gross debt	2.9		7.5
Cash and financial investments			-2.4
Impact of derivatives	2.6	1.4	-4.0
<b>Interest-rate exposure</b>	<b>5.5</b>	<b>1.4</b>	<b>1.1</b>
	<b>69%</b>	<b>18%</b>	<b>13%</b>

- The notional amount of derivative instruments is weighted by the portion of the 12 months of 2010 during which they hedge interest-rate risk.
- Derivatives covering interest rate risk are described in Note 8 "Financial assets and liabilities".

A 100 basis-point increase in the interest rates to which the consolidated Group's interest-rate exposure is indexed would have an impact in the region of €-12 million on net financial expense before tax over the next 12 months (based on exposure and interest rates at December 31, 2009, taking into account maturity of interest-rate hedges).

## 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. As of the closing date, owing to the Group's geographical and sectoral diversification, there was no significant concentration of credit risk in trade receivables.

Derivative contracts are entered into with top-rated financial institutions and cash surpluses are essentially invested with top-rated banks.

In the event of a financial investment in short-term bonds, insurance funds or equity/diversified funds, an in-depth analysis is carried out on the signature risk.

## 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. Most of the Group's foreign exchange risk is concentrated at Bureau Veritas, Deutsch and, to a lesser extent, Materis.

### 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 2009, almost half of its sales were realized in currencies other than the euro, including 15% in US dollars, 4% in pounds sterling, 6% in Hong Kong dollars and 5% in Australian dollars. No other currency individually accounted for more than 5% of Bureau Veritas' net sales. This 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.

### III. 2009 Financial statements

A +/-5% fluctuation in the US dollar against the euro would have had an impact of +/-0.9% on Bureau Veritas' 2009 operating profit. A +/-5% fluctuation in the Hong Kong dollar would have had an impact of +/-0.6% on Bureau Veritas' 2009 operating profit. The combined impact on operating profit would have totaled +/-€6 million.

In addition, Bureau Veritas' multi-currency financing enables it to borrow in local 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 on "Financial debt") was set up in July 2008 in currencies that are different from the operating currency of the entity that took out the loan, i.e. the US dollar and pound sterling. 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 on "Derivatives").

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 +/-€5 million.

#### Deutsch

Deutsch's operating currency is the US dollar. Deutsch estimates that more than 60% 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 +/-€1 million on income from ordinary activities, as expressed in US dollars and an impact of approximately +/-€1.14 million on the same line item in Wendel's euro-denominated financial statements. The breakdown in Deutsch's financial debt currencies is similar to the breakdown in its operating currencies.

Deutsch has financial debt of about €119 million, denominated in US dollars and carried by a company whose functional currency is the euro. Therefore, in the event of a +/-5% fluctuation in the value of the dollar, a translation impact of about +/-€6 million would be recognized in net financial income.

#### Materis

The US dollar's impact on Materis' operating income is limited to the Materis group's presence in the United States and to certain raw-material purchases. In 2009, a +/-5% fluctuation in the value of the US dollar against the euro would have had an immaterial impact on income from ordinary activities.

## G. NOTES TO THE CONSOLIDATED BALANCE SHEET

### Note 1. Goodwill

In millions of euros	12.31.2009	12.31.2008
<b>Goodwill, gross</b>		
Bureau Veritas, recognized when Wendel took control	480.4	574.3
Deutsch, recognized when Wendel took control	359.4	366.0
Materis, recognized when Wendel took control	899.5	899.5
Oranje-Nassau Groep, recognized when Wendel took control	–	41.5
Stallergenes, recognized when Wendel took control	0.9	0.9
Subsidiaries of Bureau Veritas	848.7	784.9
Subsidiaries of Deutsch	7.2	7.5
Subsidiaries of Materis	136.4	127.4
Subsidiaries of Stallergenes	33.4	28.2
<b>Total</b>	<b>2,766.1</b>	<b>2,830.3</b>

In millions of euros	12.31.2009	12.31.2008
<b>Impairment</b>		
Deutsch	70.0	47.9
Materis	221.1	159.5
Subsidiaries of Bureau Veritas	16.6	15.2
<b>Total</b>	<b>307.6</b>	<b>222.6</b>

In millions of euros	12.31.2009	12.31.2008
<b>Goodwill, net</b>		
Bureau Veritas, recognized when Wendel took control	480.4	574.3
Deutsch, recognized when Wendel took control	289.4	318.0
Materis, recognized when Wendel took control	678.4	740.0
Oranje-Nassau Groep, recognized when Wendel took control	–	41.5
Stallergenes, recognized when Wendel took control	0.9	0.9
Subsidiaries of Bureau Veritas	832.2	769.7
Subsidiaries of Deutsch	7.2	7.5
Subsidiaries of Materis	136.4	127.4
Subsidiaries of Stallergenes	33.4	28.2
<b>Total</b>	<b>2,458.4</b>	<b>2,607.6</b>

### III. 2009 Financial statements

In millions of euros	2009
Net at beginning of year	2,607.6
Business combinations	17.5
Sale of Bureau Veritas block <sup>(1)</sup>	-93.9
Sale of Oranje-Nassau oil and gas assets <sup>(1)</sup>	-41.5
Impacts of changes in currency translation adjustments and other	64.0
Impairment for the year <sup>(2)</sup>	-95.4
<b>Net at end of year</b>	<b>2,458.4</b>

(1) See "Changes in consolidation scope".

(2) Includes €-63.4 million related to Materis and €-30.0 million related to Deutsch.

#### Goodwill impairment tests

The tests set out below are based on the assessment of Wendel and its subsidiaries of the facts and circumstances existing at the balance sheet closing date, as well as information available at the date the financial statements were approved on situations existing at the end of December 2009. The uncertain global economic picture has complicated forecasting, and the actual amounts could ultimately be different from the projections resulting from these tests. If so, value in use may also be different from that determined on the basis of assumptions and estimates at the end of December 2009.

##### Impairment test on Materis goodwill

Amid a decline in construction markets, Materis undertook an impairment test on its Cash Generating Units as of December 31, 2009. In accordance with IAS 36, value in use (i.e. the present value of future cash flows) was determined for each CGU and compared with its carrying value. Materis drew up its business plans on the basis of the latest information available for each market underlying these CGUs. The long-term growth rate assumed for post-business plan cash flows was between 2.0% and 5.0% depending on the country and the business. Discount rates averaged 8% and varied between 7% and 17%, depending on the business. A total of €63.4 million in impairment losses were recognized by Materis in 2009 on the basis of this test. These impairment losses were maintained in Wendel's accounts.

As Materis constitutes a CGU in Wendel's accounts, an IAS 36 test was also done on Materis at the level of Wendel's consolidated accounts. The value in use determined by Wendel for this test was the discounted present value of future cash flows. The business plan assumptions were the same as those used by Materis for each of its CGUs. A discount rate of 8% was used (7.9% in 2008), and a long-term growth rate of 2.25% was applied to post-business plan cash flows (2.25% in 2008). Materis' value in use, calculated thus by Wendel, was above its book value at December 31, 2009, and Wendel recognized no impairment in addition to that recognized by Materis. 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 additional impairment loss to be recognized at the Wendel level, the long-term growth rate would have to fall below 1.35% or the discount rate would have to rise above 8.7%.

##### Impairment test on Deutsch goodwill

Amid a decline in its business, Deutsch undertook an impairment test as of December 31, 2009 on its groups of Cash Generating Units. CGUs were grouped such that the analysis of goodwill at Deutsch would correspond to the analysis of the business performed by the subsidiary's management. The impact on Wendel's financial statements was not significant. In accordance with IAS 36, value in use (i.e. the present value of future cash flows) was determined for each group of CGUs and compared with their carrying values.

Deutsch drew up its business plan on the basis of the latest information available for each of the markets underlying these groups of CGUs. A long-term growth rate of 2.5% was assumed for post-business plan cash flows. Discount rates used were between 9.5% and 11.5%, depending on the group of CGUs. This test did not lead to an additional impairment loss compared with that already recognized in the first-half 2009 financial statements. The test performed at June 30, 2009 had an impact of €30 million before deferred taxes related to the tax deductibility of US goodwill. This impairment loss was maintained in Wendel's 2009 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 present value of future cash flows. The business plan assumptions were the same as those used by Deutsch for each of its CGUs. A discount rate of 9% was used (8.6% in 2008). This rate is lower than those used by Deutsch inasmuch as the estimated risk on the group as a whole is less than that estimated on each group of

CGUs taken individually. The long-term growth rate applied to post-business plan cash flows was 2.5% (2.5% in 2008).

Deutsch's value in use, calculated thus by Wendel, was above its book value at December 31, 2009, 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 long-term growth assumptions showed there would be no impairment in the event that these parameters fluctuated by +0.5% and -0.5%, respectively. For an additional impairment loss to be recognized at the Wendel level, the long-term growth rate would have to fall below 1.2% or the discount rate would have to rise above 10%.

#### Bureau Veritas and Stallergenes goodwill

The book value of Bureau Veritas and Stallergenes shares at the end of 2009 (€14.85 and €7.93 per share, respectively) remained far below their fair value (market price) of €30.405 and €58.85, respectively. Therefore no impairment loss was recognized.

## III. 2009 Financial statements

## Note 2. Intangible assets

In millions of euros	12.31.2009		
	Gross amount	Amortization and provisions	Net amount
<b>Amortizable assets</b>			
Internally generated	4.4	3.7	0.7
Acquired			
Concessions, patents and licenses	53.8	10.9	43.0
Customer relationships <sup>(1)</sup>	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
<b>Assets of indefinite useful lives</b>			
Acquired			
Brands <sup>(2)</sup>	813.8	14.7	799.1
	813.8	14.7	799.1
<b>Total</b>	<b>2,034.4</b>	<b>595.0</b>	<b>1,439.5</b>

In millions of euros	12.31.2008		
	Gross amount	Amortization and provisions	Net amount
<b>Amortizable assets</b>			
Internally generated	6.1	4.3	1.8
Acquired			
Concessions, patents and licenses	51.7	10.4	41.3
Customer relationships <sup>(1)</sup>	1,011.3	387.9	623.4
Software	79.1	56.2	22.9
Other intangible assets	29.7	11.7	18.0
	1,171.9	466.2	705.6
<b>Assets of indefinite useful lives</b>			
Acquired			
Brands <sup>(2)</sup>	811.3	10.2	801.2
Other intangible assets of acquired businesses	1.0	–	1.0
	812.4	10.2	802.2
<b>Total</b>	<b>1,990.3</b>	<b>480.7</b>	<b>1,509.7</b>



### Analysis of movements in intangible assets

In millions of euros	2009	2008
<b>Amount at beginning of year</b>	<b>1,509.7</b>	<b>1,530.5</b>
Acquisitions	14.6	14.4
Internally generated assets	0.8	–
Sale of Editis	–	–45.1
Impact of business combinations	–	136.8
Impact of currency translation adjustments and other	24.6	–7.9
Amortization and impairment for the year	–110.2	–119.0
<b>Amount at end of year</b>	<b>1,439.5</b>	<b>1,509.7</b>
of which:		
Bureau Veritas	468.2	500.7
Deutsch	195.0	218.3
Materis	769.6	782.6
Stallergenes	6.7	8.1
<b>Total</b>	<b>1,439.5</b>	<b>1,509.7</b>

(1) Customer relationships were mainly recognized upon the acquisitions of Materis (€236.0 million) and Deutsch (€153.7 million) in 2006, and the takeover of Bureau Veritas (€436.0 million) in 2004. No significant acquisition was carried out in 2009.

(2) The net worth of brands at December 31, 2009 included, in net values, Bureau Veritas (€197.5 million), Materis (€574.8 million) and Deutsch (€26.7 million).

## III. 2009 Financial statements

## Note 3. Property, plant and equipment

In millions of euros	12.31.2009		
	Gross	Depreciation, amortization 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
Oil and gas assets	–	–	–
Other property, plant and equipment	512.0	302.5	209.5
Assets under construction	58.7	–	58.7
<b>Total</b>	<b>1,878.0</b>	<b>1,030.8</b>	<b>847.1</b>

In millions of euros	12.31.2008		
	Gross amount	Depreciation, amortization and provisions	Net amount
Land	76.8	4.3	72.5
Buildings	287.3	135.4	152.0
Plant, equipment and tooling	852.8	495.8	357.0
Oil and gas assets	778.7	565.6	213.2
Other property, plant and equipment	481.9	282.8	199.0
Assets under construction	68.0	–	68.0
<b>Total</b>	<b>2,545.5</b>	<b>1,483.9</b>	<b>1,061.6</b>

Change in net value of property, plant and equipment:

In millions of euros	2009	2008
<b>Amount at beginning of year</b>	<b>1,061.6</b>	<b>985.1</b>
Acquisitions <sup>(1)</sup>	130.0	342.0
Disposals	–8.1	–20.6
Changes related to operations held for sale or sold <sup>(2)</sup>	–213.2	–1.2
Impact of business combinations	4.0	–0.2
Impact of currency translation adjustments	6.1	–43.0
Depreciation, amortization and provisions recognized during the year	–133.4	–200.4
<b>Amount at end of year</b>	<b>847.1</b>	<b>1,061.6</b>
of which:		
Bureau Veritas	208.2	193.4
Deutsch	96.3	114.1
Materis	477.9	480.0
Oranje-Nassau Groep	–	214.3
Stallergenes	56.4	51.7
Wendel and holding companies	8.3	8.1
<b>Total</b>	<b>847.1</b>	<b>1,061.6</b>

(1) In 2009: mainly at Bureau Veritas (€56.9 million) and Materis (€50.6 million).

(2) In 2009: €-213.2 million as a result of the sale of Oranje-Nassau Groep's Energy division.

## Note 4. Equity-method investments

In millions of euros	12.31.2009	12.31.2008
Saint-Gobain	4,364.9	5,353.9
Legrand	467.5	521.3
Stahl	0.0	0.0
Investments of Bureau Veritas	0.7	2.8
Investments of Materis	3.1	3.3
<b>Total</b>	<b>4,836.2</b>	<b>5,881.3</b>

The variation in equity-method investments broke down as follows:

In millions of euros	2009
Amount at beginning of year	5,881.3
Acquisition of Saint-Gobain shares <sup>(1)</sup>	115.9
Share in net income for the year	
Saint-Gobain	-50.1
Legrand	97.9
Stahl	-2.3
Other	-0.1
Dividends for the year	-146.2
Impact of changes in currency translation adjustments	79.2
Disposal of Legrand shares <sup>(1)</sup>	-104.6
Impairment of assets <sup>(2)</sup>	-225.4
Dilution on Saint-Gobain <sup>(1)</sup>	-744.5
Other	-64.9
<b>Amount at 12.31.2009</b>	<b>4,836.2</b>

(1) See "Changes in consolidation scope".

(2) Impairment loss on Saint-Gobain.

### Impairment test

#### Impairment test on equity-method investments: Saint-Gobain

The test set out below was based on Wendel's assessment of the facts and circumstances existing at the balance sheet closing date, as well as information available at the date the financial statements were approved on situations existing at the end of December 2009. 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, 2009.

This impairment test was performed against a backdrop of financial crisis and a decline in construction markets (IAS 28.33).

### III. 2009 Financial statements

In accordance with IAS 36, recoverable value was determined by adopting the higher of fair value, which is the closing share price (€38.07 per share, or €3.4 billion for the shares held by Wendel) or value in use, which is the discounted present value of 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 commissioned by Wendel. The assumptions that underlie the business plan (trends in underlying markets, price effects, etc.) reflect Saint-Gobain's operational position brought on by the decline in construction markets and the downturn in the economic environment. In accordance with IAS 36, these assumptions do not include a strategic acquisition. 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, 2008 and at June 30, 2009: 2%. The discount rate used was identical to that used at December 31, 2008 and at June 30, 2009: 8%. It was based on market parameters (risk-free rate, market premium, beta) and took into account risks specific to the business plan.

At December 31, 2009 the value in use of Saint-Gobain shares thus determined was €48.6 per share (€44.3/share at June 30, 2009), or €4,364.9 million for the shares held by Wendel. This was below Wendel's carrying value of €51.1 per share at December 31, 2009 after dilution (see section entitled "Changes in consolidation scope") and before the impairment losses recognized in 2009, or €4,590.3 million for the shares held by Wendel.

As a result, an impairment loss of €225.4 million was recognized in 2009, on the basis of value in use, on the 89.8 million Saint-Gobain shares held by the Group as of December 31, 2009. This amount is in addition to the impairment loss recognized in 2008 (€196.3 million after the impact of dilution recognized in 2009) and to the dilution loss recognized in 2009 (see section entitled "Changes in consolidation scope").

A sensitivity analysis shows that if the discount rate were 0.5% higher, an additional loss of €511.9 million would be recognized and that if the discount rate were 0.5% lower, the cumulative 2008 and 2009 impairment losses (€421.7 million) would be reversed. Similarly, if the long-term growth rate were 0.5% lower, an additional loss of €377.2 million would be recognized, and if it were 0.5% higher, the cumulative 2008 and 2009 impairment losses (€421.7 million) would be reversed. Finally, the model as a whole is sensitive to the assumptions of the five-year business plan.

#### Impairment test on equity-method investments: Legrand

The book value of Legrand shares at December 31, 2009 was €7.13 per share, far below the fair value (market price: €19.475/share). Therefore no impairment loss was recognized.

#### Impairment test on equity-method investments: Stahl

Stahl's shareholders' equity was negative at December 31, 2009 and 2008. The value of Stahl shares held by Wendel, based on the equity method is therefore zero, because there is no commitment on the part of Wendel to cover Stahl's losses. To account for Stahl's losses, the shareholder's loan that Wendel has extended to Stahl and booked in "Other financial assets" was also written down to zero as of December 31, 2008.

**Additional information on Saint-Gobain**

In millions of euros	12.31.2009	12.31.2008
Total assets (Saint-Gobain)	43,023	43,395
Impact of the revaluation of acquired assets and liabilities	5,467	5,938
Residual goodwill (excluding goodwill in Saint-Gobain's balance sheet)	3,333	4,609
Minority interests	302	256
Total liabilities	26,809	28,865
	2009	2008
Net sales	37,786	43,800
Operating income	2,216	3,649
Business income	1,240	3,214
Recurring net income	617	1,914
Net income, Group share	202	1,778
Impact of the revaluation of acquired assets and liabilities	-471	-778

**Additional information on Legrand**

In millions of euros	12.31.2009	12.31.2008
Total assets (Legrand)	5,614.4	6,383.7
Goodwill adjustment (Wendel)	-522.9	-523.8
Minority interests	5.2	5.6
Total liabilities	3,220.0	4,197.9
	2009	2008
Net sales	3,577.5	4,202.4
Recurring adjusted operating income <sup>(1)</sup>	629.5	745.5
Operating income	524.1	642.8
Net income, Group share	289.8	349.9

(1) Operating income restated for accounting entries related to the 2002 acquisition of Legrand France, for goodwill impairment of €16.6 million recognized by Legrand in 2009 and excluding restructuring costs.

**Additional information on Stahl**

In millions of euros	12.31.2009	12.31.2008
Total assets	363.9	503.4
Shareholder loans	114.0	105.2
Total liabilities	380.9	468.8
	2009	2008
Net sales	253.5	295.6
Adjusted operating income <sup>(1)</sup>	30.1	39.1
Operating income	-3.2	12.5
Net income, Group share	-39.0	-30.9

(1) Adjusted operating income before goodwill allocation entries, management fees and non-recurring items (in particular restructuring).

### III. 2009 Financial statements

In view of its level of indebtedness, Stahl pursued its discussions with creditor banks so as to optimize its financial structure. These discussions concluded with the renegotiation of Stahl's bank debt and its restructuring in the first quarter of 2010 (see Note 39

"Subsequent events"). As a result of this financial restructuring, Stahl will be fully consolidated in Wendel's financial statements from end-February 2010.

#### Note 5. Inventories

In millions of euros	12.31.2009		12.31.2008	
	Gross amount	Provisions	Net amount	Net amount
Deutsch	85.1	22.1	63.0	105.4
Materis	234.6	14.1	220.5	246.2
Oranje-Nassau Groep	–	–	–	6.2
Stallergenes	20.2	1.2	18.9	15.2
<b>Total</b>	<b>339.9</b>	<b>37.4</b>	<b>302.5</b>	<b>373.0</b>

#### Note 6. Trade receivables

In millions of euros	12.31.2009		12.31.2008	
	Gross amount	Provisions	Net amount	Net amount
Bureau Veritas	772.9	60.9	712.1	740.9
Deutsch	60.8	1.5	59.2	81.5
Materis	345.3	28.1	317.2	329.5
Oranje-Nassau Groep	–	–	–	26.5
Stallergenes	23.8	1.1	22.7	23.1
Wendel and holding companies	1.1	0.5	0.6	1.8
<b>Total</b>	<b>1,203.9</b>	<b>92.0</b>	<b>1,111.9</b>	<b>1,203.2</b>

Trade receivables and related accounts of the largest subsidiaries, which are overdue and on which no impairment provision has been set aside, include:

- Bureau Veritas: a total of €312.4 million at December 31, 2009, vs. €260.1 million at December 31, 2008, of which €95.7 million and €56.5 million, respectively, were more than three months past due;
- Materis: a total of €71.9 million at December 31, 2009, vs. €73.5 million at December 31, 2008, of which €19.1 million and €18.9 million, respectively, were more than three months past due.



## Note 7. Cash and cash equivalents

	12.31.2009	12.31.2008
In millions of euros	Net amount	Net amount
<b>Pledged cash and cash equivalents classified as non-current financial assets<sup>(1)</sup></b>	<b>682.3</b>	<b>1,399.6</b>
Bureau Veritas	147.0	153.5
Deutsch	51.3	32.3
Materis	56.9	64.0
Stallergenes	22.4	9.4
Eufor group (Saint-Gobain investment structure)	1.2	9.5
Oranje-Nassau Groep	486.3	158.1
Wendel and other holding companies	993.7	901.7
<b>Cash and cash equivalents classified as current financial assets:</b>	<b>1,758.8</b>	<b>1,328.5</b>
<b>Total</b>	<b>2,441.1</b>	<b>2,728.1</b>
<i>Of which cash equivalents</i>	<i>1,996.6</i>	<i>2,021.4</i>
<i>Of which cash</i>	<i>444.6</i>	<i>706.7</i>

(1) primarily cash collateral granted to banks as part of the financing of the Eufor group. See notes "Off-balance-sheet financing" and «Managing liquidity risk».

## III. 2009 Financial statements

## Note 8. Financial assets and liabilities (excluding financial debt and operating receivables and payables)

### Financial assets:

In millions of euros	Method of recognition	Level	12.31.2009	12.31.2008
Cash and cash equivalents – A	Income statement <sup>(1)</sup>	1	1,758.8	1,328.5
Pledged cash and cash equivalents – A	Income statement <sup>(1)</sup>	1	682.3	1,399.6
Assets available for sale – B	Shareholders' equity <sup>(2)</sup>	3	12.2	24.2
Financial assets at fair value through profit or loss	Income statement <sup>(1)</sup>	1	18.3	27.2
Loans – C	Amortized cost	NA	19.3	41.4
Deposits and guarantees	Amortized cost	NA	22.4	19.6
Derivatives - D	Income statement <sup>(1)</sup> / Shareholders' equity <sup>(2)</sup>	See D	367.3	867.4
Other	Income statement <sup>(1)</sup>	1	29.0	31.8
<b>Total</b>			<b>2,909.6</b>	<b>3,739.6</b>
<i>Of which non-current financial assets</i>			<i>1,112.9</i>	<i>2,294.9</i>
<i>Of which current financial assets</i>			<i>1,796.6</i>	<i>1,444.7</i>

### Financial liabilities

In millions of euros	Method of recognition	Level	12.31.2009	12.31.2008
Derivatives - D	Income statement <sup>(1)</sup> / Shareholders' equity <sup>(2)</sup>	See D	204.6	178.0
Other	Income statement <sup>(1)</sup>	1	12.1	34.4
<b>Total</b>			<b>216.7</b>	<b>212.4</b>
<i>of which non-current financial liabilities</i>			<i>149.3</i>	<i>150.3</i>
<i>of which current financial liabilities</i>			<i>67.4</i>	<i>62.1</i>

(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 three-level 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 at the end of this note.

### 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 as of December 31, 2009 corresponded essentially to €8.7 million in investment fund shares held by Oranje-Nassau.

C – Loans corresponded to €18.0 million in loans to WVG/AVR.

## D – Derivative instruments:

In millions of euros	Level	12.31.2009		12.31.2008	
		Assets	Liabilities	Assets	Liabilities
Net protection (puts) on Saint-Gobain shares - not qualifying for hedge accounting <sup>(1)</sup>	2	341.7	–	760.4	0.0
Derivatives on securities – not qualifying for hedge accounting	3	7.8	–	27.2	2.0
Commodity derivatives – hedging of cash flows	2	–	0.8	44.7	15.9
Interest rate swaps – hedging of cash flows <sup>(2)</sup>	2	13.2	181.5	30.2	129.1
Interest rate swaps – not qualifying for hedge accounting <sup>(2)</sup>	2	3.8	22.3	4.8	30.9
Other derivatives – not qualifying for hedge accounting	2	0.8	0.1	–	–
<b>Total</b>		<b>367.3</b>	<b>204.6</b>	<b>867.4</b>	<b>178.0</b>
<i>of which:</i>					
<i>Non-current portion</i>		353.3	148.4	782.7	147.5
<i>Current portion</i>		14.0	56.2	84.7	30.6

(1) Net position of protection to protect against a decline in the value of Saint-Gobain shares, with 2011-2012 maturities.

This net position is composed of the purchase of puts (partially sold, see below) and the sale of puts. After the sale of 10,111 million puts at the end of 2009, the net position covered nearly 25% of the Saint-Gobain shares, vs. 36% at the previous year-end. When the price of Saint-Gobain shares declines, the value of the protection rises, and vice-versa. In this way, it neutralizes the impact of a decline in the share price on the covered portion of shares held when this share price is below the strike price, which was the case on December 31, 2009. Nevertheless, these derivatives did not qualify as hedges under accounting standards, as the underlying assets were equity-method investments.

The book value of this protection corresponds to the value at which the counterparty would have agreed to unwind them. It 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 underlyings and transaction size. It is calculated by the counterparty and Wendel's financial managers verify that amounts and methodology are appropriate. This value is €96.1 million below the value that would be produced by a mathematical model that ignores market parameters related to the size of the transaction.

In 2009, net protection generated a loss of €225.2 million:

- sale of puts: sale price of €193.5 million (allocated to repayment of €546.8 million in bank debt not subject to collateral calls), compared with a carrying value at the beginning of the fiscal year of €237.7 million, resulting in a loss of €44.2 million;
- change in value of net protection held in the portfolio: €-181.1 million.

As of December 31, 2009, a +/-5% change in Saint-Gobain's share price would lead to a change in the value of the net protection of about +/-€34 million, to be reflected in the income statement.

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 market parameters prevailing at 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 can generate a distortion in measurements, which affects the income statement.

This protection has been pledged against the portion of the financing for the Saint-Gobain shares that is not subject to collateral calls.

(2) Interest rate swaps: The value of interest rate swaps is calculated by the counterparties on the basis of the yield curve at the closing date and the present value of cash flows expected from the contracts.

## III. 2009 Financial statements

Notional amount		Qualified as	Start	Maturity	12.31.2009	12.31.2008
sign convention: (+) asset, (-) liability						
<b>Hedging of bonds carried by Wendel</b>						
€100M	Pay 3.98% against 4.21%		pre-closing	05.2016	1.4	1.6
€100M	Pay Euribor (3.42% floor and 4.02% ceiling) against 4.06%		pre-closing	02.2011	0.1	0.1
€400M	Pay 7-year CMS (3.43% floor and 3.85% ceiling) against 3.89%		pre-closing	02.2011	1.2	1.2
€95.7M	Pay 3.20% against 3.89%		pre-closing	02.2011	0.7	1.3
€300M	Pay 12-mo. Euribor +0.93% betw. 1.70% and 2.60%, 3.40% if < 1.70% and 3.53% if > 2.60% Coupon: 3.49%		pre-closing	08.2017	0.4	-0.3
<b>Hedging of Eufor's bank debt (a)</b>					3.8	3.9
€2,500M	Pay 4.18% against Euribor	Hedge	pre-closing	10.2011	-112.2	-105.2
€300M	Pay 4.25% against Euribor		pre-closing	06.2011	-11.5	-
<b>Hedging of subsidiaries' debt</b>					-123.7	-105.2
€50M	Pay 3.56% against Euribor		01-2009	01.2010	-0.1	-
€50M	Pay 3.47% against Euribor		pre-closing	06.2013	-2.5	-
€50M	Pay 4.58% against Euribor	Hedge	pre-closing	06.2010	-1.0	-
€100M	Pay 3.84% against Euribor	Hedge	pre-closing	03.2011	-3.3	-
€50M	Pay 4.64% against Euribor	Hedge	pre-closing	04.2013	-5.6	-
\$40M	Pay 2.73% against Libor	Hedge	pre-closing	02.2010	-0.1	-
€50M	4.49%-4.98% interest rate collar on Euribor	Hedge	pre-closing	06.2012	-3.2	-
€250M	Pay 3.25% against Euribor	Hedge	04-2009	04.2010	-2.3	-
€200M	3.42%-4.09% interest rate collar on Euribor		04-2009	01.2011	-5.0	-
€300M	3.32%-3.96% interest rate collar with knock-in at 3.07% on Euribor		03-2009	01.2011	-7.2	-
€200M	Pay 3.86% against Euribor	Hedge	04-2009	01.2011	-6.0	-
€150M	Pay 3.15% against Euribor	Hedge	07-2009	02.2010	-0.6	-
€200M	Pay 3.87% against Euribor	Hedge	04-2009	10.2010	-4.5	-
\$60M	Pay 3.15% against Libor	Hedge	01-2009	01.2010	-0.1	-
\$120M	Pay 5.51% against Libor		pre-closing	07.2011	-5.8	-
€7.6M	Pay 2.6% against Euribor		pre-closing	09.2014	-0.1	-

Notional amount	Qualified as	Start	Maturity	12.31.2009	12.31.2008
Other financial derivatives				-5.9	-60.5
				-53.2	-
Cross currency swaps (b)	Hedge			-13.7	36.7
<b>Total</b>				<b>-186.8</b>	<b>-125.1</b>

(a) The value of Eufor swaps (notional amount: €2.8 billion) stood at €-123.7 million. Swaps representing a notional amount of €0.3 billion were disqualified as hedges in the first half of 2009, leading to recognition of a loss of €10.6 million in net financial income (reversal of losses booked in shareholders' equity during previous fiscal years). The rest of the position continued to qualify as a hedge for accounting purposes and its change in value of €-3.7 million during 2009 was recognized in consolidated reserves. During 2009 the change in value recognized in the income statement on instruments not qualified as hedges or on hedges that were only partially effective was €-2.8 million.

(b) Bureau Veritas: USPP debt (see Note 11 "Financial debt"), denominated in US dollars and pounds sterling, as well as part of the US dollar-denominated amortizable tranche of the syndicated loan, was hedged in order to convert the debt into euros. The notional value of the derivatives under this hedge was £23 million maturing in July 2018, £40 million maturing in July 2020, \$155 million maturing in July 2018, and \$111 million maturing in July 2020. Any change in value in these instruments is recognized in shareholders' equity and passed through the income statement over the life of the loans.

### Methods for determining the fair value of financial instruments

In compliance with the March 2009 amendment to IFRS 7, the assets and liabilities of the Group are measured at fair value according to their valuation method. The hierarchy levels 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 the period ended December 31, 2009, there were no transfers between levels 1 and 2, nor any transfers toward or from level 3 of the fair value measurement hierarchy.

Changes in level 3 financial instruments were not significant and are not presented.

### III. 2009 Financial statements

## Note 9. Shareholders' equity

### Number of shares outstanding

	Par value	Total number of shares	Treasury shares
At 12.31.2008	€4	50,366,600	142,836
At 12.31.2009	€4	50,436,175	571,005

### Treasury shares

The number of shares held for the purposes of the liquidity contract declined by 32,435 to 100,000 shares at December 31, 2009 (unit cost: €40.62/share).

As of December 31, 2009, Wendel held 471,005 of its own shares outside the context of the liquidity contract. Part of these shares cover the 401,601 outstanding stock options and the 8,720 bonus shares that have been granted. As of December 31, 2008, 10,401 shares were held to cover the stock-options granted as of that date.

No employee stock-options were exercised.

Shares held in treasury represented 1.1% of the share capital.

Principal items in the "statement of recognized profit (loss)":

	Assets available for sale	Derivatives qualifying for hedge accounting	Deferred taxes	Total Group share	Minority interests	Total Shareholders' equity
<b>At 12.31.2007</b>	<b>20.3</b>	<b>-152.4</b>	<b>25.7</b>	<b>-106.3</b>	<b>0.8</b>	<b>-105.5</b>
Changes in fair value during the year	0.9	-126.5	-11.4	<b>-137.0</b>	-13.7	-150.8
Amount recognized in the income statement	-11.1	32.8	-16.4	<b>5.3</b>	-	5.3
Application of cash-flow hedges on shares to the value of the shares	-	102.1	-	<b>102.1</b>	-	102.1
<b>At 12.31.2008</b>	<b>10.0</b>	<b>-143.9</b>	<b>-2.0</b>	<b>-135.9</b>	<b>-13.0</b>	<b>-148.9</b>
Changes in fair value during the year	-2.3	36.9	-11.2	<b>23.4</b>	13.2	36.6
Amount recognized in the income statement	-	-35.1 <sup>(a)</sup>	17.5	<b>-17.5</b>	-	-17.5
<b>At 12.31.2009</b>	<b>7.7</b>	<b>-142.1</b>	<b>4.3</b>	<b>-130.1</b>	<b>0.2</b>	<b>-129.8</b>

(a) related principally to the reversal of the impact of hedges against fluctuations in the price of oil on the sales of the Energy division of Oranje-Nassau, which was sold in H1 2009.



**Change in minority interests**

In millions of euros	Bureau Veritas Group	Deutsch Group	Editis Group	Materis Group	Stallergenes Group	Other	Total
<b>Minority interests at 12.31.2007</b>	<b>167.0</b>	<b>8.1</b>	<b>4.0</b>	<b>30.1</b>	<b>35.1</b>	<b>4.0</b>	<b>248.4</b>
Issuance of shares	–	–	–	–	–	–	–
Change in scope of consolidation	–	27.4	–4.0	–	–	–	23.4
Share buybacks	–0.1	–	–	–	–0.6	–	–0.7
Dividends paid	–27.0	–8.0	–	–0.5	–2.7	–	–38.2
Translation adjustments	–10.9	3.5	–	–3.7	–	–	–11.1
Other changes	–2.3	–0.1	–	–7.1	2.2	–	–7.1
Net income (loss) for 2008	73.1	–4.3	–	–9.9	10.2	0.1	69.1
<b>Minority interests at 12.31.2008</b>	<b>199.8</b>	<b>26.6</b>	<b>–</b>	<b>9.0</b>	<b>44.1</b>	<b>4.1</b>	<b>283.7</b>
Issuance of shares	–	–	–	1.4	–	–	1.4
Change in scope of consolidation <sup>(1)</sup>	55.3	0.1	–	3.5	0.4	–	59.3
Share buybacks	0.9	–	–	–	0.7	–	1.6
Dividends paid	–40.4	–5.0	–	–0.2	–3.2	–	–48.8
Translation adjustments	6.4	–1.4	–	2.7	–	–	7.6
Other changes	11.4	0.2	–	0.7	1.3	–1.3	12.2
Net income (loss) for 2009	106.8	4.8	–	–14.2	12.0	0.1	109.4
<b>Minority interests at 12.31.2009</b>	<b>340.2</b>	<b>25.3</b>	<b>–</b>	<b>2.7</b>	<b>55.3</b>	<b>2.9</b>	<b>426.5</b>

(1) In 2009, changes in consolidation scope included the impact of the sale of Bureau Veritas shares.

In millions of euros	12.31.2008	Additions	Reversals –used provisions	Reversals –unused provisions	Impact of discounting	Business combinations / disposals	Translation adjustments, reclassifications	12.31.2009
Wendel and holding companies <sup>(1)</sup>	18.0	16.1	–	–1.0	–	–	–	33.2
Bureau Veritas								
Claims and litigation <sup>(2)</sup>	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 and gas installations	105.0	–	–	–	–	–105.0	–	–
Other	2.5	–	–	–	–	–2.5	–	–
Stallergenes	2.1	0.5	–1.1	–	–	–	–	1.5
<b>Total</b>	<b>244.9</b>	<b>58.0</b>	<b>–22.0</b>	<b>–16.2</b>	<b>0.1</b>	<b>–104.6</b>	<b>1.5</b>	<b>161.7</b>
<i>Of which current</i>	9.3	–	–	–	–	–	–	12.2

In millions of euros	12.31.2007	Additions	Reversals –used provisions	Reversals –unused provisions	Impact of discounting	Business combinations / disposals	Translation adjustments, reclassifications	12.31.2008
Wendel and holding companies <sup>(1)</sup>	20.0	1.0	–	–3.0	–	–	–	18.0
Bureau Veritas								
Claims and litigation <sup>(2)</sup>	56.9	9.9	–1.2	–4.4	1.8	0.1	0.2	63.3
Other	16.6	14.8	–3.9	–4.8	–	0.2	1.7	24.6
Deutsch	5.4	3.7	–2.0	–	–	–	0.1	7.3
Editis	13.2	–	–	–	–	–13.2	–	–
Materis								
Restructuring	5.9	6.4	–4.4	–	–	–	0.2	8.2
Claims and litigation	7.3	1.1	–0.7	–	–	–	–4.8	2.9
Other	8.4	2.0	–3.5	–	–	–	4.2	11.0
Oranje-Nassau Groep								
Dismantling of oil and gas installations	110.8	0.0	–	–8.3	5.5	–	–3.0	105.0
Other	2.5	–	–	–	–	–	–	2.5
Stallergenes	2.2	1.1	–1.1	–	–	–	–	2.1
<b>Total</b>	<b>249.2</b>	<b>40.0</b>	<b>–16.8</b>	<b>–20.5</b>	<b>7.3</b>	<b>–12.9</b>	<b>–1.3</b>	<b>244.9</b>
<i>Of which current</i>	<i>27.5</i>							<i>9.3</i>

(1) As of December 31, 2009, this line item included a provision for environmental disputes, a provision for tax risks and a provision for various other disputes.

(2) Bureau Veritas and its subsidiaries, in the normal course of their activities, are party to various disputes and legal actions that aim to invoke their professional liability as service providers. Most of these activities are covered by insurance specific to each business. The payment schedule for future years is uncertain, as it depends on the outcome of ongoing legal cases, including appeals of lower-court rulings. Bureau Veritas believes that most of the amounts to be paid out will be paid more than one year hence.

## III. 2009 Financial statements

## Employee benefits

In millions of euros	12.31.2009	12.31.2008
Defined benefit plans	51.9	47.2
Retirement bonuses	57.7	54.8
Other	21.6	19.7
<b>Total</b>	<b>131.2</b>	<b>121.7</b>
<i>Of which non-current</i>	131.2	121.7
<i>Of which current</i>	–	–

Of which:

	12.31.2009	12.31.2008
Bureau Veritas	88.0	78.5
Deutsch	12.6	11.5
Materis	27.3	25.8
Oranje-Nassau Groep	0.7	3.4
Stallergenes	2.1	1.8
Wendel and holding companies	0.6	0.7
	<b>131.2</b>	<b>121.7</b>

Changes in commitments broke down as follows:

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
Other	25.6	2.1	0.8	–1.8	1.0	0.1	–	–0.3	27.6
	<b>254.3</b>	<b>11.8</b>	<b>22.1</b>	<b>–15.4</b>	<b>12.3</b>	<b>0.4</b>	<b>0.5</b>	<b>–11.4</b>	<b>274.6</b>

Partially-funded plan assets	12.31.2008	Return on plan 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
	<b>132.6</b>	<b>4.7</b>	<b>6.2</b>	<b>7.1</b>	<b>–1.6</b>	<b>0.0</b>	<b>–5.6</b>	<b>143.4</b>
<b>Provision for employee benefits</b>	<b>121.7</b>							<b>131.2</b>

Commitments	31.12.2007	Service costs	Actuarial gains and losses	Benefits paid	Interest cost	Curtailment and settlement	Business combinations	Translation adjustments, reclassifications	12.31.2008
Defined benefit plans	158.9	2.7	-10.0	-3.6	5.4	-0.0	1.3	-6.9	147.7
Retirement bonuses	88.7	7.2	2.5	-7.9	3.4	-0.4	-14.2	1.7	81.0
Other	23.0	2.1	0.5	-1.2	1.2	-0.1	-0.8	0.9	25.6
	<b>270.6</b>	<b>12.0</b>	<b>-7.0</b>	<b>-12.8</b>	<b>10.1</b>	<b>-0.5</b>	<b>-13.7</b>	<b>-4.4</b>	<b>254.3</b>

Partially-funded plan assets	31.12.2007	Return on plan assets	Employer contributions	Amounts used	Actuarial gains and losses	Business combinations	Translation adjustments, reclassifications	12.31.2008
Defined benefit plans	106.5	3.0	4.4	-10.5	-2.0	-3.8	2.9	100.5
Retirement bonuses	25.0	1.5	0.4	-0.3	-0.6	-	0.1	26.2
Other	5.0	-	-	-	-	-	0.9	5.9
	<b>136.6</b>	<b>4.5</b>	<b>4.8</b>	<b>-10.8</b>	<b>-2.6</b>	<b>-3.8</b>	<b>3.9</b>	<b>132.6</b>
Provision for employee benefits	<b>134.0</b>							<b>121.7</b>

Obligations in relation to defined-benefit plans were as follows:

	31.12.2009	12.31.2008
Unfunded obligations	62.1	58.4
Partially or fully-funded obligations	212.5	195.9
<b>Total</b>	<b>274.6</b>	<b>254.3</b>

At December 31, 2009, the breakdown in defined-benefit plan assets was as follows:

Funds of insurance companies	70%
Equity instruments	19%
Debt instruments	4%
Cash and other	7%

### III. 2009 Financial statements

#### Costs recognized on the income statement

Until December 31, 2005, actuarial differences were recognized in income or expenses. As of January 1, 2006, the Wendel group chose to apply the option allowed under IAS 19.93A and recognize actuarial differences in shareholders' equity (see "Accounting principles").

	2009	2008
<b>Expenses recognized in the income statement with respect to defined benefit plans</b>		
Service costs	11.8	12.0
Interest cost	12.3	10.1
Expected return on plan assets	-4.7	-4.5
Past service costs	0.1	-0.2
Impact of plan curtailments or settlements	-1.3	-0.5
<b>Total</b>	<b>18.3</b>	<b>16.9</b>
Expenses recognized in the income statement with respect to defined contribution plans <sup>(1)</sup>	47.7	47.6

(1) Primarily at Bureau Veritas.

#### Wendel

The retirement plan set up in 1947 by "Les petit-fils de François de Wendel and Cie", since renamed Wendel, is a defined-benefit plan that was closed to new entrants on December 31, 1998. It still covers employees who worked in the Company prior to that date, provided they retire while employed by the Company. Its main actuarial assumptions are as follows:

Discount rate = 4.0%, employee turnover rate = 0%, inflation rate = 0%.

#### Oranje-Nassau Groep (holding companies)

Funding obligations under supplementary retirement plans are determined on the basis of the following assumptions:

Discount rate = 5.40%, return on plan assets = 4.025%, salary increase rate = 5%, inflation rate = 2.0%.

#### 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 financed by contributions paid to insurance companies and valued on the basis of periodic actuarial calculations;

- retirement bonuses;
- long service medals.

The principal actuarial assumptions used in France to calculate these commitments are as follows: Discount rate = 5.4%, salary increase rate = 2.3%, employee turnover rate = 3.30%, inflation rate = 2.2%.

#### Materis

Retirement bonuses: calculated mainly on the basis of how long employees have been with the company when they retire. These plans concern France, the United States, Belgium, Portugal, Italy, Brazil, South Africa and Australia. Actuarial assumptions are determined in each country. The main assumptions are a discount rate between 3.00% and 10.75%, an inflation rate between 2% and 4.50%, a salary increase rate between 2% and 7%, and an employee turnover rate between 4.50% and 13.9%.

#### Deutsch

Defined-benefit plans: these plans pay a supplementary pension to certain former employees in France, the United Kingdom and Germany.

The main actuarial assumptions used are a discount rate between 5.0% and 5.7% and an inflation rate between 2% and 3.60%.



## Note 11. Financial debt

							12.31.2009	12.31.2008
In millions of euros	Currency	Coupon rate	Effective interest rate	Maturity	Repayment	Overall amount	Amounts used	
<b>Wendel</b>								
Bonds exchangeable for	EUR	2.0000%	4.91%	06.2009	at maturity		–	279.0
Capgemini shares 2011 bonds	EUR	5.0000%	5.16%	02.2011	at maturity		466.2	600.0
Capgemini shares 2014 bonds	EUR	4.8750%	4.93%	11.2014	at maturity		400.0	400.0
Capgemini shares 2014 bonds – tranche 2	EUR	4.8750%	8.78%	11.2014	at maturity		300.0	–
Capgemini shares 2015 bonds	EUR	4.8750%	4.91%	09.2015	at maturity		400.0	400.0
Capgemini shares 2016 bonds	EUR	4.8750%	5.02%	05.2016	at maturity		400.0	400.0
Capgemini shares 2017 bonds	EUR	4.3750%	5.73%	08.2017	at maturity		300.0	300.0
Capgemini shares 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	€1,200M	–	–
Deferred issuance costs							–0.3	–0.6
Amortized cost of bonds							–84.9	–49.2
Other borrowings and accrued interest	EUR						55.7	33.7
							2,636.7	2,763.0
<b>Eufor - Saint-Gobain investment financing</b>								
				07.2013 / 03.2014 / 12.2014				
Bank borrowings	EUR	Euribor+margin			revolving credit		800.0	1,000.0
Bank borrowings	EUR	Euribor+margin		06.2011 / 03.2012	amortizing		1,548.4	2,095.2
Bank borrowings (a)	EUR	Euribor+margin		06.2014 / 06.2015	amortizing		455.0	600.0
Bank borrowings (a)	EUR	Euribor+margin		06-2015	at maturity		800.0	800.0
				04-2012 / 2013 / 2014 / 2015				
Bank borrowings (a)	EUR	Euribor+margin			amortizing		930.6	957.1
				11.2013 / 05.2014 / 11.2014				
Bank borrowings	EUR	Euribor+margin			revolving credit	€300M	–	–
Bank borrowings (a)	EUR	Euribor+margin		06.2014 / 06.2015	amortizing	€600M	–	–
Other borrowings	EUR						7.0	6.1
Accrued interest							11.2	32.3
							4,552.1	5,490.7
<b>Holding companies (Materis Investor, Winsecuritization and Lux Butterfly)</b>								
Shareholder loans							12.2	15.2
							12.2	15.2

## III. 2009 Financial statements

							12.31.2009	12.31.2008
In millions of euros	Currency	Coupon rate	Effective interest rate	Maturity	Repayment	Overall amount	Amounts used	
<b>Bureau Veritas</b>								
Bank borrowings	USD	Libor + margin		05.2013	amortizing	€550M	199.2	265.0
Bank borrowings	EUR	Euribor + margin		05.2013	amortizing		11.7	17.9
Bank borrowings	EUR	Euribor + margin		05.2012/2013	revolving credit		145.0	295.0
Bank borrowings	GBP	Libor + margin		05.2012/2013	revolving credit		27.0	35.7
Bank borrowings	EUR	Euribor + margin		10.2012	at maturity		150.0	150.0
US private placement	USD	Fixed		2018.2020	at maturity		184.6	191.1
US private placement	GBP	Fixed		2018.2020	at maturity		70.9	66.1
Deferred issuance costs							-2.8	-0.9
Other borrowings and accrued interest							40.6	41.2
							826.3	1,061.2
<b>Deutsch</b>								
Bank borrowings (mezzanine)	EUR	Euribor + margin		12.2016	at maturity		31.6	30.3
Bank borrowings (mezzanine)	USD	Libor + margin		12.2016	at maturity		31.6	31.4
Bank borrowings (second lien)	USD	Libor + margin		12.2015	at maturity		41.6	43.1
Bank borrowings (revolving credit)	USD	Euribor + margin		06.2013	revolving credit	\$40M	19.4	9.3
Bank borrowings (revolving credit)	EUR	Libor + margin		06.2013	revolving credit		6.5	6.5
Bank borrowings (senior)	EUR	Euribor + margin		12.2013 / 06.2014	at maturity		40.8	35.6
Bank borrowings (senior)	USD	Libor + margin		12.2013 / 06.2014	at maturity		112.7	119.8
Bank borrowings (senior)	GBP	Libor + margin		12.2013 / 06.2014	at maturity		22.3	21.4
Bank borrowings (senior)	EUR	Euribor + margin		12.2014 / 06.2015	at maturity		34.7	41.9
Bank borrowings (senior)	USD	Libor + margin		12.2014 / 06.2015	at maturity		131.6	139.8
Bank borrowings (acquisition)	USD / GBP	Libor + margin		06.2013	amortizing	\$100M	43.3	44.2
Deferred issuance costs							-7.5	-9.8
Shareholder loans							22.4	20.0
Other borrowings and accrued interest							12.4	23.9
							543.4	557.3

							12.31.2009	12.31.2008
In millions of euros	Currency	Coupon rate	Effective interest rate	Maturity	Repayment	Overall amount	Amounts used	
<b>Materis</b>								
Bank borrowings (mezzanine)	EUR	Euribor + margin		04-2016	at maturity		310.1	284.3
Bank borrowings (second lien)	EUR	Euribor + margin		11-2015	at maturity		140.0	140.0
Bank borrowings (senior)	EUR	Euribor + margin		04-2013	amortizing		188.8	235.6
Bank borrowings (senior)	EUR	Euribor + margin		04-2014	at maturity		395.4	395.6
Bank borrowings (senior)	EUR	Euribor + margin		04-2015	at maturity		421.1	421.3
Bank borrowings	EUR	Euribor + margin		04-2013	at maturity		116.5	132.5
Bank borrowings (revolving credit)	EUR	Euribor + margin		04-2013	revolving credit	€125M	34.8	22.0
Dette bancaire (acquisition)	EUR	Euribor + margin		04-2013	amortizing	€150M	136.5	145.2
Bank borrowings (acquisition 2)	EUR	Euribor + margin	04-2013 / 04/2015		amortizing	€100M	–	–
Deferred issuance costs							–42.3	–33.6
Shareholder loans							39.0	60.4
Other borrowings and accrued interest							71.1	75.6
							1,811.1	1,878.8
<b>Oranje-Nassau Groep</b>	EUR	variable					–	158.2
<b>Stallergenes</b>	EUR	variable					17.6	19.0
							10,399.5	11,943.2

(a) These facilities were extended by the banks in the form of combined financial instruments. The combination of these instruments is equivalent to a traditional bank loan.

In millions of euros	12.31.2009	12.31.2008
<b>Breakdown by currency</b>		
Euro and other European Union currencies	9,637.2	11,001.3
Other currencies	762.3	941.9

### III. 2009 Financial statements

#### Financial debt maturity schedule

	Less than 1 year	Betw. 1 and 5 years	More than 5 years	Total
Wendel nominal value <sup>(a)</sup>	0	-1,166	-1,500	-2,666
Eufor nominal				
– with collateral calls	0	-1,725	-1,260	-2,986
– without collateral calls <sup>(b)</sup>	0	-1,548	0	-1,548
Wendel and Eufor interest <sup>(c)</sup>	-320	-1,000	-182	-1,502
Subsidiaries				
– nominal value	-107	-1,682	-1,346	-3,135
– interest <sup>(c)</sup>	-144	-494	-526	-1,164
<b>Total</b>	<b>-572</b>	<b>-7,616</b>	<b>-4,814</b>	<b>-13,002</b>

Interest calculations are carried out on the basis of the yield curve prevailing on December 31, 2009.

(a) Before the repurchase of Wendel's 2011 bonds in 2010.

(b) This debt is backed by the Saint-Gobain puts, whose value was €341.7 million at December 31, 2009 (based on market terms at that date) (see Note 8) and whose maturities are the same as those of the debt.

(c) Interest on debt and interest-rate hedges. This figure does not include interest earned on invested cash.

The situation regarding the liquidity and bank covenants of Wendel and its subsidiaries is described in section F "Risk management", "Managing liquidity risk".

#### Principal changes in 2009

##### Wendel

The €279 million in bonds exchangeable into Capgemini shares were repaid at maturity on June 19, 2009. Bondholders did not exercise the option to exchange them into Capgemini shares, as the value of the shares was far below the par value of the bond.

At the end of September 2009, Wendel carried out an exchange of bonds maturing in 2011 for new bonds maturing in 2014 and forming a single series with existing 2014 bonds. Bonds with a par value of €112.8 million and maturing in 2011 were tendered to the exchange offer in return for bonds with a par value of €126.1 million and maturing in 2014. This transaction was combined with an issue of €173.9 million (par value) in new bonds of the same 2014 series, generating cash of €147.9 million. As a result of this transaction, the amount of bonds maturing in 2011 was reduced by €112.8 million and the amount maturing in 2014 was increased

from €400 million to €700 million. The original issue discount totaled €44.8 million and will be amortized according to the effective interest method.

In 2009, as part of its liquidity management, Wendel repurchased bonds maturing in 2011 with a par value of €21 million. The bonds were repurchased for €20.1 million. In accordance with the bond indenture, these bonds were canceled in 2009 and a financial gain of €0.9 million was recognized.

As a result of the exchange of 2011 bonds described above and the various repurchases of 2011 bonds, the par value of 2011 bonds outstanding at December 31, 2009 was €466 million.

Repurchasing of 2011 bonds has continued into 2010. As of the date these financial statements were approved, Wendel had repurchased 2011 bonds with a par value of €69.7 million, with the intention to cancel them.

##### Eufor - Saint-Gobain investment financing

As part of its active management of liquidity risk, Wendel reached the following agreements to extend the maturity of its Saint-Gobain investment financing not subject to collateral calls:

- The maturity date of the €800 million loan was extended from June 2011 to June 2015 through an amendment signed in July 2009;
- In February 2009, €145 million in cash serving as collateral for €600 million in financing maturing in December 2013 was used to partially repay this loan. At December 31, 2009, outstandings under this facility totaled €455 million. The maturity date for half of the €455 million loan was extended from December 2013 to June 2014 and for the other half to June 2015;

- The Eufor group had a €900 million undrawn line of credit that was usable until June 2009. The drawdown period was extended to December 2013 and the maturity date was extended from December 2013 to June 2014 for half of the amount and to June 2015 for the other half. This undrawn line was reduced from €900 million to €600 million. The purpose of this line is to finance Saint-Gobain shares in the event of a dilutive transaction on the capital of Saint-Gobain (limited to €300 million) and to refinance Saint-Gobain shares;
- The €1,000 million facility was reduced to €800 million. Its July 2013 maturity date was extended and spread over three dates: July 2013, March 2014 and December 2014;
- The maturity date of the undrawn November 2011 line was extended from a bullet repayment in November 2011 to amortization in three equal tranches in November 2013, May 2014 and November 2014. The usable amount was adjusted from €500 million to €300 million. In March 2009, an amount of €106.6 million was drawn down under this line to refinance Wendel's subscription to Saint-Gobain's rights issue. This drawdown was repaid in November 2009;
- After reaching an agreement at the end of 2009, the April 2012 maturity date for the €930.6 million credit was divided into four equal tranches, to be repaid in April 2012, April 2013, April 2014 and April 2015 through an amendment signed in early 2010.

At December 31, 2009, the average maturity of Eufor financing subject to collateral calls was 4.5 years.

Bank debt not subject to collateral calls of €546.8 million was repaid, owing in part to the proceeds of €193.5 million from the sale of Saint-Gobain puts (see Note 8 "Financial assets and liabilities"). The rest derived from Wendel's cash holdings. Following this transaction, bank financing not subject to collateral calls contracted to finance the acquisition of Saint-Gobain shares

came to €1,548.4 million. Maturities on all bank financing not subject to collateral calls now extend from June 2011 to March 2012, whereas at end-2008 they extended from December 2010 to March 2012. This bank debt is guaranteed by the financed Saint-Gobain shares and the puts on Saint-Gobain shares.

#### Deutsch

Bank debt was reclassified as current liabilities. See section F "Risk management" related to Deutsch's liquidity.

#### Materis

Materis' bank debt was renegotiated in the 1<sup>st</sup> half of 2009. See section F "Risk management" related to Materis' liquidity.

Analysis of the debt restructuring terms led to the conclusion that the restructured debt did not represent a new liability and that bank fees related to the restructuring should be recognized as a deduction from the initial debt and amortized according to the previously calculated effective interest rate.

#### Market value of gross financial liabilities (in millions of euros)

The fair value of bond debt is the most recent market price. LBO borrowings (Deutsch and Materis) were valued on the basis of listings received from prominent banks. For Eufor borrowings, book value was considered representative of market value, given the specific structure, the variable interest-rate indices and the collateral.

In millions of euros	31.12.2009
Wendel	2,408.6
Eufor – Saint-Gobain investment financing	4,552.2
Operating subsidiaries	2,620.1
<b>Total</b>	<b>9,580.9</b>

## III. 2009 Financial statements

## Note 12. Trade payables

In millions of euros	12.31.2009	12.31.2008
Bureau Veritas	179.9	167.0
Deutsch	19.4	33.4
Materis	237.5	284.9
Oranje-Nassau Groep	–	15.5
Stallergenes	28.0	27.0
Wendel and holding companies	7.2	27.1
<b>Total</b>	<b>472.0</b>	<b>555.0</b>

## Note 13. Other current liabilities

In millions of euros	12.31.2009	12.31.2008
<b>Other payables</b>		
Bureau Veritas	361.1	325.6
Deutsch	22.3	33.4
Materis	134.5	133.9
Oranje-Nassau Groep	–	6.5
Stallergenes	19.8	16.2
Wendel and holding companies	16.4	4.9
	<b>554.2</b>	<b>520.5</b>
<b>Deferred revenue</b>		
Bureau Veritas	94.4	95.5
Deutsch	1.0	0.6
Materis	–	–
Oranje-Nassau Groep	–	–
Stallergenes	–	–
Wendel and holding companies	–	1.5
	<b>95.4</b>	<b>97.6</b>
<b>Total</b>	<b>649.6</b>	<b>618.1</b>



## Note 14. Current and deferred taxes

### Current taxes

In millions of euros	12.31.2009	12.31.2008
<b>Current tax assets</b>		
Bureau Veritas	16.4	–
Deutsch	0.7	0.4
Oranje-Nassau Groep	–	6.3
Stallergenes	6.8	–
Wendel and holding companies	7.0	–
	<b>30.9</b>	<b>6.8</b>
<b>Current tax liabilities</b>		
Bureau Veritas	53.3	50.4
Deutsch	1.2	1.5
Materis	3.9	0.4
Oranje-Nassau Groep	–	30.3
Stallergenes	1.1	0.8
Wendel and holding companies	0.2	0.2
	<b>59.7</b>	<b>83.6</b>

### Deferred taxes

In millions of euros	12.31.2008	Changes recognized in the income statement	Changes recognized in shareholders' equity	Translation adjustments	Business combinations	Other	12.31.2009
<b>Deferred tax assets</b>							
Bureau Veritas <sup>(1)</sup>	107.4	5.1	–7.2	2.6	–	–41.6	66.3
Deutsch	1.6	0.4	–	–0.3	–	16.0	17.7
Materis	51.2	1.6	–4.8	0.1	–	–	48.1
Oranje-Nassau Groep <sup>(4)</sup>	5.8	–0.5	–	–	–5.3	–	–
Stallergenes	2.4	–0.1	–0.0	–	–	–	2.3
Wendel and holding companies	–	0.2	–	–	–	0.0	0.2
	<b>168.5</b>	<b>6.8</b>	<b>–12.1</b>	<b>2.4</b>	<b>–5.3</b>	<b>–25.6</b>	<b>134.7</b>
Of which movements due to changes in income tax rates	–	–0.1	–	–	–	–	–
<b>Deferred tax liabilities<sup>(2)</sup></b>							
Bureau Veritas	199.2	–20.7	–8.1	5.6	–	–38.7	137.3
Deutsch	23.7	–12.6	–0.4	–1.1	–	16.7	26.2
Materis <sup>(3)</sup>	335.2	2.1	67.2	1.0	–	0.0	405.6
Oranje-Nassau Groep <sup>(4)</sup>	42.8	–	–	–	–42.8	–	–
Stallergenes	1.6	1.1	–	–	–	0.1	2.8
Wendel and holding companies	–	–	–	–	–	–	–
	<b>602.4</b>	<b>–30.1</b>	<b>58.7</b>	<b>5.6</b>	<b>–42.8</b>	<b>–21.9</b>	<b>571.9</b>
of which movements due to changes in income tax rates		–0.5					

(1) includes pension provisions of €25.0 million in 2009 and €21.2 million in 2008.

(2) essentially deferred taxes related to differences in asset valuations: in 2009 and 2008, €102.0 million and €118.9 million, respectively, for Bureau Veritas; €304.3 million and €311.3 million, respectively, for Materis.

(3) at Materis, the principal variation is in deferred tax related to the renegotiation of shareholder loans in 2009.

(4) deferred tax of the Energy division of Oranje-Nassau Groep, sold in 2009.

### III. 2009 Financial statements

## Note 15. Off-balance-sheet commitments

As of December 31, 2009, there were no commitments that could have a material impact on Wendel's financial position other than those disclosed below.

In millions of euros	12.31.2009	12.31.2008
<b>Bid bonds</b>	<b>66.7</b>	<b>58.8</b>
<b>Pledges, mortgages and collateral</b>	<b>8,058.8</b>	<b>8,757.3</b>
of which:		
• 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 a guarantee for the repayment of the debt owed by the Materis group	1,814.4	1,798.2
• pledge by Deutsch Group of shares of the principal companies of the Deutsch group, and of certain bank accounts, trade receivables and assets as a guarantee for the repayment of the debt owed by the Deutsch group	528.5	482.0
• pledge of listed shares in connection with the Saint-Gobain investment structure (market value) <sup>(1) (2)</sup>	4,547.3	4,122.0
• Guarantee given in connection with financing without margin calls and related to hedging <sup>(2)</sup>	476.1	944.0
• pledge of cash in connection with the Saint-Gobain investment structure <sup>(2)</sup>	653.0	1,399.6
• other	39.5	11.6
<b>Other guarantees and endorsements given</b>	<b>655.4</b>	<b>346.4</b>
• guarantee given <sup>(2)</sup>	232.6	239.3
• other <sup>(3)</sup>	422.7	107.1
<b>Other commitments given</b>	<b>30.6</b>	<b>65.1</b>

(1) includes as of December 31, 2009: 73.0 million Saint-Gobain shares with a value of €2,777.5 million and Legrand and Bureau Veritas shares with a value of €1,769.7 million.

(2) See paragraph on Eufor financing in section F under "Managing liquidity risk".

(3) includes as of December 31, 2009:

- guarantees given in the context of the sale of Oranje-Nassau Groep's oil and gas assets. Amounts ranged from 25% to 50% of the sales price depending on the risk involved. These guarantees are of a legal, tax and accounting nature or relate to ownership of the assets sold. There were no guarantees of environmental risks or site remediation costs connected with the divestment;
- guarantees given in connection with the sale of Editis in 2008 for a maximum of 10% of the sale price.

### Shareholder agreements entered into by Wendel

As of December 31, 2009, the Wendel group was party to several agreements governing its relations with its co-shareholders in Materis, Deutsch and Stahl, whether financial co-investors or managers in these companies. These agreements take the form of mechanisms that allow managers to participate in their companies' performance (as described in the section entitled "Participation of managers in Group investments").

These agreements include various clauses related to:

- corporate 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 a sale (tag-along and drag-along rights) or IPO;
- executive departures (commitment to sell shares to Wendel in the event of an executive departure from a subsidiary and/or manager's commitment to buy shares in certain specific cases);
- liquidity in certain situations and in particular in the absence of a sale or IPO beyond a certain period of time.

## H. NOTES TO THE CONSOLIDATED INCOME STATEMENT

### Note 16. Net sales

In millions of euros	2009	2008	Change %	Organic growth
Bureau Veritas	2,647.8	2,549.4	3.9 %	1.9 %
Deutsch	321.3	451.6	-28.8 %	-30.7 %
Materis	1,703.5	1,866.5	-8.7 %	-8.3 %
Stallergenes	192.8	170.9	12.8 %	12 %
<b>Total net sales</b>	<b>4,865.5</b>	<b>5,038.4</b>	<b>-3.4 %</b>	<b>-4.5 %</b>
of which:				
Sales of goods	2,223.1	2,527.0		
Sales of services	2,642.4	2,511.5		
<b>Net sales of discontinued operations</b>				
Oranje-Nassau Groep	98.5	374.0		
Editis	–	274.2		
	<b>98.5</b>	<b>648.3</b>		
<b>Total</b>	<b>4,964.0</b>	<b>5,686.7</b>		

### Note 17. Operating expenses

In millions of euros	2009	2008
Purchases and external charges	2,110.7	2,295.7
Personnel costs	1,882.3	1,850.3
Taxes other than income taxes	91.6	82.6
Other operating expenses	6.2	11.5
Depreciation and amortization	243.4	241.5
Net additions to provisions	19.3	20.3
<b>Total</b>	<b>4,353.5</b>	<b>4,501.8</b>

### III. 2009 Financial statements

#### R&D costs recognized as expenses at:

In millions of euros	2009	2008
Deutsch	0.3	6.8
Materis	19.4	21.5
Stallergenes	46.2	36.6

#### Average number of employees at consolidated companies

	2009	2008
Bureau Veritas	39,067	40,053
Deutsch	2,547	3,401
Materis	8,902	9,242
Oranje-Nassau Groep (Energy division)	–	18
Stallergenes	803	736
Wendel and holding companies	76	72

### Note 18. Income from ordinary activities

In millions of euros	2009	2008
Bureau Veritas	366.4	319.1
Deutsch	12.2	55.9
Materis	166.2	196.6
Stallergenes	32.6	28.3
Wendel and holding companies	–55.9	–54.8
<b>Total</b>	<b>521.6</b>	<b>545.1</b>

### Note 19. Other operating income and expenses

In millions of euros	2009	2008
Net gains on disposal of intangible assets and property, plant and equipment	5.5	8.7
Net gains (losses) on disposal of consolidated investments <sup>(1)</sup>	118.4	–2.0
Restructuring costs	–21.0	–15.9
Impairment of assets <sup>(2)</sup>	–95.4	–208.6
Other income and expenses	–34.1	–4.0
<b>Total</b>	<b>–26.6</b>	<b>–221.8</b>

(1) in 2009: net gain on the sale of 10% of Bureau Veritas. See section entitled "Changes in consolidation scope".

(2) in 2009: asset impairment at Materis (€63.4 million) and Deutsch (€30.0 million). See Note 1 "Goodwill".

## Note 20. Finance costs, net

In millions of euros	2009	2008
<b>Income from cash and cash equivalents</b>		
Interest generated by cash and cash equivalents	27.0	101.8
	<b>27.0</b>	<b>101.8</b>
<b>Finance costs, gross</b>		
Interest expense	-567.0	-685.2
Interest expense on the minorities portion of shareholder loans	-7.6	-9.3
Deferral of debt issuance costs and premiums (calculated using the effective interest method)	-20.5	-21.2
Changes in the fair value of marketable securities	—	-0.6
	<b>-595.1</b>	<b>-716.3</b>
<b>Total</b>	<b>-568.2</b>	<b>-614.5</b>

## Note 21. Other financial income and expenses

In millions of euros	2009	2008
Gains (losses) on disposals of assets available for sale	2.3	-6.7
Dividends received from non-consolidated companies	3.6	11.1
Income on interest rate, currency and equity derivatives <sup>(1)</sup>	-229.3	286.9
Interest on other financial assets	10.9	9.9
Net currency exchange gains/losses	-8.5	-28.5
Impact of discounting	-7.6	-7.1
Other <sup>(2)</sup>	20.0	-72.3
<b>Total</b>	<b>-208.6</b>	<b>193.4</b>

(1) this line item included the gain or loss on sale and the change in fair value of protection purchased against a decline in the price of Saint-Gobain shares, totaling €-225.2 million in 2009 and €418.2 million in 2008. See Note 9 "Financial assets and liabilities".

(2) in 2009 this line item included:

- net proceeds of €65.5 million from Saint-Gobain share warrants sold during Saint-Gobain's March 2009 rights issue. See section entitled "Changes in consolidation scope";
- €-26.2 million in adjustments to the fair value of financial assets related to VGG/AVR.

## III. 2009 Financial statements

## Note 22. Income tax

In millions of euros	2009	2008
Current income tax	-126.7	-113.8
Deferred taxes	37.9	40.4
<b>Total</b>	<b>-88.8</b>	<b>-73.4</b>

The difference between the Group's effective income tax rate and the standard income tax rate applicable in France broke down as follows:

	2009
Standard corporate income tax rate in France	34.43%
Impact of:	
• transactions subject to reduced tax rates or foreign tax rates	43.90%
• uncaptured tax losses generated in the current year and use of existing, uncaptured tax losses	-105.40%
• Impairment of goodwill relating to Materis	-7.80%
• other	3.30%
<b>Effective tax rate</b>	<b>-31.50%</b>

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 costs and other financial income and expenses.

## Note 23. Net income from equity-method investments

In millions of euros	2009	2008
<b>Net income including impact of goodwill allocation</b>		
Saint-Gobain	-50.1	-38.3
Legrand	88.7	110.1
Stahl	-2.3	-27.8
Other companies	-0.1	0.4
<b>Sale of Legrand shares</b>	<b>161.6</b>	<b>-</b>
<b>Impact of Legrand dilution</b>	<b>9.2</b>	<b>-</b>
<b>Impairment of equity-accounted Saint-Gobain shares</b>	<b>-225.4</b>	<b>-</b>
<b>Impact of Saint-Gobain dilution</b>	<b>-782.2</b>	<b>-</b>
<b>Total</b>	<b>-800.6</b>	<b>44.5</b>

## Note 24. Net income (loss) from discontinued operations and operations held for sale

In accordance with IFRS 5, all items on the income statement related to the oil and gas business from the beginning of the fiscal year until the divestment date are presented under “Net income from discontinued operations”, along with the divestment gain. Income statement items related to the oil and gas activities of Oranje-Nassau Groep are presented under the “Net income from discontinued operations” line of the 2008 income statement.

In millions of euros	2009	2008
Gain (loss) on divestments		
Oranje-Nassau Groep - oil and gas business	346.3	–
Editis	–	273.0
	<b>346.3</b>	<b>273.0</b>
Share in net income for the year from discontinued operations		
Oranje-Nassau Groep - oil and gas business <sup>(1)</sup>	15.7	97.2
Editis	–	–17.1
Deutsch companies	–	0.6
Bureau Veritas companies	0.4	–
	<b>16.1</b>	<b>80.7</b>
<b>Total</b>	<b>362.4</b>	<b>353.7</b>

(1) In 2009: pre-tax income €45.0 million; tax €29.3 million.

In 2008: pre-tax income €260.9 million; tax €163.7 million.

## Note 25. Net income

In millions of euros	2009	2008
<b>Consolidated companies</b>		
Wendel and holding companies	–432.8	169.0
Oranje-Nassau Groep	360.5	104.3
Bureau Veritas	225.4	184.3
Deutsch	–74.6	–90.5
Editis	–	–17.1
Materis	–108.9	–186.2
Stallergenes	22.2	19.0
	<b>–8.2</b>	<b>182.7</b>
Share in net income of equity-method investments (see note 23)	–800.6	44.5
	<b>–808.8</b>	<b>227.2</b>
Minority interests (see note 10)	109.4	69.1
<b>Total net income, Wendel group's share</b>	<b>–918.3</b>	<b>158.1</b>



## III. 2009 Financial statements

## Note 26. Earnings per share

In euros and millions of euros	2009	2008
Net income, Group share	-918.3	158.1
Impact of dilutive instruments on subsidiaries	-3.0	-2.7
<b>Diluted net income for the year</b>	<b>-921.3</b>	<b>155.3</b>
Average number of shares	50,153,196	50,223,248
Potential dilution due to Wendel stock options <sup>(1)</sup>	–	76,095
<b>Diluted number of shares</b>	<b>50,153,196</b>	<b>50,299,343</b>
Basic earnings per share (in euros)	-18.31	3.15
Diluted earnings per share (in euros)	-18.37	3.09
Basic earnings per share from continuing operations (in euros)	-25.54	-3.90
Diluted earnings per share from continuing operations (in euros)	-25.60	-3.94
Basic earnings per share from discontinued operations (in euros)	7.23	7.04
Diluted earnings per share from discontinued operations (in euros)	7.23	7.03

(1) Based on the share buyback method.

## I. NOTES ON CHANGES IN CASH POSITION

### Note 27. Acquisitions of property, plant and equipment and intangible assets

In millions of euros	2009	2008
By Bureau Veritas	65.3	87.4
By Deutsch	11.4	18.9
By Materis	53.4	76.6
By Oranje-Nassau Groep	–	150.2
By Stallergenes	14.4	22.4
By Wendel and holding companies	1.0	1.6
<b>Total</b>	<b>145.4</b>	<b>357.0</b>

### Note 28. Divestment of property, plant and equipment and intangible assets

In millions of euros	2009	2008
By Bureau Veritas	0.5	2.0
By Deutsch	1.6	0.2
By Materis	8.3	25.7
By Oranje-Nassau Groep	–	21.3
By Stallergenes	–	–
By Wendel and holding companies	0.1	0.3
<b>Total</b>	<b>10.5</b>	<b>49.6</b>

### Note 29. Acquisitions and subscription of non-current financial assets

In millions of euros	2009	2008
Saint-Gobain	115.9	740.2
By Bureau Veritas	37.0	319.0
By Materis	5.6	17.7
By Deutsch	–	54.4
Other securities	2.0	–
<b>Total</b>	<b>160.5</b>	<b>1,131.3</b>

See section entitled “Changes in consolidation scope”.

### III. 2009 Financial statements

#### Note 30. Divestment of non-current financial assets (at sale price)

In millions of euros	2009	2008
Sale of Bureau Veritas block	272.8	–
Oranje-Nassau Groep - Energy division	582.0	–
Sale of Legrand block	275.8	–
Editis	–	495.0
Other	15.8	9.7
<b>Total</b>	<b>1,146.3</b>	<b>504.8</b>

#### Note 31. Impact of changes in group structure and operations held for sale

This line item corresponds essentially to the oil and gas activities of Oranje-Nassau, sold in the course of the fiscal year.

#### Note 32. Changes in other financial assets and liabilities

In 2009, this line item included €193.5 million in proceeds from the sale of Saint-Gobain puts and €65.5 million in proceeds from the sale of Saint-Gobain share warrants.

#### Note 33. Dividends received from equity-method investments and non-consolidated companies

In millions of euros	2009	2008
Saint-Gobain	103.0	164.9
Legrand	56.4	56.4
Oranje-Nassau Groep-investment fund	3.5	11.5
Other	0.2	0.1
<b>Total</b>	<b>163.0</b>	<b>233.0</b>

## Note 34. Net change in borrowings and other financial liabilities

In millions of euros	2009	2008
<b>New borrowings obtained/debt issued by:</b>		
Wendel – 2014 bond issue	146.2	–
Eufor group (Saint-Gobain investment structure)	106.6	797.8
Bureau Veritas	105.8	795.4
Deutsch	10.8	61.2
Materis	165.0	55.9
Oranje-Nassau Groep	4.0	118.3
Stallergenes	–	7.9
Other Wendel holding companies	11.1	–
	<b>549.4</b>	<b>1,836.5</b>
<b>Borrowings repaid/redeemed by:</b>		
Wendel – Capgemini 2% bond	279.0	–
Wendel – partial repayment of 2011 bond	21.0	–
Eufor group (Saint-Gobain investment structure)	1,024.9	200.6
Bureau Veritas	334.4	594.1
Deutsch	12.9	25.9
Materis	226.7	42.0
Oranje-Nassau Groep	101.0	45.8
Stallergenes	1.4	8.4
Other Wendel holding companies	–	–
	<b>2,001.3</b>	<b>916.8</b>
<b>Total</b>	<b>–1,451.9</b>	<b>919.8</b>

## III. 2009 Financial statements

## J. ADDITIONAL INFORMATION

## Note 35. Leases

There are no financial leases that could have a material impact on Wendel's financial position, other than those set out below.

**Finance leases** (contracts in which the Group assumes substantially all of the risks and rewards of the leased asset).

Future payments on finance leases are to be borne principally by Stallergenes.

Stallergenes has two buildings under finance leases via contracts entered into with leasing companies, the first in 2002 and the second in January 2008. As of December 31, 2009, €9.9 million in debt remained to be paid.

**Amount of future payments under finance leases**

In millions of euros	12.31.2009	12.31.2008
Due in more than 5 years	2.4	2.1
Due in 1 to 5 years	8.9	8.3
Due in less than 1 year and accrued interest	0.9	2.5
<b>Total</b>	<b>12.2</b>	<b>12.9</b>

**Operating leases** (contracts in which the Group does not assume substantially all of the risks and rewards of the leased asset).

**Amount of future rents under operating leases**

In millions of euros	12.31.2009	12.31.2008
Due in more than 5 years	56.9	79.1
Due in 1 to 5 years	95.5	151.4
Due in less than 1 year and accrued interest	41.3	67.7
<b>Total</b>	<b>193.7</b>	<b>298.2</b>

Future rents are to be borne mainly by Bureau Veritas (€189.1 million).

## Note 36. Stock options and bonus shares

The total expense related to stock options was €3.0 million in 2009, vs. €4.8 million in 2008. In addition, a €5.0 million charge was recognized in 2009, vs. €5.0 million in 2008, with respect to share-based payments of Bureau Veritas.

In millions of euros	2009	2008
Stock options at Wendel	0.4	2.8
Grant of bonus shares at Wendel	0.1	0.0
Stock options at Bureau Veritas	1.6	1.0
Grant of bonus shares at Bureau Veritas	5.0	5.9
Stock appreciation rights at Bureau Veritas	0.1	-0.9
Deutsch	0.4	0.3
Stallergenes	0.5	0.7
<b>Total</b>	<b>8.0</b>	<b>9.8</b>

### Wendel

New stock-option grants in 2009 were as follows:

Pursuant to the authorization given by shareholders at their June 4, 2007 Annual Meeting, options giving the right to subscribe to 271,000 shares were granted on April 2, 2009 with a strike price of €18.96 and a 10-year life. These stock options are subject to:

- gradual vesting over five years, in annual tranches of 20% of the total amount granted, with the first tranche vesting at the end of the first year;
- a performance condition: the amount ultimately exercisable is a function of the change in net asset value per share (assuming dividends are reinvested) after five years. The amount granted vests in full if the increase in net asset value is greater than or equal to 120% (i.e. 2.2 times the benchmark net asset value), is reduced by 75% if growth is less than 30%, and is reduced on a straight-line basis within these limits.

These options have been valued using a binomial model, based on the following principal assumptions: a 3.6% risk-free rate and 38.35% volatility; staff turnover is considered to be zero. The illiquid nature of stock options has been taken into account in this model, which is usually applicable to options that can be freely traded on a market. Stock options granted have been valued at €2.62 each. The expense has been spread out on the basis of the maturity schedule of the vesting rights (see above).

Pursuant to the authorization given by shareholders at their June 5, 2009 Annual Meeting, options giving the right to subscribe to 391,200 shares were allocated on July 16, 2009 with a strike price of €22.58 and a 10-year life. These stock options are subject to:

- for employees, gradual vesting over three years, in annual tranches of one-third of the total amount granted, with the first tranche vesting at the end of the first year;
- for the members of the Executive Board,
  - (i) a performance condition requiring an average increase in net asset value of 20% per year; and
  - (ii) gradual vesting over three years, in annual tranches of one-third of the total amount granted, 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 principal assumptions: a 3.7% risk-free rate and 40.7% volatility; staff turnover is considered to be zero. The illiquid nature of stock options has been taken into account in this model, which is usually applicable to options that can be freely traded on a market. The value of the options granted is estimated at €3.42 each for employees and €1.44 each for the members of the Executive Board. The expense has been spread out on the basis of the maturity schedule of the vesting rights (see above).

Pursuant to the authorization given by shareholders at their June 5, 2009 Annual Meeting relative to bonus shares, 7,200 shares were granted on July 16, 2009. As of December 31, 2009 8,720 bonus shares granted to employees in the last two bonus share plans had not yet vested.

### III. 2009 Financial statements

#### Bureau Veritas

In July 2009, Bureau Veritas granted 266,500 stock options with a strike price of €34.98 and an eight-year life. For the options to vest, the optionee must complete three years of service, and a performance objective based on 2008 adjusted operating income must be achieved. The average unit fair value of options granted during the fiscal year was €11.25. Their value was assessed with a Black and Scholes model, based on the following assumptions:

29% volatility, 3.15% risk-free rate and an estimated life of seven years.

In 2009, Bureau Veritas awarded 354,300 bonus shares under certain conditions of continued employment and/or performance. The weighted average fair value of the bonus shares awarded in 2009 was €28.07 per share.

#### Stallergenes

Stallergenes granted 49,000 stock options in 2009, with a strike price of €50.55 and a 10-year life. The options vest over a three-year period. The average value of the options granted has been estimated at €11.78 each.

	Number of options outstanding 12.31.2008	Options granted in 2009	Options canceled in 2009	Options exercised in 2009	Adjustment	Number of options outstanding 12.31.2009	Number of exercisable options	Exercise price (€)	Average exercise price (€)	Average residual life
Wendel										
Purchase- type options <sup>(1)</sup>	10,401	191,200		–	–	201,601	10,401	22.58 & 33.35	23.14	9.1 yrs.
Purchase- type options <sup>(1)</sup> Indexed to NAV/share	–	200,000	–	–	–	200,000	–	22.58	22.58	9.5 yrs.
Subscri- ption-type options	252,659	–	–34,936	–	–	217,723	217,723	24.59 to 90.14	55.24	4.5 yrs.
Subscri- ption-type options Indexed to NAV/share	1,728,100	271,000	–788,400	–	–	1,210,700	–	18.96 to 132.96	78.04	8.4 yrs.
Bureau Veritas	3,014,020	266,500	–117,700	–487,983	–	2,674,837	201,637	6.19 to 38.35	18.39	5.4 yrs.
Stallergenes	526,585	49,000	–9,000	–93,467	–	473,118	316,598	10.14 to 60.50	29.19	6 yrs.
Deutsch	2,647,832	–	–	–	–	2,647,832	2,647,832	1.00	1.00	5 yrs.

(1) Wendel holds the shares necessary to cover the exercise of stock options granted.



## Note 37. Segment information

The income statement is analyzed in detail by sector between “net income from business sectors” and non-recurring items. Net income from business sectors is the Group’s net income, excluding the following items:

- capital gains and losses from the divestment of assets;
- restructuring costs considered exceptional;
- exceptional legal disputes, notably those that are not linked to operating activities;
- interest income and expenses on shareholder loans, 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 as 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 extinguishment of debt;
- any other significant item unconnected with the recurring operations of the Group;
- the impact of goodwill allocation.

## III. 2009 Financial statements

## Income statement by operating segment for fiscal year 2009

	Bureau Veritas	Materis	Oranje- Nassau Groep (Energy)	Deutsch	Stallergenes	Equity-method investments			Holdings Comp- anies	Total
						Saint- Gobain	Legrand	Stahl		
<b>Net income from business sectors</b>										
<b>Net sales</b>	<b>2,647.8</b>	<b>1,703.5</b>	<b>–</b>	<b>321.3</b>	<b>192.8</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>4,865.5</b>
<b>Adjusted operating income<sup>(1)</sup></b>	<b>433.2</b>	<b>184.9</b>	<b>–</b>	<b>37.0</b>	<b>NA</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Operating income before R&amp;D</b>	<b>NA</b>	<b>NA</b>	<b>–</b>	<b>NA</b>	<b>70.9</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
R&D	–	–	–	–	–38.6	–	–	–	–	–
Other recurring operating items	0.0	2.0	–	–3.2	0.3	–	–	–	–	–
<b>Operating income</b>	<b>433.2</b>	<b>186.9</b>	<b>–1.3</b>	<b>33.8</b>	<b>32.6</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–49.7</b>	<b>635.6</b>
Finance costs, net	–44.0	–153.0	–0.6	–37.2	–0.6	–	–	–	–326.5	–561.9
Other financial income and expenses	–17.1	–1.2	–0.2	–2.3	–0.5	–	–	–	–8.0	–29.2
Tax expense	–94.1	–32.3	0.2	–2.5	–9.4	–	–	–	–0.1	–138.3
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	–	–	–	–	–	16.1
<b>Recurring net income from business sectors</b>	<b>278.5</b>	<b>0.1</b>	<b>13.8</b>	<b>–8.2</b>	<b>22.2</b>	<b>115.0</b>	<b>115.7</b>	<b>–</b>	<b>–384.3</b>	<b>152.9</b>
<b>Recurring net income from business sectors –Group share</b>	<b>147.3</b>	<b>–0.7</b>	<b>13.8</b>	<b>–10.5</b>	<b>10.2</b>	<b>115.0</b>	<b>115.7</b>	<b>–</b>	<b>–384.4</b>	<b>6.4</b>
<b>Non-recurring income</b>										
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
<b>Non-recurring net income</b>	<b>–53.0</b>	<b>–109.2</b>	<b>346.7</b>	<b>–66.5</b>	<b>–</b>	<b>–1,172.8</b>	<b>–17.8</b>	<b>–2.3</b>	<b>113.1</b>	<b>–961.7</b>
Of which:										
– Non-recurring items	–4.0	–32.3	346.7 (a)	–31.1	–	–794.7 (b)	–4.8	–2.3	113.1 (d)	–409.4
– Impact of goodwill allocation	–47.0	–13.5	–	–15.8	–	–87.8	–8.1	–	–	–172.2
– Asset impairment	–1.9	–63.4	–	–19.6	–	–290.2 (c)	–5.0	–	–	–380.1
<b>Non-recurring net income from business sectors – Group share</b>	<b>–28.6</b>	<b>–94.2</b>	<b>346.7</b>	<b>–68.9</b>	<b>–</b>	<b>–1,172.8</b>	<b>–17.8</b>	<b>–2.3</b>	<b>113.1</b>	<b>–924.6</b>
<b>Consolidated net income</b>	<b>225.5</b>	<b>–109.1</b>	<b>360.5</b>	<b>–74.6</b>	<b>22.2</b>	<b>–1,057.7</b>	<b>97.9</b>	<b>–2.3</b>	<b>–271.2</b>	<b>–808.8</b>
<b>Consolidated net income –Group share</b>	<b>118.7</b>	<b>–94.9</b>	<b>360.5</b>	<b>–79.4</b>	<b>10.2</b>	<b>–1,057.7</b>	<b>97.9</b>	<b>–2.3</b>	<b>–271.2</b>	<b>–918.3</b>

(1) before impact of goodwill allocations, non-recurring items and management fees.

(a) includes gain on sale of Oranje-Nassau's oil and gas activities of €346.3 million.

(b) includes Saint-Gobain dilution loss of €782.2 million.

(c) impairment losses on Saint-Gobain assets at Wendel level totaling €225.4 million and at Saint-Gobain totaling €64.9 million.

(d) includes:

- gain of €118.4 million on sale of Bureau Veritas block;
- gain of €161.6 million on sale of Legrand block;
- loss of €225.2 million on sale and change in fair value of Saint-Gobain puts
- gain of €65.5 million on sale of Saint-Gobain share warrants;
- fair value adjustment of €-26.2 million on VGG/AVR.

## Cash flow statement by business segment for fiscal year 2009

In millions of euros	Bureau Veritas	Deutsch	Materis	Oranje- Nassau Energy	Stallergenes	Wendel and holding companies	Eliminations and unallocated	Total Group
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

## III. 2009 Financial statements

## Income statement by operating segment for fiscal year 2008

	Bureau Veritas	Materis	Oranje- Nassau Groep (Energy)	Deutsch	Stallergenes	Editis	Equity-method investments			Holdings Comp- anies	Total
							Saint- Gobain	Legrand	Stahl		
<b>Net income from business sectors</b>											
<b>Net sales</b>	<b>2,549.4</b>	<b>1,866.5</b>	<b>–</b>	<b>451.6</b>	<b>170.9</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>5,038.4</b>
<b>Adjusted operating income<sup>(1)</sup></b>	<b>387.9</b>	<b>214.6</b>	<b>–</b>	<b>88.2</b>	<b>NA</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Operating income before R&amp;D</b>	<b>NA</b>	<b>NA</b>	<b>–</b>	<b>NA</b>	<b>58.1</b>	<b>NA</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
R&D	–	–	–	–	–30.0	–	–	–	–	–	–
Other recurring operating items	8.4	–0.0	–	–1.5	0.2	–	–	–	–	–	–
<b>Operating income</b>	<b>396.3</b>	<b>214.6</b>	<b>–5.7</b>	<b>86.7</b>	<b>28.3</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–49.0</b>	<b>671.1</b>
Finance costs, net	–52.3	–152.9	–4.6	–46.1	–1.2	–	–	–	–	–352.4	<b>–609.5</b>
Other financial income and expenses	–9.6	–5.1	–0.2	–3.3	–0.3	–	–	–	–	–14.0	<b>–32.5</b>
Tax expense	–92.7	–23.9	6.5	–5.7	–7.8	–	–	–	–	–0.2	<b>–123.7</b>
Share of net income from equity-method investments	0.1	0.3	–	–	–	–	398.3	138.2	–0.1	0.1	<b>536.9</b>
Net income from discontinued operations and operations held for sale	0.0	–	82.1	–	–	–5.3	–	–	–	–	<b>76.8</b>
<b>Recurring net income from business sectors</b>	<b>241.8</b>	<b>33.0</b>	<b>78.0</b>	<b>31.7</b>	<b>19.0</b>	<b>–5.3</b>	<b>398.3</b>	<b>138.2</b>	<b>–0.1</b>	<b>–415.5</b>	<b>519.2</b>
<b>Recurring net income from business sectors - Group share</b>	<b>147.1</b>	<b>23.4</b>	<b>78.0</b>	<b>22.5</b>	<b>8.9</b>	<b>–5.3</b>	<b>398.3</b>	<b>138.2</b>	<b>–0.1</b>	<b>–415.8</b>	<b>395.3</b>
<b>Non-recurring income</b>											
Operating income	–87.6	–181.5	–	–80.8	–	–	–	–	–	2.0	<b>–347.8</b>
Net financial income	–7.8	–53.0	11.2	–39.0	–	–	–	–	–	309.5	<b>220.9</b>
Tax expense	37.9	15.5	–	–3.1	–	–	–	–	–	–	<b>50.3</b>
Share of net income from equity-method investments	–	–	–	–	–	–	–436.6	–28.1	–27.7	–	<b>–492.4</b>
Net income from discontinued operations and operations held for sale	–	–	15.1	0.6	–	–11.8	–	–	–	273.0	<b>276.9</b>
<b>Non-recurring net income</b>	<b>–57.4</b>	<b>–219.0</b>	<b>26.2</b>	<b>–122.2</b>	<b>–</b>	<b>–11.8</b>	<b>–436.6</b>	<b>–28.1</b>	<b>–27.7</b>	<b>584.6</b>	<b>–292.0</b>
of which:											
– Non-recurring items	–3.2	–47.7	30.6	–57.3	–	–9.0	10.0	–16.6	–7.5	638.6 <sup>(b)</sup>	<b>538.2</b>
– Impact of goodwill allocation	–53.0	–11.8	–4.4	–17.1	–	–2.9	–167.8	–11.5	–6.6	–	<b>–275.2</b>
– Asset impairment	–1.2	–159.5	–	–47.8	–	–	–278.7 <sup>(a)</sup>	–	–13.6	–54.0 <sup>(c)</sup>	<b>–554.9</b>
<b>Non-recurring net income from business sectors - Group share</b>	<b>–35.9</b>	<b>–199.4</b>	<b>26.2</b>	<b>–108.7</b>	<b>–</b>	<b>–11.8</b>	<b>–436.6</b>	<b>–28.1</b>	<b>–27.6</b>	<b>584.6</b>	<b>–237.3</b>
<b>Consolidated net income</b>	<b>184.4</b>	<b>–185.9</b>	<b>104.3</b>	<b>–90.5</b>	<b>19.0</b>	<b>–17.1</b>	<b>–38.3</b>	<b>110.1</b>	<b>–27.8</b>	<b>169.0</b>	<b>227.2</b>
<b>Consolidated net income - Group share</b>	<b>111.3</b>	<b>–176.0</b>	<b>104.3</b>	<b>–86.2</b>	<b>8.9</b>	<b>–17.1</b>	<b>–38.3</b>	<b>110.1</b>	<b>–27.6</b>	<b>168.8</b>	<b>158.1</b>

(1) Before impact of goodwill allocations, non-recurring items and management fees.

(a) Includes €239.7 million in impairment losses on Saint-Gobain assets and €39.0 million at Saint-Gobain

(b) Of which:

- €418 million increase in the fair value of Saint-Gobain puts;
- €35.7 million decline in the fair value of interest rate swaps;
- gain of €273.0 million on sale of Editis;

(c) Write-down of €54 million on loans to Stahl.

## Cash flow statement by business segment for fiscal year 2008

In millions of euros	Bureau Veritas	Deutsch	Editis	Materis	Oranje-Nassau	Stallergenes	Wendel and holding companies	Eliminations and unallocated	Total Group
Net cash flows from operating activities, excl. tax	381.5	90.8	–	251.6	295.2	33.2	–45.4	–	1,006.9
Net cash flows from investing activities, excl. tax	–405.9	–64.5	–128.9	–73.4	–112.6	–18.3	–167.0	–52.8	–1,023.3
Net cash flows from financing activities, excl. tax	106.3	–11.9	–	–136.4	43.0	–4.6	128.6	52.8	177.9
Net cash flows related to taxes	–66.1	–6.1	–	–30.1	–142.5	–10.0	1.3	–	–253.4

## Note 38. Unavailable assets

In millions of euros	12.31.2009			
	Unavailability expiration date	Consolidated value of unavailable assets	Total for balance sheet line item	% of balance sheet line item
Intangible assets		–	1,439.5	
Stallergenes	09.2014	12.3		
Property, plant and equipment		12.3	847.1	1.4%
Bureau Veritas		9.9		
Eufor group (Saint-Gobain investment structure) <sup>(1) (2)</sup>		1,024.0		
Non-current financial assets		1,033.9	1,112.9	92.9%
Equity-method investments <sup>(3)</sup>		3,854.2	4,836.2	79.7%
Other non-current assets <sup>(1)</sup>		–	2,593.1	
<b>Total non-current assets</b>		<b>4,900.4</b>	<b>10,828.8</b>	<b>45.3%</b>

(1) These assets will be unavailable until the maturity date of the Eufor group financing.

(2) Of which cash and cash equivalents: €682.3 million.

(3) Consolidated value (Legrand and Saint-Gobain shares pledged as collateral. See Note 15 "Off-balance-sheet commitments".)

Certain other assets eliminated in consolidation, such as shares in consolidated companies or inter-company receivables, have also been pledged to banks as collateral. These assets are as follows:

- certain shares of Materis group companies, having a value of €1,814.4 million, have been pledged to banks as collateral on loans they granted;
- In the Deutsch group financing set up at the end of June 2006, shares in the main Deutsch group companies were pledged to banks as collateral on €528.5 million in loans they granted;
- Bureau Veritas shares pledged under Eufor group financing (see section on liquidity risk related to Eufor group financing).

### III. 2009 Financial statements

## Note 39. Subsequent events

### **Stahl: financial restructuring finalized and ownership share increased to 92%**

On February 26, 2010, Wendel successfully completed the renegotiation of Stahl's debt with the unanimous support of senior, second lien and mezzanine lenders. In accordance with the proposal presented to lenders at the beginning of the fourth quarter of 2009, Wendel has invested an additional €60 million in Stahl and increased its ownership share from 48% to 92%. Mezzanine lenders, second-lien lenders and management hold the rest of the shares.

Stahl's debt has thereby been reduced by almost 45%, from €350 million to €195 million, which will give it a financial structure suited to carrying out the new business plan presented to the banks.

The next covenant test will be performed on the basis of the situation in March 2011.

### **Continued repurchase of 2011 bonds**

Repurchasing of 2011 bonds has continued into 2010. As of the date these financial statements were approved, Wendel had repurchased 2011 bonds in 2010 with a par value of €69.7 million, with the intention to cancel them.

### **Helikos IPO**

Wendel accompanied Helikos as the principal sponsor in its initial public offering on the Frankfurt stock exchange, which raised capital of €200 million. Helikos began trading on February 4, 2010. Helikos is a special purpose acquisition company (SPAC), a listed company whose sole purpose is to invest in an unlisted company in Germany. The enterprise value of this company will be between €300 million and €1 billion.

Wendel and the other co-founders invested €26 million at the time of the IPO, including €10 million as sponsors and €16 million as part of the public offering itself.

## K. LIST OF PRINCIPAL COMPANIES CONSOLIDATED AT DECEMBER 31, 2009

### Scope of consolidation

Consolidation method	% interest net of treasury shares	Company name	Country	Business segment
<b>FC</b>	<b>100.00</b>	<b>Wendel</b>	<b>France</b>	<b>Management of shareholdings</b>
FC	100.00	Coba	France	"
FC	99.58	Compagnie de Butterfly	France	"
FC	100.00	Compagnie Financière de la Trinité	France	"
FC	99.50	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	Sofe	France	"
FC	100.00	Sofiservice	France	"
FC	100.00	Winbond	France	"
FC	100.00	Winvest 10	France	"
FC	100.00	Winvest 11	France	"
FC	100.00	Winvest 14	France	"
FC	100.00	Winvest 15	France	"
FC	100.00	Xevest holding	France	"
FC	100.00	Xevest 1	France	"
FC	100.00	Xevest 2	France	"
FC	99.58	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	99.50	Karggen	Luxembourg	"
FC	99.58	Luxconnecting Parent	Luxembourg	"
FC	90.16	LuxButterfly	Luxembourg	"
FC	97.29	Materis Investors	Luxembourg	"



## III. 2009 Financial statements

Consolidation method	% interest net of treasury shares	Company name	Country	Business segment
FC	99.58	Stahl Lux 1 Sarl	Luxembourg	"
FC	100.00	Trief Corporation	Luxembourg	"
FC	100.00	Truth 2	Luxembourg	"
FC	100.00	Winvest Conseil	Luxembourg	"
FC	100.00	Winvest Part 1	Luxembourg	"
FC	99.58	Winvest Part 4	Luxembourg	"
FC	100.00	Winvest Part 6	Luxembourg	"
FC	100.00	Winvest Part 7	Luxembourg	"
FC	99.58	Winvest International	Luxembourg	"
FC	100.00	Win Securitization (formerly Winvest Part 5)	Luxembourg	"
FC	100.00	Win Securitization 2	Luxembourg	"
FC	88.00	Helikos SE	Luxembourg	"
FC	100.00	Oranje-Nassau Groep	Netherlands	"
FC	100.00	Legron	Netherlands	"
FC	100.00	Sofisamc	Switzerland	"
FC	100.00	Wendel Japan	Japan	"
<b>FC</b>	<b>46.06</b>	<b>Stallergenes SA</b>	<b>France</b>	<b>Allergy immunotherapy</b>
<b>FC</b>	<b>51.97</b>	<b>Bureau Veritas</b>	<b>France</b>	<b>Certification and verification</b>
<b>FC</b>	<b>75.58*</b>	<b>Materis Parent</b>	<b>Luxembourg</b>	<b>Specialty chemicals for construction</b>
<b>FC</b>	<b>89.03*</b>	<b>Deutsch Group</b>	<b>France</b>	<b>High-performance connectors</b>
<b>E</b>	<b>25.05</b>	<b>Legrand SA.</b>	<b>France</b>	<b>Products and systems for low voltage installations</b>
<b>E</b>	<b>45.77*</b>	<b>Stahl</b>	<b>Netherlands</b>	<b>High-performance coatings and leather finishing products</b>
<b>E</b>	<b>17.66</b>	<b>Saint-Gobain</b>	<b>France</b>	<b>Production, transformation and distribution of construction materials</b>

\* Interest rates: see "Accounting principles".

# Statutory Auditors' report on the consolidated financial statements

Year ended December 31, 2009

*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 users. The Statutory Auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the 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 captions or on information taken outside of the consolidated financial statements. 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 Shareholders' Meeting, we hereby report to you, for the year ended December 31, 2009, on:

- the audit of the accompanying 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 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, on a test basis or by selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating 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 consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of Wendel and its subsidiaries as at December 31, 2009, and of the results of their operations for the year then ended in accordance with IFRS as adopted by the European Union.

Without qualifying our opinion, we draw your attention to:

Note 4 to the consolidated financial statements "Equity-method investments – impairment test on equity-method investments: Saint-Gobain" which describes the methods applied to value the interest held in Saint-Gobain based on value in use in accordance with IFRS, and in particular in relation to the following points:

the value in use of the interest in Saint-Gobain was valued by the Company at €48.6 per share at December 31, 2009. For the purposes of this valuation, the facts and circumstances 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 valuation led to an impairment loss of €225.4 million in 2009,

- the uncertainties with regard to the outlook for the global economy make forecasting difficult and the actual amounts could be at variance from the forecasts established within the scope of the impairment test performed. It is therefore possible that the value in use of the interest held will be different from that determined on the basis of the assumptions and estimates applied at December 31, 2009,
- the sensitivity analysis in the event of +/- 0.5% change in the discount rate and the sensitivity analysis in the event of +/- 0.5% change in the long-term growth rate.

Note 8.D to the consolidated financial statements "Financial assets and liabilities (excluding financial debt and operating receivables and payables) –Derivative instruments" which concerns derivatives used to hedge against a fall in the price of Saint-Gobain share indicates that these instruments are valued in accordance with IAS 39 on the basis of market inputs on the balance sheet date and their impact on the financial statements.

## III. 2009 Financial statements

### II. Justification of 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, Wendel 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, 2009 were made against the backdrop of the economic crisis which was already prevailing at December 31, 2008 and which is described in Note B to the consolidated financial statements "Accounting principles – Use of estimates".

It is in this specific context that at December 31, 2009 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 test".

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 the recognition of an impairment loss of €225.4 million for 2009, we reviewed the assumptions and estimates applied by the Company to determine the value in use of the investment.

These assessments were made in the context 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 and information

As required by law, we have also verified in accordance with professional standards applicable in France 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 29, 2010

The Statutory Auditors

(French original signed by)

PricewaterhouseCoopers Audit

ERNST & YOUNG Audit

Olivier Thibault

Jean-Pierre Letartre

# Parent company financial statements

- 152 • Analysis of the parent company financial statements
- 156 • Balance sheet at December 31, 2009
- 158 • Income statement
- 159 • Cash flow statement
- 160 • Notes to the parent company financial statements
- 162 • Notes to the balance sheet
- 168 • Notes to the income statement
- 172 • Securities portfolio at December 31, 2009
- 173 • Subsidiaries and associates at December 31, 2009
- 174 • Five-year financial summary
- 175 • Statutory Auditors' report on the annual financial statements

## Parent company financial statements

# Analysis of the parent company financial statements

## INCOME STATEMENT

In millions of euros	2009	2008
Income from investments in subsidiaries and associates	0	1,025
Other financial income and expenses	-76	15
<b>Net financial income</b>	<b>-76</b>	<b>1,040</b>
Operating income	-38	-24
<b>Income (loss) before exceptional items and tax</b>	<b>-114</b>	<b>1,016</b>
Exceptional items	-993	3
Income taxes	0	1
<b>Net income</b>	<b>-1,107</b>	<b>1,020</b>

Income before exceptional items and tax was a loss of €114 million in 2009 compared with income of €1,016 million in 2008. Fiscal year 2008 contained some non-recurring transactions, principally the €1,000 million dividend paid by Winbond. Excluding this item, the change in income before exceptional items and tax came about primarily because no dividends were received in 2009 (vs. €25 million in 2008), interest

income on invested cash declined by €28 million and net interest received on intragroup receivables and liabilities declined by €90 million, the combined effect of declines in net amounts loaned and in interest rates.

Net exceptional items of €-993 million were composed essentially of €984 million in impairment losses on loans granted to holding companies that hold or finance the stake in Saint-Gobain.

## BALANCE SHEET

In millions of euros

Assets	12.31.2009	12.31.2008
Property, plant & equipment	4	4
Non-current financial assets	3,549	2,566
Intragroup receivables	1,091	2,866
Net WCR	19	42
Cash and marketable securities	1,014	899
Original issue discount	77	39
<b>Total assets</b>	<b>5,754</b>	<b>6,416</b>

Non-current financial assets increased by €983 million between 2008 and 2009, mainly because Wendel subscribed to Winbond's capital increase (€983 million).

Intragroup receivables and liabilities represented a net receivable of €333 million at end-2009 vs. a net receivable of €2,726 million at the end of the previous year. The principal movements were as follows: i) a loan of €983 million to Winbond was converted into shares, ii) Wendel extended a €191 million loan in 2009 to the holding companies that hold or finance the stake in Saint-Gobain, iii) holding companies extended €617 million in loans to Wendel and iv) Wendel recognized provisions of €984 million against loans to the holding companies that hold or finance the stake in Saint-Gobain.

Liabilities	12.31.2009	12.31.2008
Shareholders' equity	2,254	3,409
Provisions	21	27
Intragroup liabilities	758	140
Financial debt	2,721	2,840
<b>Total liabilities and shareholders' equity</b>	<b>5,754</b>	<b>6,416</b>

The original issue discount line item registered an increase of €45 million, because bonds maturing in 2014 with a par value of €300 million were issued at around 85% of par, and a decrease of €7 million, reflecting amortization of this discount.

Shareholders' equity totaled €2,254 million and reflected in 2009 the net loss of €1,016 million and the payment of dividends on 2008 earnings of €50 million.

Financial debt totaled 2,721 million. During the year, €279 million in bonds exchangeable into Capgemini shares were repaid, €300 million in new 2014 bonds were issued and the 2011 bonds outstanding were reduced by €134 million following the exchange of €113 million in 2011 bonds for a portion of the 2014 bond issue and the repurchase of €21 million (par value amounts).

## NEW INVESTMENTS

In application of Article L. 233-6 of the French Commercial Code, we inform you that in 2009 Wendel invested in, or took control of, the following companies:

	Direct ownership	Direct and indirect ownership
None		

# Parent company financial statements

**156 •** [Balance sheet at December 31, 2009](#)

**158 •** [Income statement](#)

**159 •** [Cash flow statement](#)

**160 •** [Notes to the parent company financial statements](#)

**162 •** [Notes to the balance sheet](#)

**162 •** Note 1. Investments in subsidiaries and associates

**162 •** Note 2. Other receivables

**162 •** Note 3. Financial instruments

**163 •** Note 4. Marketable securities

**164 •** Note 5. Changes in shareholders' equity

**165 •** Note 6. Provisions for liabilities and charges

**166 •** Note 7. Borrowings

**166 •** Note 8. Other liabilities

**167 •** Note 9. Financial instruments

**167 •** Note 10. Off-balance-sheet commitments



**168 • Notes to the income statement**

**168 •** Note 11. Income from investments in subsidiaries, associates and long term equity portfolio

**168 •** Note 12. Other financial income and expenses

**168 •** Note 13. Operating revenue

**169 •** Note 14. Compensation and staff numbers

**169 •** Note 15. Exceptional items in 2009

**170 •** Note 16. Income tax in 2009

**170 •** Note 17. Subsequent events

**171 •** Note 18. Managing liquidity risk

## Parent company financial statements

## Balance sheet at December 31, 2009

## ASSETS

		12.31.2009			12.31.2008
In thousands of euros		Gross amounts	Depreciation or provisions	Net amounts	Net amounts
<b>Non-current assets</b>					
Property, plant & equipment		14,123	10,432	3,691	4,284
Non-current financial assets <sup>(1)</sup>					
• Investments in subsidiaries and associates	Note 1	3,651,649	103,283	3,548,366	2,565,634
• Other long-term investments		354	–	354	304
• Loans and other non-current financial assets		46	–	46	99
		3,652,049	103,283	3,548,766	2,566,037
<b>Total</b>		<b>3,666,172</b>	<b>113,715</b>	<b>3,552,457</b>	<b>2,570,321</b>
<b>Current assets</b>					
Trade receivables <sup>(2)</sup>		406	–	406	459
Other receivables <sup>(2)</sup>	Note 2	2,147,307	983,853	1,163,454	2,920,503
Treasury instruments	Note 3	97,528	–	97,528	156,866
Marketable securities	Note 4	1,013,597	–	1,013,597	897,516
Cash		608	–	608	1,315
Prepaid expenses		884	–	884	809
<b>Total</b>		<b>3,260,330</b>	<b>983,853</b>	<b>2,276,477</b>	<b>3,977,468</b>
Original issue discounts		76,931	–	76,931	38,992
<b>Total assets</b>		<b>7,003,433</b>	<b>1,097,568</b>	<b>5,905,865</b>	<b>6,586,781</b>
(1) Of which less than one year.				3	53
(2) Of which more than one year.				–	–

## LIABILITIES AND SHAREHOLDERS' EQUITY

In thousands of euros		12.31.2009	12.31.2008
<b>Shareholders' equity</b>			
Share capital		201,745	201,466
Share premiums		247,843	246,905
Legal reserve		20,174	20,127
Required reserves		191,820	191,820
Other reserves		2,200,000	1,200,000
Retained earnings		499,159	529,094
Net income for the year		– 1,106,853	1,020,302
<b>Total</b>	Note 5	<b>2,253,888</b>	<b>3,409,714</b>
<b>Provisions for liabilities and charges</b>			
	Note 6	20,877	26,698
Financial debt	Note 7	3,479,283	2,980,469
Other payables	Note 8	151,817	169,900
<b>Total<sup>(1)</sup></b>		<b>3,631,100</b>	<b>3,150,369</b>

<b>Total liabilities and shareholders' equity</b>	<b>5,905,865</b>	<b>6,586,781</b>
(1) Of which less than one year	854,934	540,369
Of which more than one year	2,776,166	2,610,000

## Parent company financial statements

## Income statement

In thousands of euros		2009	2008
<b>Income from investments in subsidiaries, associates and long-term equity portfolio</b>	Note 11	<b>8</b>	<b>1,025,008</b>
<b>Other financial income and expenses</b>	Note 12		
Income			
• Income from marketable securities		–	–
• Income from long-term loans and advances		1	2
• Income from invested cash		160,552	323,417
• Provisions reversed		3,222	223
Expenses			
• Interest and similar expenses		231,650	300,378
• Amortization and provisions		8,175	8,191
<b>Net financial income (expense)</b>		<b>–76,042</b>	<b>1,040,081</b>
<b>Operating income</b>	Note 13		
Other income		3,902	10,664
Provisions reversed		27	–
<b>Operating expenses</b>			
Purchases and external services		16,712	17,209
Taxes other than income taxes		2,326	2,654
Wages and salaries	Note 14	14,273	8,331
Social security costs		6,761	4,335
Depreciation & amortization		1,008	959
Provisions recognized		–	122
Miscellaneous expenses		662	670
<b>Operating income (loss)</b>		<b>–37,813</b>	<b>–23,616</b>
<b>Net income (loss) before exceptional items and tax</b>		<b>–113,855</b>	<b>1,016,465</b>
<b>Exceptional income</b>			
On operating transactions		35	13,691
On capital transactions		17	526,759
Provisions reversed		12,410	1,259
<b>Exceptional expenses</b>			
On operating transactions		12,460	2,159
On capital transactions		57	420,358
Provisions recognized		993,012	115,991
<b>Exceptional items</b>	Note 15	<b>–993,067</b>	<b>3,201</b>
<b>Income taxes</b>	Note 16	<b>69</b>	<b>636</b>
<b>Net income (loss)</b>		<b>–1,106,853</b>	<b>1,020,302</b>

# Cash flow statement

In thousands of euros	2009	2008
<b>Cash flows from operating activities</b>		
Net income (loss)	-1,106,853	1,020,302
Elimination of gains and losses on disposal of non-current assets	-861	-99,371
Elimination of depreciation, amortization and provisions	998,944	111,369
Elimination of other non-cash items	-7,267	23,561
Change in working capital requirement related to operating activities	5,671	13,772
<b>Net cash flows from operating activities</b>	<b>-110,366</b>	<b>1,069,633</b>
<b>Cash flows from investing activities</b>		
Outflows:		
• Investment in shares of subsidiaries and associates	-190	-1,173,983
• Acquisitions of property, plant & equipment	-539	-1,474
• Loans granted	-	-50
Inflows (based on sale price):		
• Divestment of shares in subsidiaries and associates	-	526,803
• Disposal of property, plant & equipment	84	51
• Loans granted	53	4
Change in working capital requirement related to investing activities	12,282	7,400
<b>Net cash flow from investing activities</b>	<b>11,690</b>	<b>-641,249</b>
<b>Cash flows from financing activities</b>		
Related to share capital		
• Increase in share capital	1,241	2,299
• Buyback of Wendel shares	-18,815	-
• Disposal of Wendel shares (liquidity contract)	1,543	-2,355
Dividend payments	-50,213	-100,459
Net change in borrowings and other financial liabilities <sup>(1)</sup>	268,561	-1,093,722
Change in working capital requirement related to financing activities	-6,551	5,001
<b>Net cash flow from financing activities</b>	<b>195,766</b>	<b>-1,189,236</b>
<b>Change in net cash and cash equivalents</b>	<b>97,090</b>	<b>-760,852</b>
<b>Net cash and cash equivalents at beginning of year</b>	<b>893,777</b>	<b>1,654,629</b>
<b>Net cash and cash equivalents at end of year</b>	<b>990,867</b>	<b>893,777</b>

(1) In 2009 this line item included primarily €426,268 in net loans granted by the Group's holding companies, €279,020 in repayment of the Capgemini bonds maturing in 2009, €20,977 in partial repayment of Wendel's 2011 bonds and €142,295 in newly-issued Wendel 2014 bonds.

## Parent company financial statements

# Notes to the parent company financial statements

In thousands of euros

## HIGHLIGHTS OF THE YEAR

In 2009, Wendel subscribed to Winbond's capital increase, via an offset to loans, of €983,291 thousand.

Certain loans granted to holding companies that hold or finance the Group's stake in Saint-Gobain were written down by €983,853 thousand. This write-down was based on a value of €48.60 per Saint-Gobain share.

Wendel repaid €279,020 thousand in Capgemini exchangeable bonds that matured during the year, exchanged 2011 bonds against 2014 bonds and issued new 2014 bonds. As a result of this transaction, the amount of bonds maturing in 2011 was reduced from €584,023 thousand to €471,166 thousand and the amount maturing in 2014 was increased from €400,000 thousand to €700,000 thousand.

Wendel borrowed €617,396 thousand from Winbond, a holding company that indirectly holds the Group's investments in Legrand and Bureau Veritas.

## 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 activity for "Operating income", as defined by the chart of accounts;
- recognition of all capital transactions in respect of assets other than "Marketable securities" in "Exceptional items". Regarding marketable securities, changes in provisions for impairment and gains and losses on disposal are recognized in "Net financial income".

The valuation methods applied remain unchanged compared to those of 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.

## 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.

## 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.

## 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.

## 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.

## INTEREST RATE DERIVATIVE INSTRUMENTS

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.

## 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. Unrealized losses are provided against; 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. This reflects Wendel's economic and financial situation.

## 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.

## PROVISIONS FOR PENSIONS

The present value of statutory retirement bonuses and supplementary pension benefits payable to active and retired employees is calculated using the retrospective method. A provision is recognized for the portion of the obligation that is not covered by plan assets.

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 main actuarial assumptions used for calculating these commitments are a discount rate of 4.0%, and a salary increase rate, employee turnover rate and inflation rate of zero.



## Parent company financial statements

## Notes to the balance sheet

## Note 1. Investments in subsidiaries and associates

	% interest		Net amounts 12.31.2008	Purchase and subscription	Disposals	Change in provisions	Net amounts 12.31.2009
In thousands of euros	12.31.2008	12.31.2009					
French subsidiaries							
Sofiservice	100.00	100.00	353	—	—	—	353
Cie Financière de la Trinité	100.00	100.00	15,607	—	—	—	15,607
Winbond <sup>(1)</sup>	100.00	100.00	2,310,256	983,291	—	—	3,293,547
Bureau Veritas	—	—	1	—	—	—	1
Winvest 11	100.00	100.00	698	—	—	−698	0
Saint-Gobain	—	—	—	139	—	—	139
Non-French subsidiaries							
Oranje-Nassau	100.00	100.00	238,320	—	—	—	238,320
Other			399	—	—	—	399
Total			2,565,634	983,430	—	−698	3,548,366

(1) Subscription to Winbond capital increase through offset of loans.

## Note 2. Other receivables

In thousands of euros	12.31.2009			12.31.2008		
	Gross amounts	Provisions	Net amounts	Gross amounts	Provisions	Net amounts
Tax and employee social security receivables	279	–	279	202	–	202
Loans and advances connected with investments <sup>(1)</sup>	2,088,026	–983,853	1,104,173	2,879,504	–	2,879,504
Other	59,002	–	59,002	40,797	–	40,797
<b>Total</b>	<b>2,147,307</b>	<b>–983,853</b>	<b>1,163,454</b>	<b>2,920,503</b>	<b>–</b>	<b>2,920,503</b>
<i>Of which related companies</i>	<i>2,113,185</i>	<i>–</i>	<i>–</i>	<i>2,891,797</i>	<i>–</i>	<i>–</i>
<i>Of which accrued revenue</i>	<i>58,618</i>	<i>–</i>	<i>–</i>	<i>40,273</i>	<i>–</i>	<i>–</i>

(1) In 2009, receivables represented principally advances to holding companies that hold or finance the Group's stake in Saint-Gobain. Based on a valuation of Saint-Gobain at €48.60 per share, by present value of future cash flows, these loans were written down by €983,853 thousand.

## Note 3. Financial instruments

In thousands of euros		12.31.2009	12.31.2008
Equity derivatives	Note 9	97,528	132,286
Interest rate derivatives	Note 9	–	330
Equity index derivatives	Note 9	–	24,250
<b>Total</b>		<b>97,528</b>	<b>156,866</b>
<i>Of which related companies</i>		<i>97,528</i>	<i>100,399</i>

## Note 4. Marketable securities

In thousands of euros	12.31.2009		12.31.2008	
	Net book value	Stock market Value	Net book value	Stock market value
<b>Wendel shares<sup>(3)</sup></b>				
Shares allocated to stock-option plans <sup>(1)</sup>	16,430	9,181	461	347
Shares allocated to bonus share plans <sup>(2)</sup>	303	–	–	–
Shares still to be allocated	2,543	2,675	–	–
	<b>19,276</b>	<b>11,856</b>	<b>461</b>	<b>347</b>
Mutual funds and certificates of deposit	987,229	987,229	891,417	891,509
<b>Liquidity contract<sup>(4)</sup></b>				
Wendel shares	4,062	4,280	4,593	4,593
Mutual funds	3,030	3,030	1,045	1,045
	<b>994,321</b>	<b>994,539</b>	<b>897,055</b>	<b>897,147</b>
<b>Total</b>	<b>1,013,597</b>	<b>1,006,395</b>	<b>897,516</b>	<b>897,494</b>

(1) Shares held for allotment on the exercise of stock options granted in connection with 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 12.31.2009, the negative difference between the book value and the strike price of the options, adjusted for the proportion thereof that has vested, was €1,303 thousand. In accordance with accounting regulations, this difference was recognized under "Provisions for liabilities and charges".

(2) 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 12.31.2009, this loss totaled €76 million and was recognized in "Provisions for liabilities and charges".

(3) Number of Wendel shares held as of 12.31.2009: 471,005.

(4) Number of Wendel shares held under the liquidity contract: 100,000.

## Parent company financial statements

## Note 5. Changes in shareholders' equity

Number of Shares	Share capital (par value €4)	Share premiums	Legal reserve	Required reserves	Other reserves and retained earnings	Net income for the year	Total Shareholders' equity
<b>50,318,400</b>	<b>Balance at 12.31.2007 before appropriation</b>						
	<b>201,274</b>	<b>244,799</b>	<b>20,118</b>	<b>191,820</b>	<b>820,926</b>	<b>1,008,636</b>	<b>2,487,573</b>
	Appropriation of 2007 net income <sup>(1)</sup>	–	–	–	1,008,636	–1,008,636	–
	Dividends	–	–	–	–100,459	–	–100,459
	Appropriation pursuant to 3rd resolution of the June 16, 2008 Shareholders' Meeting	–	–	9	–9	–	–
	Issuance of shares	–	–	–	–	–	–
19,929	• Exercise of stock options	79	693	–	–	–	772
28,271	• Company savings plan	113	1,413	–	–	–	1,526
	2008 net income	–	–	–	–	1,020,302	1,020,302
<b>50,366,600</b>	<b>Balance at 12.31.2008 before appropriation</b>						
	<b>201,466</b>	<b>246,905</b>	<b>20,127</b>	<b>191,820</b>	<b>1,729,094</b>	<b>1,020,302</b>	<b>3,409,714</b>
	Appropriation of 2008 net income <sup>(2)</sup>	–	–	20	1,020,282	–1,020,302	–
	Dividend	–	–	–	–50,213	–	–50,213
	Issuance of shares	–	–	–	–	–	–
	• Sale of shares carried out by Wendel in the context of the buyback program	4	–	–	–4	–	–
920							
68,655	• Under the Company savings plan	275	938	27	–	–	1,240
	2009 net income	–	–	–	–	–1,106,853	–1,106,853
<b>50,436,175</b>	<b>Balance at 12.31.2009 before appropriation</b>						
	<b>201,745</b>	<b>247,843</b>	<b>20,174</b>	<b>191,820</b>	<b>2,699,159</b>	<b>–1,106,853</b>	<b>2,253,888</b>

(1) The amount appropriated to retained earnings, as approved by shareholders at their June 16, 2008 Annual Meeting, was increased by €217 thousand because no dividends were paid on 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 5, 2009 Annual Meeting, was increased by €154 thousand because no dividends were paid on Wendel shares the Company held in treasury on the dividend payment date.

## Note 6. Provisions for liabilities and charges

In thousands of euros	12.31.2009	12.31.2008
Provision for pensions and post-employment benefits	635	662
Provision for income tax refund (tax consolidation - see Note 16)	96	12
Other liabilities and charges <sup>(1)</sup>	20,146	26,024
<b>Total</b>	<b>20,877</b>	<b>26,698</b>

(1) In 2009, this amount included €1,379 thousand in provisions for liabilities and charges related to Wendel shares held in treasury so as to cover stock option and bonus share grants, €4,567 thousand in provisions for tax disputes and €14,200 thousand in provisions for other risks and disputes.

Breakdown of change in provisions In thousands of euros	12.31.2008	Allocations for the year	Reversals during the year		12.31.2009
			used	unused	
Provision for pensions and post-employment benefits	662	–	–	27	635
Provision for income tax refund (tax consolidation)	12	84	–	–	96
Other liabilities and charges	26,024	9,642	12,410	3,110	20,146
<b>Total</b>	<b>26,698</b>	<b>9,726</b>	<b>12,410</b>	<b>3,137</b>	<b>20,877</b>
Operating income	–	–	–	27	–
Net financial income (expense)	–	1,265	–	3,110	–
Exceptional items	–	8,461	12,410	–	–
<b>Total</b>		<b>9,726</b>	<b>12,410</b>	<b>3,137</b>	<b>–</b>

## Parent company financial statements

### Note 7. Borrowings

In thousands of euros	12.31.2009	12.31.2008
2.00% 2003-2009 bonds exchangeable into Capgemini shares	–	279,020
5.00% 2004-2011 bonds	466,166	600,000
4.875% 2004-2014 bonds	700,000	400,000
4.375% 2005-2017 bonds	700,000	700,000
4.875% 2006-2016 bonds	400,000	400,000
4.875% 2007-2015 bonds	400,000	400,000
Syndicated credit facility (Euribor + margin) until September 2013, €1,200 million available	–	–
Accrued interest	55,162	61,694
	<b>2,721,328</b>	<b>2,840,714</b>
Borrowings connected with investments		
• Sofiservice	10,116	9,184
• Compagnie Financière de la Trinité	20,158	20,218
• Winbond	617,396	–
• Trief Corporation	110,001	110,033
• Other	253	284
	<b>757,924</b>	<b>139,719</b>
Other borrowings	31	36
<b>Total</b>	<b>3,479,283</b>	<b>2,980,469</b>
<i>Of which: less than 1 year</i>	<i>647,954</i>	<i>308,742</i>
<i>1 to 5 years</i>	<i>1,166,166</i>	<i>600,000</i>
<i>more than 5 years</i>	<i>1,610,000</i>	<i>2,010,000</i>
<i>accruals</i>	<i>55,163</i>	<i>61,727</i>

### Note 8. Other liabilities

In thousands of euros		12.31.2009	12.31.2008
Trade creditors <sup>(1)</sup>		3,641	3,148
Tax and employee-related creditors		9,895	5,126
Treasury instruments			
• Equity derivatives	Note 9	97,528	114,732
• Interest rate derivatives	Note 9	–	330
• Index-based derivatives	Note 9	–	24,250
Accrued interest on interest-rate derivatives	Note 9	40,381	22,024
Other		372	290
<b>Total</b>		<b>151,817</b>	<b>169,900</b>
<i>Of which related companies</i>		<i>6,987</i>	<i>25,513</i>
<i>Of which accrued expenses</i>		<i>50,871</i>	<i>26,354</i>

(1) The breakdown of trade payables by maturity (Article L. 441–6–1 of the French Commercial Code) was as follows:

- payment within 30 days: €1,093 thousand;
- payment in more than 30 days: €248 thousand;
- invoices not yet received: €2,300 thousand.

## Note 9. Financial instruments

In thousands of euros	12.31.2009		12.31.2008	
	Assets	Liabilities and shareholders' equity	Assets	Liabilities and shareholders' equity
<b>Equity derivatives</b>				
Share premiums	97,528	97,528	132,286	114,732
Provisions for liabilities and charges	–	–	–	15,520
Of which symmetric positions	97,528	97,528	127,142	127,142
<b>Interest rate derivatives</b>				
Share premiums	–	–	330	330
Accrued interest not yet due	56,618	40,381	40,272	22,024
Of which symmetric positions	31,410	31,410	12,578	12,578
<b>Equity index derivatives</b>				
Share premiums	–	–	24,250	24,250
Of which symmetric positions	–	–	24,250	24,250
<b>Total</b>	<b>156,146</b>	<b>137,909</b>	<b>197,138</b>	<b>176,856</b>

### Equity derivatives

These positions on eurozone securities are symmetrical (purchase and sale of options with the same characteristics) with respect to Wendel's balance sheet and therefore have no impact on Wendel's net income.

### Interest rate derivatives

#### Wendel bonds

Wendel has entered into interest–rate swaps on certain of its outstanding bonds. Under these contracts, whose total notional value is €800 million, Wendel pays a capped variable rate and receives a fixed rate.

#### Other

Certain of Wendel's interest rate swap and swaption contracts are symmetrical and therefore have no impact on Wendel's net income.

### Index–based derivatives

These derivative contracts (purchase and sale of puts), entered into by Wendel in 2008, are symmetrical and therefore have no impact on Wendel's net income.

## Note 10. Off–balance–sheet commitments

### Commitments given

In thousands of euros	31.12.2009	31.12.2008
<b>Pledges, mortgages and collateral</b>	<b>0</b>	<b>0</b>
<b>Other guarantees and endorsements given</b>	<b>285,183</b>	<b>291,809</b>
<b>of which:</b>		
• guarantees given in connection with transactions on derivative instruments of a Group subsidiary	232,647	239,273
• liability guarantee given under the Editis divestment	52,536	52,536
<b>Other commitments given</b>	<b>0</b>	<b>0</b>

## Parent company financial statements

## Notes to the income statement

**Note 11. Income from investments in subsidiaries, associates and long term equity portfolio****Dividends from**

In thousands of euros	2009	2008
Oranje-Nassau	–	25,000
Winbond	–	1,000,000
Other	8	8
<b>Total</b>	<b>8</b>	<b>1,025,008</b>
<i>Of which interim dividends:</i>		
• Winbond	–	1,000,000

**Note 12. Other financial income and expenses**

In thousands of euros	2009	2008
<b>Income</b>		
Income from long-term loans and advances	1	2
Income from invested cash	160,552	323,417
Provisions reversed	3,222	223
<b>Total</b>	<b>163,775</b>	<b>323,642</b>
<i>Of which related companies</i>	<i>142,620</i>	<i>209,395</i>
<b>Expenses</b>		
Interest on bonds	125,560	135,150
Other interest and similar expenses	106,090	165,228
Provisions recognized	8,175	8,191
<b>Total</b>	<b>239,825</b>	<b>308,569</b>
<i>Of which related companies</i>	<i>3,112</i>	<i>68,400</i>

**Note 13. Operating revenue**

In thousands of euros	2009	2008
Property rental	149	161
Services invoiced to subsidiaries	3,703	10,470
Other income	50	33
Provisions reversed	27	–
<b>Total</b>	<b>3,929</b>	<b>10,664</b>
<i>Of which related companies</i>	<i>3,662</i>	<i>10,429</i>



## Note 14. Compensation and staff numbers

Compensation paid by the Company to corporate officers in respect of 2009 amounted to €2,869 thousand.

Compensation paid to members of the Supervisory Board (director's fees and chairman's pay) totaled €657 thousand in 2009 and €674 thousand in 2008.

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, 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.

Average staff numbers	2009	2008
Management	50	39
Non-management	20	23
<b>Total</b>	<b>70</b>	<b>62</b>

## Note 15. Exceptional items in 2009

In thousands of euros	Exceptional income			Exceptional expenses			Total 2009
	On operating Trans-actions	Capital gains on disposals	Provisions reversed	On operating Trans-actions	Capital losses on disposals	Provisions recognized	
<b>Property, plant &amp; equipment</b>							
Land	–	13	–	–	57	–	–44
Computer equipment, furniture and vehicles	–	4	–	–	–	–	4
<b>Other exceptional transactions</b>							
Impact of tax consolidation	–	–	–	–	–	84	–84
Provision for impairment of securities	–	–	–	–	–	698	–698
Provision for write-down of receivables	–	–	–	–	–	983,853	–983,853
Other	35	–	12,410	12,460	–	8,377	–8,392
<b>Total</b>	<b>35</b>	<b>17</b>	<b>12,410</b>	<b>12,460</b>	<b>57</b>	<b>993,012</b>	<b>–993,067</b>

## Parent company financial statements

### Note 16. Income tax in 2009

Income taxes broke down as follows:

<b>Taxable bases at a rate of</b>	<b>33,33%</b>
On 2009 income before exceptional items	-171,699
On 2009 exceptional items	-231,710
	<b>-403,409</b>
Addbacks/deductions related to tax consolidation	-757,126
	-1,160,535
Deduction of losses carried forward	-
Taxable bases of the tax group	-
Corresponding tax	-
+ contributions of 3.3%	-
- deductions in respect of tax credits	-
- impact of tax	69
<b>Income tax recognized in the income statement</b>	<b>69</b>

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, 2009, this temporary reduction in current tax amounted to €84 thousand and gave rise to the recognition of a provision for liabilities and charges (see Note 6). In 2009, the members of the Wendel tax consolidation group were: the parent company Wendel, Compagnie Financière de la Trinité, Sofiservice, Cobra, Sofe, Winbond, Winvest 10, Winvest 11, Winvest 14 and Winvest 15.

### Note 17. Subsequent events

During the first quarter of 2010, Wendel repurchased €69,687 thousand (par value) of its outstanding 2011 bonds.

## 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 €2,666 million, including €466 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 five years. At end-2009, Wendel's cash balance stood at €990,867 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 the maturities falling in 2010, as well as additional calls on collateral backing Group financing, 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 be the ownership by one or more persons, acting on their own or jointly, other than existing shareholders of the issuer, excluding free float, of 50% of the issuer's share capital and voting rights, where this change of control would lead to a rating downgrade of the issuer. These bonds are not subject to financial covenants.

### Wendel syndicated credit line (undrawn as of December 31, 2009)

Wendel also has a €1,200 million undrawn syndicated line of credit, with a maturity of September 2013. 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.

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, Materis, Deutsch, Legrand, Stallergenes 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, 2009, the test showed that Wendel was in compliance with the covenants and could therefore draw down under the credit line.

As of year-end 2009 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.

## Parent company financial statements

# Securities portfolio at December 31, 2009

	Number of shares owned	% interest	Gross carrying value (in thousands of euros)
<b>Investments in subsidiaries and associates</b>			
Subsidiaries (over 50%-owned)			
<b>A) French</b>			
Sofiservice	8,493	100.00 %	353
Compagnie Financière de la Trinité	2,021,154	100.00 %	15,607
Winbond	3,039,070,667	100.00 %	3,293,547
Winvest 11	104,374	100.00 %	103,283
Saint-Gobain	5,984	0.00 %	139
<b>B) Non-French</b>			
Oranje-Nassau	1,943,117	100.00 %	238,320
<b>Other subsidiaries and associates (whose net carrying value is below €100,000)</b>			
French shares	–	–	400
<b>Total</b>			<b>3,651,649</b>
Other long-term equity investments			
Safet Embamet	1,972	5.62 %	271
Other French shares	–	–	83
<b>Total</b>			<b>354</b>

# Subsidiaries and associates at December 31, 2009

In thousands of euros	Share capital	Other Share-holders' 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	2009 net sales	2009 net income (loss)	Dividends received during the year	Comments
<b>Detailed information</b>											
(on subsidiaries and associates whose net carrying value is greater than 1% of the share capital of Wendel)											
<b>French</b>											
• Cie Financière de la Trinité	15,159	5,173	100,00%	15,607	15,607	—	—	—	127	—	—
• Winbond	1,519,535	1,340,129	100,00%	3,293,547	3,293,547	—	—	—	—242	—	—
• Winvest 11	1,670	—757,485	100,00%	103,283	—	1,859,875	—	—	—756,513	—	1,103,982 <sup>(1)</sup>
<b>Foreign</b>											
• Oranje-Nassau <sup>(2)</sup>	8,744	1,092,216	100,00%	238,320	238,320	—	—	—	415,851	—	—
<b>Overall summary</b>											
French subsidiaries		—	—	892	892	—	—	—	—	—	—
Non-French subsidiaries		—	—	—	—	—	—	—	—	—	—
French investments		—	—	—	—	—	—	—	—	—	—
Non-French investments		—	—	—	—	—	—	—	—	—	—

(1) Loans granted net of amortization.

(2) Consolidated figures.

## Parent company financial statements

## Five-year financial summary

Nature of disclosures	2005	2006	2007	2008	2009
<b>1. Capital at year-end</b>					
Share capital <sup>(1)</sup>	218,854	222,029	201,274	201,466	201,745
Number of ordinary shares in issue	54,713,540	55,507,161	50,318,400	50,366,600	50,436,175
Maximum number of shares that could be issued					
• Through the exercise of options	1,035,711	332,670	1,150,088	1,980,759	1,428,423
<b>2. Results of operations<sup>(1)</sup></b>					
Revenues (excluding taxes)	4,880	26,468	12,015	10,664	3,902
Income from investments in subsidiaries, associates and long term equity portfolio	97,491	258,644	136,861	1,025,008	8
Income before tax, depreciation, amortization and provisions	56,928	211,663	947,746	1,144,719	-120,386
Income taxes <sup>(6)</sup>	-32,242	-46,532	-27,702	-636	-69
Net income (loss)	202,172	259,272	1,008,636	1,020,302	-1,106,853
Dividends <sup>(2)</sup>	109,427	111,014	100,637	50,367	50,436
Of which interim dividends	—	—	—	—	—
<b>3. Net income per share (in euros)</b>					
Income after tax but before depreciation, amortization and provisions	1.63	4.65	19.39	22.74	-2.39
Net income (loss)	3.70	4.67	20.05	20.26	-21.95
Net dividends	2.00 <sup>(3)</sup>	2.00 <sup>(4)</sup>	2.00	1.00	1.00 <sup>(5)</sup>
Of which interim dividends	—	—	—	—	—
<b>4. Employee data</b>					
Average number of employees	47	51	57	62	70
Total payroll <sup>(1)</sup>	5,588	8,107	7,833	8,331	14,273
Staff benefits paid during the year (social security, social welfare, etc.) <sup>(1)</sup>	2,854	3,247	3,750	4,335	6,761

(1) In thousands of euros.

(2) Including treasury shares

(3) Ordinary dividend of €1.40; exceptional dividend of €0.60.

(4) Ordinary dividend of €1.70; exceptional dividend of €0.30.

(5) Subject to approval by shareholders at their June 4, 2010 Annual Meeting.

(6) The negative amounts represent income for the Company.

# Statutory Auditors' report on the annual financial statements

(year ended December 31, 2009)

*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 users. The Statutory Auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the 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 captions or on information taken outside of the financial statements. 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 Shareholders' Meeting, we hereby report to you, for the year ended December 31, 2009, on:

- the audit of the accompanying annual financial statements of Wendel;
- the justification of our assessments;
- the specific verifications and information required by French law.

These annual 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 sample 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, 2009 and of the results of its operations for the year then ended in accordance with French accounting principles.

## II. Justification of 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, Wendel 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 annual financial statements for the year ended December 31, 2009 were made against the backdrop of the economic crisis which was already prevailing at December 31, 2008 and which is described in the note to the financial statements "Use of estimates".

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 verification and information

We have also performed, in accordance with professional standards applicable in France, 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 remuneration and benefits received by the directors and any other commitments made in their favor, 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 your company or controlled by it. Based on this work, we attest 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 has been properly disclosed in the management report.

Neuilly-sur-Seine and Paris-la Défense, March 29, 2010

The Statutory Auditors  
(French original signed by)

PricewaterhouseCoopers Audit  
Olivier Thibault

ERNST & YOUNG Audit  
Jean-Pierre Letartre

## IV. Shareholders' Meeting of June 4, 2010

- 178 • 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
- 179 • Statutory Auditors' special report on regulated agreements and commitments with related third parties
- 183 • Statutory Auditors' report on the increase in capital with cancellation of preferential subscription rights reserved for employees who are members of a company savings scheme
- 184 • Statutory Auditors' report on the stock options subscription or share purchase plans reserved for directors and employees
- 185 • Statutory Auditors' report on the free allocation of existing shares reserved for employees and corporate officers
- 186 • Report of the Supervisory Board to the Shareholders
- 188 • Report of the Executive Board on the resolutions submitted to the shareholders at their Annual Meeting on June 4, 2010
- 190 • Draft resolutions presented to shareholders, June 4, 2010

#### IV. Shareholders' Meeting of June 4, 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

*This is a free translation into English of a report issued in French and it is provided solely for the convenience of English-speaking users.*

*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 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, 2009.

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, and
- 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, March 29, 2010

The Statutory Auditors  
(French original signed by)

PricewaterhouseCoopers Audit

Olivier Thibault

ERNST & YOUNG Audit

Jean-Pierre Letartre

# Statutory Auditors' special report

## on regulated agreements and commitments with related third parties

*This is a free translation into English of a report issued in French and it is provided solely for the convenience of English-speaking users.*

*This report should be read in conjunction with and construed in accordance with French law and professional standards applicable in France.*

*It should be understood that the agreements reported on are only those provided by the French commercial code and that the report does not apply to those related party transactions described in IAS 24 or other equivalent accounting standards.*

To the shareholders,

In our capacity as Statutory Auditors of your company, we hereby report on regulated agreements and commitments with related third parties.

### AGREEMENTS AND COMMITMENTS AUTHORIZED DURING THE YEAR

In accordance with Article L. 225-88 of the French Commercial Code (*Code de Commerce*), we have been advised of certain related party agreements and commitments which were authorized by your Supervisory Board.

We are not required to ascertain the existence of any other agreements and commitments but to inform you, on the basis of the information provided to us, of the terms and conditions of those agreements and commitments indicated to us. We are not required to comment as to whether they are beneficial or appropriate. It is your responsibility, in accordance with Article R. 225-58 of the French Commercial Code (*Code de Commerce*), to evaluate the benefits resulting from these agreements and commitments prior to their approval.

We performed those procedures which we considered necessary to comply 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 documentation from which it has been extracted.

### 1. With Mr. Frédéric Lemoine, Chairman of the Executive Board since April 7, 2009

#### Nature, purpose and terms

#### Commitments taken by your Company in favor of Mr. Frédéric Lemoine in case of the end of duties at Wendel Group

On April 7, 2009, the Supervisory Board of Wendel appointed Mr. Frédéric Lemoine as Chairman of the Executive Board of the Company. As Mr. Frédéric Lemoine does not have an employment contract, the Supervisory Board has decided to put in place a departure clause, whose terms and conditions for implementation in case of departure after April 7, 2010 are as follows:

In the event of a removal from office or non-renewal of his appointment, not arising from a situation of failure, the Chairman of the Executive Board will be entitled to receive an indemnity whose amount will be equivalent to a number of months of fixed and variable compensation with achieved objectives as allocated by the Supervisory Board, in proportion to the time spent in the Company, up to a maximum limit of twenty-four months and subject to performance conditions.

This commitment was authorized beforehand by the Supervisory Board on April 7, 2009 and approved by the Shareholders' Meeting on June 5, 2009.

On February 11, 2010 the Supervisory Board took the following decision:

In case of departure after April 7, 2010 related in particular to a change in control or in strategy or due to reasons other than a situation of failure or a resignation at personal initiative, a departure indemnity will be due by Wendel equivalent to a maximum of two years of the last annual fixed and variable compensation with achieved objectives (between twelve and twenty-four months of fixed and variable compensation for a departure between April 7, 2010 and April 7, 2011, in due proportion to the time spent within the Company).

The payment of this indemnity is subject to two performance conditions:

- For 50% of its amount, this indemnity is subordinated to the payment during the two years out of three preceding the departure, including the ongoing year, of a bonus equal to at

## IV. Shareholders' Meeting of June 4, 2010

least 50% of the variable compensation with achieved objectives allocated by the Supervisory Board to Mr. Frédéric Lemoine for the contemplated three years; in case the departure occurs before April 7, 2011, the indemnity is subordinated to the payment during the two years preceding the departure, including the second ongoing year, of a bonus equal to at least 50% of the variable compensation with achieved objectives during the contemplated two years.

- For 50% of its amount, the indemnity is dependent on the level of Net Asset Value ("NAV") per share at the end of Mr. Frédéric Lemoine's term of office ("Actual NAV") compared to the average NAV per share of the twelve preceding months ("Reference NAV"):
  - if Actual NAV is equal to or higher than 90% of the Reference NAV, the corresponding portion of the indemnity is paid in full;
  - if Actual NAV is comprised between 60% and 90% of the Reference NAV, the corresponding portion of the indemnity is reduced by 2.5 times the difference (thus, if Actual NAV is 20% lower than Reference NAV, the corresponding portion of the indemnity is reduced by half ( $20\% \times 2.5 = 50\%$ )) ;
  - if Actual NAV is lower than 60% of the Reference NAV, no indemnity corresponding to this performance condition is paid.

### 2. With Mr. Bernard Gautier, member of the Executive Board

#### Nature, purpose and terms

##### Commitments taken by your Company in favor of Mr. Bernard Gautier in case of end of duties at Wendel Group

On May 6, 2009, the Supervisory Board authorized as follows the mechanism related to the conditions of potential departure of Mr. Bernard Gautier:

- an employment contract termination indemnity, representing a maximum of one year of fixed and variable compensation with achieved objectives allocated by the Supervisory Board to Mr. Bernard Gautier; the portion of the indemnity exceeding the indemnity due according to the collective professional agreement applicable to the Company, is subordinated to the payment during the two years out of the three preceding the departure of a bonus equal to at least 50% of the variable compensation with achieved objectives for the contemplated last three years;

- a corporate officer termination indemnity, representing a maximum of one year of fixed and variable compensation with achieved objectives allocated by the Supervisory Board to Mr. Bernard Gautier, subject to two performance conditions:

- for 50% of its amount, this indemnity is subordinated to the payment during the two years out of three preceding the departure, of a bonus equal to at least 50% of the variable compensation with achieved objectives for the contemplated three years;
- for 50% of its amount, the indemnity is dependent on the level of Net Asset Value ("NAV") per share at the end of Mr. Bernard Gautier's term of office ("Actual NAV") compared to the average NAV per share of the six preceding months ("Reference NAV"):
  - if Actual NAV is equal to or higher than 90% of the Reference NAV, the corresponding portion of the indemnity is paid in full;
  - if Actual NAV is comprised between 60% and 90% of the Reference NAV, the corresponding portion of the indemnity is reduced by 2.5 times the difference (thus, if Actual NAV is 20% lower than Reference NAV, the corresponding portion of the indemnity is reduced by half ( $20\% \times 2.5 = 50\%$ )) ;
  - if Actual NAV is lower than 60% of the Reference NAV, no indemnity corresponding to this performance condition is paid.

### 3. With Mr. Jean-Bernard Lafonta, Chairman of the Executive Board until April 7, 2009

#### Nature, purpose and terms

##### Commitments taken by the Group at the departure of Mr. Jean-Bernard Lafonta

At the departure of Mr. Jean-Bernard Lafonta from Wendel Group, following to the authorization given by the Supervisory Board on March 25, 2009 and being said that no anterior commitments have been taken by Wendel in case of departure of the latter:

- Wendel has paid to Mr. Jean-Bernard Lafonta a total amount of € 955,373 after the reactivation of his employment contract on April 7, 2009, date of the end of his duties as Chairman and member of the Executive Board; this amount is composed of the salaries received for the period between April 7 and May 31, 2009, indemnity in lieu of notice of three months, employment contract termination indemnity of 9 weeks in application of the collective labour agreement of the

metalworking industry and indemnity in lieu of paid vacation; these indemnities (except a portion of the indemnity in lieu of paid vacation) were calculated based on his last fixed and variable compensation due for the year 2008 in his quality of corporate officer.

- In execution of the agreements signed on April 7, 2009, Wendel through its subsidiaries has bought from Mr. Jean-Bernard Lafonta his shares representing unvested rights to co-investment benefits in Saint-Gobain, and in, Materis, Deutsch, Stahl and AVR; these shares have been purchased at their subscription value, regardless of the change in their market value, that is a total price of € 2,496,000; this transaction is in line with the principle of progressive vesting of the rights to co-investment benefits (agreement approved in prior years) according to which the members of the management team commit, in case of departure from Wendel Group, to sell on demand their unvested shares at their initial value.

## AGREEMENTS AND COMMITMENTS AUTHORIZED IN PRIOR YEARS AND WHICH REMAINED CURRENT DURING THE YEAR

In accordance with the French Commercial Code (*Code de Commerce*), we have been advised that the following agreements and commitments approved in prior years remained current during the year.

### 1. With Mr. Jean-Bernard Lafonta, Chairman of the Executive Board until April 7, 2009, Mr. Bernard Gautier, member of the Executive Board and Mr. Ernest-Antoine Seillière, Chairman of the Supervisory Board of Wendel

#### Nature, purpose and terms

##### Framework agreement on co-investment of the management team

In the context of the plan to associate Wendel's management team in creating value for the Group, the Supervisory Board, in 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, suspended in June 2009, consist in asking the managers to invest in each company in which the Group has invested since 2006, so that their personal assets are subject to the risks and rewards of these investments.

The general principles are as follows, for each of the related companies in the portfolio:

- (i) the concerned individuals will invest alongside the Company and at the Company's request. The co-investments would total a maximum of 0.5% of the amount of Wendel's investment;
- (ii) the concerned individuals will finance their co-investment on their own;
- (iii) co-investors are entitled to 10% of the total 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) the 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.

Considering in particular the sale by Mr. Jean-Bernard Lafonta of his unvested rights to co-investment benefits mentioned above, the amounts invested by the members of the management team represented at December 31, 2009 less than 0.5% of the amounts invested by the Group.

As indicated to the Shareholder's Meeting of June 5, 2009, the co-investment mechanisms were suspended in June 2009 and no new co-investment has been made since that date.



## IV. Shareholders' Meeting of June 4, 2010

### 2. With Wendel-Participations (formerly Société Lorraine de Participations Sidérurgiques – SLPS)

#### Nature, purpose and terms

On September 2, 2003, Wendel entered into the following two agreements with SLPS (that became Wendel-Participations):

- a service agreement providing for administrative assistance: the amount billed for fiscal year 2009 represents €13,000 before tax;
- a commitment to rent office space: the amount billed for fiscal year 2009 represents €38,619 before tax.

#### Nature, purpose and terms

##### Agreement on the use of “Wendel” name and license for the use of “Wendel Investissement” brand.

On May 15, 2002, Wendel entered into two agreements with SLPS and Wendel-Participations, which authorized 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”.

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 is 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.

### 3. With Stallergenes

#### Nature, purpose and terms

##### Agreement for consulting and assistance

On July 29, 1998, Wendel 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 by a second addendum to the agreement signed on March 12, 2008.

The amount invoiced to Stallergenes in respect of services rendered represented €150,000 before tax in fiscal year 2009.

Neuilly-sur-Seine and Paris-la Défense, March 29, 2010

The Statutory Auditors

(French original signed by)

PricewaterhouseCoopers Audit

ERNST & YOUNG Audit

Olivier Thibault

Jean-Pierre Letartre



# Statutory Auditors' report

## on the increase in capital with cancellation of preferential subscription rights reserved for employees who are members of a company savings scheme

Combined Shareholders' Meeting of June 4, 2010 (Twelfth resolution)

*This is a free translation into English of a report issued in French and it is provided solely for the convenience of English-speaking users. This report should be read in conjunction with and construed in accordance with French law and professional standards applicable in France.*

To the Shareholders,

In our capacity as Statutory Auditors of your company and in compliance with Articles L. 225-135, L. 225-138 and L. 228-92 of the French Commercial Code (Code de Commerce), we hereby report on the proposal to authorize your Executive Board to decide whether to proceed with an increase in capital by the issuing of shares or securities giving access to the share capital, with cancellation of preferential subscription rights, an operation upon which you are called to vote. This increase in capital is limited to a maximum of € 300,000 and is reserved for employees who are members of one or more of the Company savings plans set up within the Wendel Group.

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 etc. of the French Labor code (Code du Travail).

Your Executive Board proposes that, on the basis of its report, it be authorized for a period of fourteen months to decide on whether to proceed with one (or several) increases in capital and proposes to cancel your preferential subscription rights. If applicable, it shall determine the final conditions of this operation.

It is the responsibility of the Executive Board 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). Our role is to report on the fairness of the financial information taken from the accounts, on the proposed cancellation of preferential subscription rights and on other information relating to the share issue provided in the report.

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 the information provided in the Executive Board's report relating to this operation and the methods used to determine the issue price.

Subject to a subsequent examination of the conditions for the increase(s) in capital that would be decided, we have no matters to report as to the methods used to determine the issue price provided in the Executive Board's report.

As the issue price has not yet been determined, we cannot report on the final conditions in which the issue(s) would be performed and, consequently, on the proposed cancellation of preferential subscription rights.

In accordance with Article R. 225-116 of the French Commercial Code (Code de Commerce), we will issue a supplementary report, if necessary, when your Executive Board has exercised this authorization.

Neuilly-sur-Seine and Paris-la Défense, March 29, 2010

The Statutory Auditors

(French original signed by)

PricewaterhouseCoopers Audit

ERNST & YOUNG Audit

Olivier Thibault

Jean-Pierre Letartre

#### IV. Shareholders' Meeting of June 4, 2010

## Statutory Auditors' report on the stock options subscription or share purchase plans reserved for directors and employees

Combined Shareholders' Meeting of June 4, 2010 (Thirteenth resolution)

*This is a free translation into English of a report issued in French and it is provided solely for the convenience of English-speaking users. This report should be read in conjunction with and construed in accordance with French law and professional standards applicable in France.*

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 option plans (subscription or purchase) reserved for the corporate officers (mandataires sociaux) as set in Article L. 225-185 of the French Commercial Code (Code de Commerce) and employees of your Company and of the 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 option plans (subscription or purchase) and on the proposed methods used to determine the subscription or purchase price. Our role is to report on the proposed methods to determine the subscription 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 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, March 29, 2010

The Statutory Auditors  
(French original signed by)

PricewaterhouseCoopers Audit

Olivier Thibault

ERNST & YOUNG Audit

Jean-Pierre Letartre

# Statutory Auditors' report

## on the free allocation of existing shares reserved for employees and corporate officers

Combined Shareholders' Meeting of June 4, 2010 (Fourteenth resolution)

*This is a free translation into English of a report issued in French and it is provided solely for the convenience of English-speaking users. This report should be read in conjunction with and construed in accordance with French law and professional standards applicable in France.*

To the Shareholders,

In our capacity as Statutory Auditors of your Company and in compliance with Article L. 225-197-1 of the French Commercial Code (Code de Commerce), we hereby report on the proposed free allocation of existing shares reserved for employees and corporate officers of your Company and of the companies that are related to it within the meaning of Article L. 225-197-2 of the French Commercial Code (Code de Commerce).

Your Executive Board proposes that you authorize it to allocate, for free, existing shares. It is the responsibility of your Executive Board to prepare a report on the proposed operation. Our role is to report on any matters relating to the information regarding the proposed operation.

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 and described in the Executive Board's report comply with the legal provisions governing such operations.

We have no matters to report as to the information provided in the Executive Board's report relating to the proposed free allocation of shares.

Neuilly-sur-Seine and Paris-la Défense, March 29, 2010

The Statutory Auditors

(French original signed by)

PricewaterhouseCoopers Audit

ERNST & YOUNG Audit

Olivier Thibault

Jean-Pierre Letartre

#### IV. Shareholders' Meeting of June 4, 2010

## Report of the Supervisory Board to the Shareholders

To the Shareholders,

Today's economic environment remains extremely uncertain. Although initial signs of recovery can be spotted in certain sectors, it is still early to assess the stability of this slight improvement. Supported by major government stimulus plans and rapid growth in certain emerging countries, the world's economic activity at the end of the year seemed to indicate a slow return to global growth. However, the stock markets are having difficulty analyzing the strength and scope of this upturn and continued to experience significant volatility in 2009.

On March 25, 2009, we acknowledged Jean-Bernard Lafonta's decision not to seek re-election to his position. Led by a new Executive Board appointed on April 7, 2009, which includes Chairman Frédéric Lemoine and member Bernard Gautier, your Company proceeded to increase its financial headroom by initiating major work to improve its financial positions. As a result, your Company was able to enhance the flexibility and strength of its financing structure. Our banking partners have extended maturities for the Group's debt by several years. The Group has also improved its bond debt structure through the rescheduling of maturities, certain early redemptions and, in September 2009, a successful bond exchange. With long-term financing to match its long-term investor's vision, no repayment due before February 2011 and a high level of liquidity, your Company has obtained the financial flexibility and structure it needs to face the current challenging environment.

As an active manager of shareholdings, Wendel divested itself of assets and equity investments in 2009. Your Company took advantage of an especially favorable window of opportunity in the market to sell shares representing 10 percent of the capital of Bureau Veritas for €275 million, generating a capital gain of €118.4 million. The sale significantly improved the liquidity of Bureau Veritas shares, increasing the free float by close to 30 percent. Then, following a strategic review of its activities, in May 2009 the Executive Board proposed to the Supervisory Board the sale of Oranje-Nassau's oil and gas operations at a profitable price. This disposal resulted in a capital gain of nearly €346 million for Oranje-Nassau. In November 2009, your Company and KKR completed the joint sale of an 11 percent stake in Legrand to increase its share liquidity. A capital gain of €162 million was realized as a result of this transaction.

With respect to Saint-Gobain's capital increase in March 2009, Wendel subscribed to 8.3 million shares and sold 52.6 million warrants to institutional investors through a private placement.

Your Company also raised its economic exposure to Saint-Gobain by selling a portion of its financing protection. During the year, we reiterated our support for the investment in Saint-Gobain, in which Wendel has become the principal long-term shareholder.

In light of the deteriorating economic environment, the Wendel Group's priority in 2009 was to help its subsidiaries and associates through this difficult period. The Group's companies have all made significant efforts to adapt, taking measures to reduce costs, optimize working capital requirements and adjust their operating capacity. The Group's subsidiaries and associates also carried out major debt restructuring. In June 2009, Materis finalized discussions with its lenders and obtained the additional headroom it needed for growth. In early 2010, the Stahl group took significant steps to reduce its debt by 40 percent. Confident in its growth outlook, your Company invested €60 million in Stahl, raising its equity stake from 48% to 92%. As for Deutsch, it is currently negotiating with its lenders to increase the flexibility of its debt structure.

Supported by a more stable economic environment and increased financial leeway, your Group is prepared for new investments. On February 2, 2010, your Company sponsored the initial public offering of Helikos, subscribed for €200 million. With this innovative project, Wendel is reactivating its investment policy, focusing on small and mid-sized German companies with high growth potential and well poised to benefit from the global recovery.

The diversified businesses and markets of its subsidiaries and associates helped your Company through these very tough economic times. For 2009, consolidated sales totaled €4,865.50 million, down 3.4 percent from the previous year. The economic slowdown and, most of all, very significant reductions in book values greatly impacted the Group's bottom line, which fell to a loss of €809 million. This loss reflects a decline in net income from business sectors (Group share), capital gains from the divestments described earlier and, mostly, the dilution losses also mentioned earlier combined with asset impairment. The cash position of Wendel and its holding companies, €2,179 million at December 31, 2009, remains strong.

In our meeting of March 29, 2010, we reviewed the financial statements and reports the Executive Board is to present to you at the Shareholders' Meeting, and we have no observations to make about them.

The new Executive Board initiated a significant effort to improve the flow of information between the Supervisory and the Executive Boards. The Governance and Audit Committees were especially active during the year: they reviewed corporate officer compensation, the terms applying to the departure of the Chairman of the Executive Board, the annual financial statements, the NAV calculation method and your Company's risk management. A summary of the work undertaken by these two Board committees can be found in the Corporate Governance section of the annual report. The Governance Committee closely studied the applications of candidates for election to your Company's Supervisory Board.

We endorse the resolutions presented to us at our meeting of March 29, 2010, and recommend them for your approval. Béatrice Dautresme is not seeking re-election to her position. We would like to express our warm thanks to Ms. Dautresme for her commitment and contributions to the Board since 2006. We request that you renew the appointment of Nicolas Celier, whose term is expiring this year. We are also pleased to present two independent member candidates, Dominique Hériard Dubreuil and Guylaine Saucier, who have valuable experience and skills to offer the Board. We also support the Executive Board's request for your approval to renew the financial authorizations.

We have full confidence in the Group's ability to return to profit under the leadership of a highly skilled management team and approve the Executive Board's proposal to set the dividend for 2009 at €1 per share, in cash, representing a total amount of €50.4 million.

## IV. Shareholders' Meeting of June 4, 2010

# Report of the Executive Board on the resolutions

submitted to the shareholders at their Annual Meeting on June 4, 2010

The purpose of this report is to present and explain to shareholders the resolutions proposed to them.

## I. 2009 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, 2009, to December 31, 2009. These financial statements show a net loss of €1,106,852,647.56.

The purpose of the **second resolution** is to approve the consolidated financial statements of the Wendel Group for the period from January 1, 2009, to December 31, 2009. These financial statements show a net loss, Group share, of €918,251,000.

The purpose of the **third resolution** is to allocate the 2009 net loss.

The following allocation is proposed:

- Allocation of the 2009 net loss of €1,106,852,647.56 to retained earnings, resulting in a debit balance of –€607,693,933.17.
- Appropriation of €1,200,000,000 to be allocated in the following manner:
  - €50,436,175 to shareholders, to pay a net dividend of €1 per share
  - The remaining €1,149,563,825 to retained earnings.

The ex-dividend date is set for June 8, 2010, and the dividend will be paid on June 11, 2010.

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, 2009, 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 2009. They are

described in this report and relate exclusively to the terms of the departure of Jean-Bernard Lafonta, which were already presented to shareholders at their Annual Meeting of June 5, 2009.

The purpose of the **fifth and sixth resolutions** is to approve the commitments made to members of the Executive Board in the event of the termination of their appointments, which are governed by Article L.225-90-1 of the French Commercial Code and are the subject of a special report by the Statutory Auditors.

## II. Supervisory Board: renewal of a Supervisory Board member appointment, new appointments to the Supervisory Board and setting of directors' fees

The **seventh resolution** proposes to renew the appointment of Nicolas Celier 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 2014 to approve the financial statements of the fiscal year ending December 31, 2013.

The purpose of the following two resolutions is to adjust the Board's composition so that four of the 11 seats are held by independent board members, alongside the family shareholder representatives and other members. These resolutions serve to enrich the Board's vision through the appointment of two outstanding, independent members who can contribute their international corporate experience and also increase the representation of women on the Supervisory Board.

The **eighth resolution** proposes to appoint Dominique Hériard Dubreuil 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 2014 to approve the financial statements of the fiscal year ending December 31, 2013. The Supervisory Board has examined the situation of Dominique Hériard Dubreuil with respect to the AFEP-MEDEF Code and considers that she meets the criteria to be considered an independent member of the Supervisory Board.

The **ninth resolution** proposes to appoint Guylaine Saucier 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 2014 to approve the financial statements of the fiscal year ending December 31, 2013. The Supervisory Board has examined the situation of Guylaine Saucier with respect to the AFEP-MEDEF Code and considers that she meets the criteria to be considered an independent member of the Supervisory Board.



The purpose of the **tenth resolution** is to set the maximum total annual amount of directors' fees for the Supervisory Board at €750,000.

### III. Renewal of share buyback program

The **eleventh resolution** is intended to renew the authorization to buy back Company shares, granted by the Shareholders on June 5, 2009. 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 (5,043,617 shares as of December 31, 2009), with a maximum purchase price of €80 corresponding to a total maximum share buyback amount of €403,489,360 based on the share capital at December 31, 2009. This authorization would be given for 18 months.

### IV. Development of employee share ownership

The purpose of the **twelfth resolution** is to renew, for a period of 14 months, the authorization granted to the Executive Board by the Shareholders on June 5, 2009, 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 €300,000. 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%.

### V. Allocation of purchase-type and/or subscription-type stock options

The purpose of the **thirteenth resolution** is to authorize the Executive Board to grant purchase-type and/or subscription-type stock options to employees and corporate officers of the Wendel Group up to a limit of 0.7% of existing share capital on the date the options are granted. The subscription 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 shall be valid for a period of 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.

### VI. Allocation of performance bonus shares

The purpose of the **fourteenth resolution** is to authorize the Executive Board to grant existing performance bonus shares to employees and corporate officers of the Wendel Group. The total number of bonus shares granted may not exceed 0.3% of existing share capital on the date of the allocation. The allocation of performance bonus shares shall only be fully available at the end of (i) a two-year vesting period following which beneficiaries will be required to hold shares for an additional two-year holding period; or (ii) a four-year vesting period with no additional holding period. This authorization shall be valid for a period of 14 months.

In accordance with AFEP-MEDEF recommendations, the vesting of shares granted to corporate officer beneficiaries shall be subject to performance-based conditions set by the Supervisory Board.

The vesting of shares granted to employee beneficiaries shall be subject to performance-based conditions set by the Executive Board.

### VII. Amendment of by-laws

The purpose of the **fifteenth resolution** is to amend the Company's by-laws to allow the Executive Board to establish, as applicable, online voting for future meetings of the Company's shareholders.

### VIII. Powers

The purpose of the **sixteenth resolution** is to grant the necessary powers to accomplish any publication or legal formalities.

## Resolutions of the Ordinary and Extraordinary Shareholders' Meeting of June 4, 2010

# Draft resolutions

presented to shareholders, June 4, 2010

### AGENDA

(Subject to the submission of draft resolutions by a shareholder in accordance with legal provisions in force)

#### Resolutions pertaining to the Ordinary Meeting

1. Approval of the 2009 parent company financial statements
2. Approval of the 2009 consolidated financial statements
3. Net income allocation, dividend approval and payment
4. Approval of regulated agreements
5. Approval of commitments made in the event of termination of the appointment of Frédéric Lemoine, Chairman of the Executive Board
6. Approval of commitments made in the event of termination of the appointment of Bernard Gautier, member of the Executive Board
7. Renewal of the appointment of a member of the Supervisory Board
8. Appointment of a member of the Supervisory Board
9. Appointment of a member of the Supervisory Board
10. Setting of the amount of directors' fees allocated to the Supervisory Board
11. Authorization granted to the Executive Board to trade in the Company's shares

#### Resolutions pertaining to the Extraordinary Meeting

12. 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
13. Authorization to the Executive Board to grant purchase-type and/or subscription-type stock options to corporate officers and employees
14. Authorization to the Executive Board to grant performance bonus shares to corporate officers and employees
15. Amendment to the by-laws

#### Resolution pertaining to the Ordinary and to the Extraordinary Meeting

16. Powers for legal formalities

### RESOLUTIONS PERTAINING TO THE ORDINARY MEETING

#### First resolution

##### (Approval of the 2009 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 2009, the observations of the Supervisory Board and the report of the Chairman of the Supervisory Board attached to the management report;
- having heard the general report of the Statutory Auditors and the special report of the Statutory Auditors on the Chairman's report;

Hereby approve the parent company financial statements for the fiscal year beginning on January 1, 2009, and ending on December 31, 2009, as presented by the Executive Board, with a net loss of €1,106,852,647.56, as well as the transactions presented in these statements or described in these reports.

#### Second resolution

##### (Approval of the 2009 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 2009 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, 2009, and ending on December 31, 2009, as presented by the Executive Board, with a net loss, Group share, of €918,251,000, 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 the 2009 net loss totaling -€1,106,852,647.56 to retained earnings, resulting in a debit balance of -€607,693,933.17
  - to appropriate from other reserves the amount of €1,200,000,000.00 to be allocated in the following manner:
    - to shareholders, the amount of €50,436,175.00 to pay a net dividend of €1 per share
    - to retained earnings, the remaining amount of €1,149,563,825.00
2. decide that the ex-dividend date shall be June 8, 2010, and that the dividend shall be paid on June 11, 2010;
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 2009 fiscal year, summarized in the following table:

Fiscal year	Number of shares at year end	Net dividend per share
2006	55,507,161	(a) €2.00
2007	50,318,400	(b) €2.00
2008	50,366,600	(b) €1.00
2009	50,436,175	(b) €1.00

(a) 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.

b) 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 allowance 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 allowance 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 regulated agreements)

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 entered into in 2009 relating to the terms of the departure of Jean-Bernard Lafonta, which were presented to shareholders at their Annual Meeting of June 5, 2009.

#### Fifth resolution

##### (Approval of commitments made in the event of termination of the appointment of Frédéric Lemoine, Chairman of the Executive Board)

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.225-86 et seq. and L.225-90-1 of the French Commercial Code, approve the commitments made to Frédéric Lemoine in the event of the termination of his appointment as described in this report.

#### Sixth resolution

##### (Approval of commitments made in the event of termination of the appointment of Bernard Gautier, member of the Executive Board)

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.225-86 et seq. and L.225-90-1 of the French Commercial Code, approve the commitments made to Bernard Gautier in the event of the termination of his appointment as described in this report.

#### Seventh resolution

##### (Renewal of the appointment of 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 Nicolas Celier as a member of the Supervisory Board expires at the end of this Shareholders' Meeting and renews this appointment for a four-year term that will expire at the end of the Ordinary Shareholders' Meeting called in 2014 to approve the financial statements of the fiscal year ending December 31, 2013.

## IV. Shareholders' Meeting of June 4, 2010

### Eighth resolution

#### (Appointment of 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, Dominique Hériard-Dubreuil 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 2014 to approve the financial statements of the fiscal year ending December 31, 2013.

### Ninth resolution

#### (Appointment of 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, Guylaine Saucier 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 2014 to approve the financial statements of the fiscal year ending December 31, 2013.

### Tenth resolution

#### (Setting of the amount of directors' fees allocated to the Supervisory Board)

The Shareholders, voting under the quorum and majority required for Ordinary Shareholders' Meetings, set the maximum total annual amount of directors' fees allocated to the Supervisory Board at €750,000 as of this date.

### Eleventh resolution

#### (Authorization granted to the Executive Board to trade in the Company's shares)

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 management 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:

- the 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, 5,043,617 shares as of December 31, 2009;
- the number of shares held by the Company at any time shall not exceed 10% of the Company's capital at the date under consideration.

2. Decide that Company 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 granting 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 may 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 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 €80 per share the maximum purchase price, for a total maximum share buyback amount of €403,489,360, on the basis of 5,043,617 shares as of December 31, 2009, 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 18 months from the date of this Shareholders' Meeting.

## RESOLUTIONS PERTAINING TO THE EXTRAORDINARY MEETING

### Twelfth 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)**

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 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 of the Company savings plans implemented within the Group;

2. Decide to set at €300,000 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 schemes set up 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 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 abovementioned beneficiaries, 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 issued or to be issued, in full or partial substitution for the discount set by the Executive Board and/or as a matching contribution, it being

## IV. Shareholders' Meeting of June 4, 2010

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:

- draw up, in accordance with legal provisions, the list of the companies of which the above-mentioned beneficiaries may subscribe, receive or acquire 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 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 or sale price in accordance with the terms and limits set by the legislation in force, the terms of payment or sale, set the dates, terms and conditions of the issues or sales to be carried out by virtue of this authorization;
- set the date, including a retroactive 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 to be issued, 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 discounts 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.

### Thirteenth resolution

#### **(Authorization to the Executive Board to grant purchase-type and/or subscription-type stock options to corporate officers and employees)**

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. 225-177 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 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;

4. 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;

5. 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;

6. Give full power to the Executive Board to implement this authorization, in particular to:

- set the terms and conditions under 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 share price for the 20 trading days prior to the date of the price-setting;
- 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;
- 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;

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.

#### Fourteenth resolution

##### **(Authorization to the Executive Board to grant performance bonus shares to corporate officers and employees)**

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.225-197-1 et seq. of the French Commercial Code,

1. Authorize the Executive Board to allocate, on one or more occasions, bonus shares consisting of existing Company shares in favor of the Company's corporate officers, described in part II of Article L.225-197-1 of the French Commercial Code, or employees of the Company or of companies or corporate groups related to it, as described in Article L.225-197-2 of the French Commercial Code;

2. Decide that the total number of existing shares available for allocation by virtue of this authorization may not exceed 0.3% of the existing share capital on the date the options are granted;

3. Decide that the shares granted to beneficiaries shall become available:

- either, for all or a part of the bonus shares allocated, at the end of a minimum vesting period of two years, it being specified that in this case the beneficiaries must hold the shares for a period of not less than two years from the date on which they become vested;
- or, for all or a part of the bonus shares allocated, at the end of a minimum vesting period of four years, in which case there shall be no holding period following the date on which they are vested;

4. Take note that in the event of the allocation of shares to the corporate officers described in part II of Article L.225-197-1 of the French Commercial Code, the Supervisory Board shall subject the allocation and/or vesting of shares to certain conditions, in particular performance-based, and must set a minimum number of these shares that they are obliged to hold in registered form until termination of their appointment;



## IV. Shareholders' Meeting of June 4, 2010

5. Give the Executive Board full power to implement this authorization, in particular to:

- determine the list of the beneficiaries of bonus shares or the category or categories of beneficiaries of bonus shares and the number of shares granted to each of them;
- set the vesting and holding periods in accordance with the minimum time periods defined above,
- adjust, if applicable, during the vesting period, the number of bonus shares granted to protect the rights of beneficiaries, with regard to any transactions affecting the Company's share capital. It is specified that the shares granted by virtue of these adjustments shall be deemed granted on the same day as the initially granted shares;
- set the performance-based criteria for share allocation;
- and, generally, take all appropriate steps and enter into any agreements to successfully achieve the planned transactions;

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.

### Fifteenth resolution

#### (Amendment to the by-laws)

The Shareholders, voting under the quorum and majority required for Extraordinary Shareholders' Meetings, acting on the recommendation of the Executive Board, as approved by the Supervisory Board, having heard the report of the Executive Board, decide to insert the following paragraphs at the end of part III of Article 25 of the Company's by-laws:

"Shareholders who use the electronic voting form provided on the website within the required timeframe are deemed to be present or represented. The electronic form may be completed and signed on the website using any process approved by the Executive Board that meets the requirements described in the first sentence of the second paragraph of Article 1316-4 of the French Civil Code, namely, a reliable identification process guaranteeing the link between the signature and the document.

Any proxies or votes submitted using this electronic means prior to the Shareholders' Meeting, as well as the corresponding acknowledgements of receipt, are considered to be irrevocable and enforceable, it being specified that in the event of the sale of shares prior to the date and time set by legal and regulatory provisions in force, the Company shall accordingly invalidate or amend, as applicable, the proxies or votes cast prior to that date and that time."

## RESOLUTION PERTAINING TO THE ORDINARY AND EXTRAORDINARY MEETINGS

### Sixteenth resolution

#### (Powers for legal formalities)

The Shareholders, voting under the quorum and majority required for Ordinary Shareholders' Meetings, hereby give full powers to the bearers 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.

## V. Supplemental information

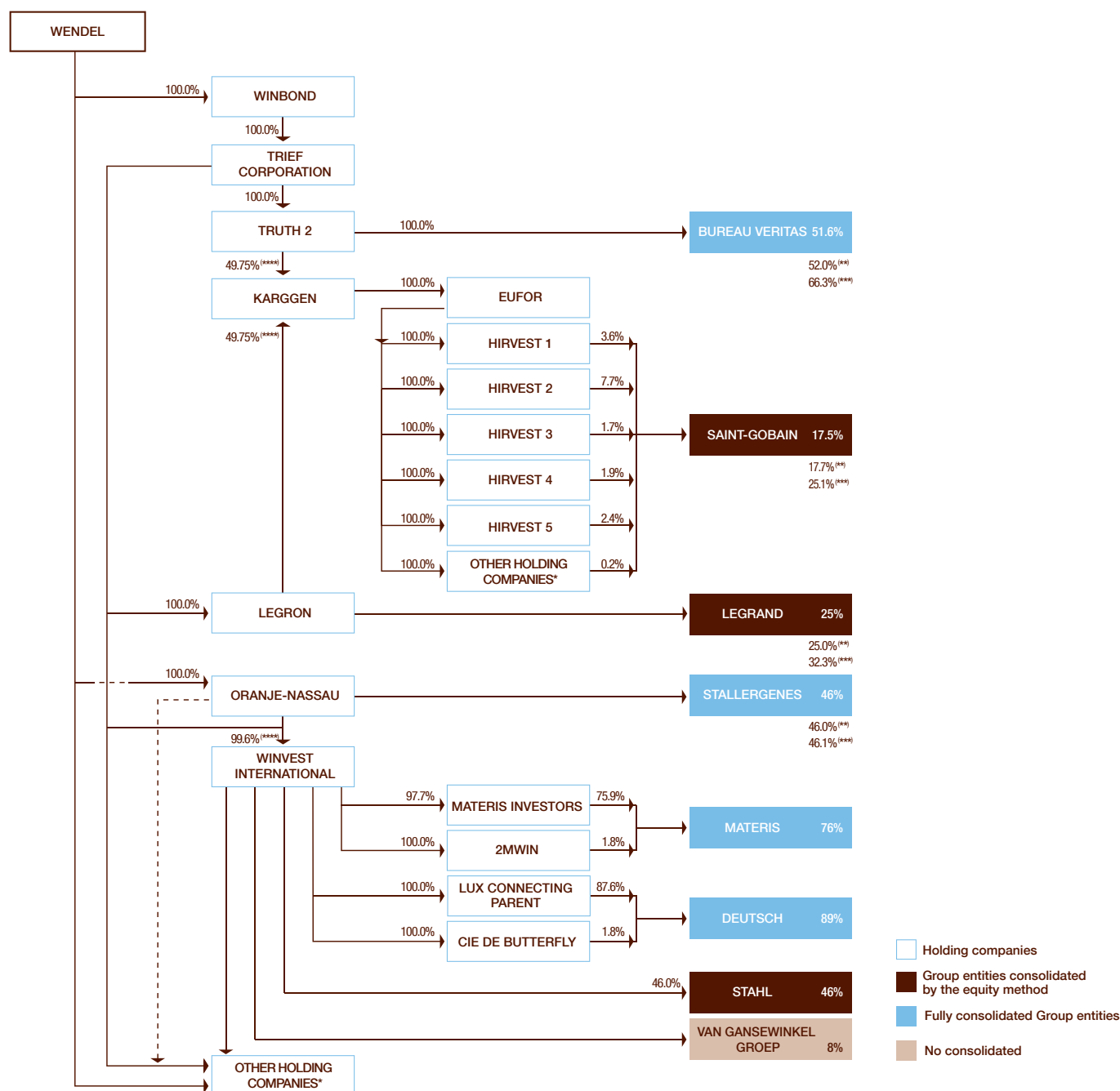
- 198 • [Information on the Company's businesses](#)
- 208 • [Capital and ownership structure](#)
- 224 • [Additional financial information](#)



## V. Supplemental information

# A. Information on the Company's businesses

## 1. ORGANIZATION CHART AS OF DECEMBER 31, 2009



(\*) See the list of other holding companies on the next page.

(\*\*) Taking account of treasury shares

(\*\*\*) Percentage of voting rights

(\*\*\*) Percentage corresponding to the amount invested by Wendel. The remainder corresponds to the percentage invested by Wendel's directors and officers (see pages 88-89).

## Other holding companies

These intermediary holding companies serve to finance Group activities and hold Group equity interests.

Company Name (shareholders)	Ownership interest
COMPAGNIE FINANCIÈRE DE LA TRINITÉ (100% WENDEL)	—
SOFISERVICE (100% WENDEL)	—
WINVEST 10 (100% WENDEL)	—
WINVEST 11 (100% WENDEL)	—
WINVEST 14 (100% WENDEL)	—
WINVEST 15 (100% WENDEL)	—
COBA (100% WENDEL)	—
SOFE (100% WENDEL)	—
XEVEST HOLDING (EX-COMPAGNIE DU SAHARA) (80% WENDEL, 20% TRIEF CORPORATION)	100% Xevest 1 100% Xevest 2
WINVEST PART 1 (100% TRIEF CORPORATION)	—
WINVEST PART 6 (100% TRIEF CORPORATION)	—
WINVEST PART 7 (100% TRIEF CORPORATION)	—
WIN SECURITIZATION (100% TRIEF CORPORATION)	—
WINVEST CONSEIL (100% TRIEF CORPORATION)	100% Wendel Japan
SOFISAMC (100% TRIEF CORPORATION)	—
STAHL LUX 1 (100% WINVEST INTERNATIONAL)	—
LUX BUTTERFLY (90% WINVEST INTERNATIONAL)	—
WIN SECURITIZATION 2 (100% WINVEST INTERNATIONAL)	—
WINVEST PART 4 (100% WINVEST INTERNATIONAL)	—
FROEGGEN (100% Eufor)	—
GRAUGGEN (100% Eufor)	—

## V. Supplemental information

Company Name (shareholders)	Ownership interest
HOUREGGEN (100% Eufor)	–
IREGGEN (100% Eufor)	–
JEUREGGEN (100% Eufor)	–
HIRVEST 6 (100% Eufor)	–
HIRVEST 7 (100% Eufor)	–
XEVEST 1 (100% Xevest Holding)	–
XEVEST 2 (100% Xevest Holding)	–
WENDEL JAPAN (100% Winvest Conseil)	–
HELIKOS S.E. (88% Trief Corporation/Oranje-Nassau)	100% HELIKOS GmbH
HELIKOS GMBH (100% HELIKOS S.E.)	–
HELIKOS KG (100% HELIKOS S.E.)	–

## 2. HISTORY AND COMPETITIVE POSITIONING

### 2.1 History and development of the company

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.

Marine-Wendel was created in 1975 when the Wendel Group took control of the Marine-Firminy holding company. The predominance of the Group's steel industry assets (Sacilor, Forges et Aciéries de Dilling, etc.), alongside its diversified activities (Carnaud, Forges de Gueugnon, Oranje-Nassau, Cimenteries de l'Est, several mechanical engineering companies, etc.) led to the break-up of the Group into two entities during the European steel crisis of 1977. 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. Thereafter, Marine-Wendel progressively divested itself of its steel industry assets. Over the years and through numerous internal restructurings, it increased its stake in CGIP to the point of acquiring control of the company. In June 2002, Marine-Wendel and CGIP merged, and the new entity took the name of WENDEL Investissement. At that date, the Company's market capitalization totaled €1,190 million. The industry approach and focus of our management teams 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 Annual Meeting, that the legal name of the Company be simplified from "WENDEL Investissement" to "Wendel", so as to emphasize our long-term industrial values anchored in 300 years of history. The principal changes that took place in the Group over the last two fiscal years are discussed in the consolidated financial statements in the section dealing with the consolidation scope.

### 2.2 Competitive position

Wendel is one of Europe's leading investment companies in size, with more than €7 billion in assets under management (excluding cash and cash equivalents). The investment team is composed of close to 20 experienced professionals. The team members have varied and complementary profiles and include former consultants, company executives, financial analysts, investment bankers and

operational managers from a broad array of industrial and service sectors. The team benefits from the full range of prior experience and the network of contacts the team members developed in their former careers and thus has both in-depth industry knowledge and recognized financial expertise. Wendel's 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 the productivity of its subsidiaries. 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 seven-member Investment Committee, composed of Managing Directors and the two members of the Executive Board. Wendel is both a shareholder and an active partner. It supports entrepreneurial teams, gives them responsibility and works with them over time to achieve ambitious growth and shareholder value objectives. Wendel invests in leading companies and 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 a stable family shareholder structure with more than 300 years of history in industry and more than 30 years of investment experience.

## 3. PRINCIPAL CONTRACTS

### 3.1 Shareholder and corporate governance agreements

#### Saint-Gobain

In an agreement whose terms were approved in a letter dated March 18, 2008, Saint-Gobain and Wendel set down, in a spirit of partnership, how Wendel is to participate, as principal shareholder, in the governance of Saint-Gobain.

The principal features of this agreement were as follows:

- Two representatives of Wendel shall be appointed to Saint-Gobain's Board of Directors, Appointments and Compensation Committee and Strategy Committee during the Shareholders' Meeting in 2008. At the Shareholders' Meeting in 2009, a representative of Wendel shall be appointed to the Board of Directors;

## V. Supplemental information

- Wendel's voting rights at the Shareholders' Meeting 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 the Shareholders' Meeting;
- If Wendel were to sell a block of its shares, it shall grant a right of first refusal to Saint-Gobain or to any other buyer Saint-Gobain might propose;
- 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.

This agreement ends at the close of the Shareholders' Meeting called to approve the 2010 financial statements.

For more details on this corporate governance agreement, please refer to Wendel's press release dated March 20, 2008 and available on the Company website ([www.wendelgroup.com](http://www.wendelgroup.com)), where it is reproduced in its entirety.

### Legrand

Legrand's IPO terminated the 2002 agreement between the Company, KKR and the principal minority shareholders.

Wendel and KKR concluded a new agreement on March 21, 2006.

This new agreement, governing the relationship between KKR and Wendel vis-à-vis Legrand, covers 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).

For more details on this agreement, please refer to Legrand's Reference Document available on Legrand's website ([www.legrandelectric.com](http://www.legrandelectric.com)) and that of the AMF ([www.amf-france.org](http://www.amf-france.org)).

### Shareholder agreements entered into by the Wendel Group: unlisted companies

At December 31, 2009, 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, pre-emptive rights);
- exit terms in the event of a sale (tag-along and drag-along rights) or IPO;
- executive departures (commitment to sell shares to Wendel in the event of an executive departure from a subsidiary and/or manager's commitment to buy shares in certain specific cases);
- liquidity in certain situations and in particular in the absence of a sale or IPO beyond a certain period of time.

### 3.2 Significant financial contracts

The important financing agreements and bond indentures to which the Company is a principal are detailed in the section entitled "Risk Management" of the notes to the consolidated financial statements.

### 3.3 Dependence on patents, commercial and industrial contracts

The Wendel Group seeks to optimize the diversification of its assets. For this reason, with the exception of the contracts mentioned under "Risk Factors" 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.

### 3.4 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 the "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 three previous fiscal years:

In thousands of euros, excluding VAT	2009	2008	2007
Stallergenes	150	150	80
Bureau Veritas	–	–	1,620
Editis	–	–	1,250
Eufor	2,900	6,885	4,200
Other subsidiaries	85	94	125

## 4. SIGNIFICANT CHANGES IN FINANCIAL CONDITION OR BUSINESS STATUS

To the best of the Company's knowledge, since December 31, 2009, 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 the note to the consolidated statements entitled, "Events subsequent to closing".

## 5. RISK FACTORS

The only risks covered in this chapter are those to which companies controlled by Wendel are exposed. Wendel holds a 25% stake in Legrand and an 18% stake in Saint-Gobain, both of which are very large companies carrying out diverse industrial activities in a number of geographical regions, each with its distinct characteristics. The challenges faced by the companies are presented in their respective Reference Documents.

The fully consolidated industrial and service subsidiaries carry out such diverse activities that the industrial, social, geographical, financial, environmental and operational risks could not be described in a sufficiently exhaustive and precise manner to be included in the following summary paragraph.

### 5.1 Liquidity, interest-rate, currency and equity risks

information on liquidity, interest-rate, currency and equity risks can be found in the "Risk Management" section of the notes to the consolidated financial statements in this Reference Document.

### 5.2 Legal risks and litigation

#### Legislation or regulations specific to the Group's activities

Because of the geographic and business diversity of the activities of Wendel and the subsidiaries it controls, there is no specific legislation or regulation uniformly applicable to the entire Group's activities.

Moreover, because Wendel is an investment company, it 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 the country in which it operates. Bureau Veritas operates its business in a tightly regulated environment and is required to obtain authorization to carry out a significant proportion of its activities. The various forms of authorization required differ according to the country in which the business operates. They include accreditations, authorizations, approvals, official recognitions, certifications and notifications, issued either by the public authorities or professional organizations at the local, regional, or international level. As a pharmaceutical laboratory, Stallergenes operates in a complex, restrictive and rapidly changing regulatory environment covering pharmacovigilance, medical information and good pharmaceutical practice for manufacturing, controlling, distributing and documenting products under the responsibility of several authorities in the various

## V. Supplemental information

countries in which it is present. Materis and Deutsch are not subject to any specific regulation that might have a significant impact on their activities.

For more information on regulations applicable to Bureau Veritas or Stallergenes, please refer to their Reference Documents. These documents are available on the web sites of Bureau Veritas ([www.bureauveritas.fr](http://www.bureauveritas.fr)), Stallergenes ([finance.stallergenes.com](http://finance.stallergenes.com)) and the *Autorité des marchés financiers* ([www.amf-france.org](http://www.amf-france.org)).

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

### Claims and litigation

In the normal course of business, Wendel and the companies it controls are involved in litigation, arbitration and administrative disputes and are regularly subject to tax, labor or administrative review.

A provision is set aside any time a risk is determined and the cost associated with this risk can be estimated. The methods for determining provisions and for accounting for liabilities comply with applicable accounting standards. Provisions set aside represent the best estimate of the financial consequences for the Group of ongoing disputes based on available information.

Provisions for disputes included on the consolidated balance sheet amounted to €118.3 million, of which €70.1 million related to Bureau Veritas. In the normal course of business, Bureau Veritas is party to several thousand disputes and legal proceedings intended to invoke its professional liability.

At the Company level, the main litigation concerns pollution discovered on a site near Rouen, alleged to be due to the iron and steel activities carried out by Hauts Fourneaux de Rouen (HFR), which ceased operations in 1967.

For the entire scope of consolidation of the Company and the subsidiaries it controls, there are no governmental, legal or arbitration proceedings, including any such proceedings which are pending or threatened of which the Company is aware and which may have, or during the previous 12 months, have had significant effects on the Company and/or Group's financial position or profitability.

### 5.3 Insurance

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 an eye towards improving coverage while taking advantage of market pricing so as to achieve significant savings. The following principal risks are now covered:

- Damage to property (buildings and/or tenant's liability risk) and contents (ca. €18 million in coverage). This policy covers physical damage to property;
- Computer hardware, telecommunications and reprographics equipment (ca. €1 million in coverage);
- Third-party operating liability (ca. €10 million in coverage). This policy covers bodily injury, physical damage and other losses to third parties;
- Third-party professional liability (ca. €25 million in coverage). This policy, which came into force on 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 relationship with subsidiaries and associates;
- Automotive fleet;
- Travel insurance covering Company employees also includes an assistance contract;
- Liability insurance for executives and corporate officers. This policy covers the Company's corporate officers, its representatives on the governing bodies of subsidiaries and associates, 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;
- Health, death and disability of Company employees. New contracts with extended coverage were introduced on January 1, 2007.

Every subsidiary directly manages its own insurance policy.



## 6. PRINCIPAL BY-LAWS

### Company name and registered office

Company name: Wendel

Registered office: 89, rue Taitbout - 75009 Paris, France.

### Official registration

The Company is registered in the Paris Company Register ("Registre du commerce et des sociétés") under number 572 174 035.

### Legal structure and applicable legislation

Wendel is a French *société anonyme* (public limited company) with an Executive Board and a Supervisory Board governed by the French Commercial Code.

### Duration

The Company was formed on December 4, 1871 for a period of 99 years, subsequently extended to July 1, 2064.

### 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 of subscriptions or purchases of shares or ownership rights, mergers, alliances, associations or otherwise; 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.

### Consultation of legal documents relating to the Company

Company documents that shareholders have a legal right to consult under the terms stipulated by law, including the by-laws,

minutes of Shareholders' Meetings and auditors' reports, may be consulted at the Company's registered office.

In addition, all financial news and all information documents published by Wendel are accessible on the Company's website: [www.wendelgroup.com](http://www.wendelgroup.com)

### Fiscal year

The fiscal year runs from January 1 to December 31 of every year.

### 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, in their Ordinary Meeting, 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.

## V. Supplemental information

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.

The shareholders, convened in 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.

### Executive Board membership

Articles 17 and 18 of the by-laws provide for the following:

#### 1. Executive Board

The Company shall be managed by an Executive Board composed of no less 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.

The members of the Executive Board need not be shareholders. They must be individuals. No member of the Supervisory Board may also be a member of the Executive Board. Members of the Executive Board 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 a member of the Executive Board does not cause his or her employment contract to be terminated.

#### 2. Terms of the Executive Board members

The Executive Board is appointed for four years and may be reappointed.

The age limit for members of the Executive Board is 65. Any member of the Executive Board reaching this age is automatically deemed to have resigned.

As long as the number of members of the Executive Board is less 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.

### Supervisory Board membership

Article 12 of the by-laws provides for the following:

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. The members of the Supervisory Board are appointed by shareholders in 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 members of the Supervisory Board 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 members of the Supervisory Board aged 70 or more may not exceed one-third of the number of members (rounded 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 members of the Supervisory Board must own at least 100 fully paid-up shares of the Company.

### Information on 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. Participating in Shareholders' Meetings

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 pursuant to regulations in force.

In accordance with applicable legal conditions, the Executive Board may organize a video-conference to allow shareholders to participate and vote or use other telecommunications systems that ensure identification. Shareholders who participate in Shareholders' Meetings by video-conference or another system are deemed present for the purposes of calculating the quorum and the majority.

### 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 shareholder company.

At the Shareholders' Meeting on June 4, 2010, you will be asked to introduce a provision into the by-laws authorizing the Executive Board to organize voting by internet during the Shareholders' Meeting.

### Changes to shareholder rights

Assuming there are no specific provisions to the by-laws, any changes in rights attached to shares are subject to applicable legal requirements.

### Disclosure thresholds

In addition to the legal requirements for disclosing thresholds passed, 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.

### Holders of 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 bearer shares carrying 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.

## V. Supplemental information

## B. Capital and ownership structure

## 1. GENERAL INFORMATION ON THE COMPANY'S SHARE CAPITAL

## Amount

As of December 31, 2009, the share capital amounted to €201,744,700, divided into 50,436,175 shares with a par value of €4. These shares were fully paid-up. The shares are held in registered or bearer form at the shareholder's discretion.

## 1.1 Changes in share capital in the last 5 years

Date of change in capital	Type of transaction	Change in the 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
<b>Situation as of December 31, 2004</b>			<b>56,183,048</b>	<b>€4</b>		<b>224,732,192</b>		<b>294,285,331</b>
Jan-05	Cancellation of shares as authorized by the Board of Directors on January 18, 2005	-2,224,765	53,958,283	€4	-8,899,060	215,833,132	-100,714,528	193,570,803
Jan-05	Exercise of options	21,799	53,980,082	€4	87,196	215,920,328	616,519	194,187,322
Feb-05	Exercise of options	6,508	53,986,590	€4	26,032	215,946,360	202,008	194,389,330
Mar-05	Exercise of options	6,446	53,993,036	€4	25,784	215,972,144	206,723	194,596,053
Apr-05	Exercise of options	9,762	54,002,798	€4	39,048	216,011,192	303,013	194,899,066
May-05	Exercise of options	33,385	54,036,183	€4	133,540	216,144,732	1,094,663	195,993,729
Jun-05	Issue of shares reserved for employees	27,221	54,063,404	€4	108,884	216,253,616	1,264,415	197,258,144
Jun-05	Exercise of options	129,396	54,192,800	€4	517,584	216,771,200	4,001,834	201,259,978
Jul-05	Exercise of options	35,058	54,227,858	€4	140,232	216,911,432	1,145,844	202,405,822
Aug-05	Exercise of options	18,560	54,246,418	€4	74,240	216,985,672	491,876	202,897,698
Sep-05	Exercise of options	43,253	54,289,671	€4	173,012	217,158,684	1,629,216	204,526,914
Oct-05	Exercise of options	9,329	54,299,000	€4	37,316	217,196,000	323,360	204,850,274
Nov-05	Exercise of options	41,741	54,340,741	€4	166,964	217,362,964	1,312,911	206,163,185
Dec-05	Exercise of options	372,799	54,713,540	€4	1,491,196	218,854,160	10,083,025	216,246,210
<b>Situation as of December 31, 2005</b>			<b>54,713,540</b>	<b>€4</b>		<b>218,854,160</b>		<b>216,246,210</b>
Jan-06	Exercise of options	1,098	54,714,638	€4	4,392	218,858,552	34,082	216,280,292
Jun-06	Issue of shares reserved for employees	20,070	54,734,708	€4	80,280	218,938,832	1,381,017	217,661,309
Jul-06	Exercise of options	7,017	54,741,725	€4	28,068	218,966,900	195,215	217,856,523
Oct-06	Exercise of options	20,026	54,761,751	€4	80,104	219,047,004	475,618	218,332,141
Nov-06	Exercise of options	17,743	54,779,494	€4	70,972	219,117,976	606,677	218,938,818
Dec-06	Exercise of options	727,667	55,507,161	€4	2,910,668	222,028,644	22,296,538	241,235,356
<b>Situation as of December 31, 2006</b>			<b>55,507,161</b>	<b>€4</b>		<b>222,028,644</b>		<b>241,235,356</b>

Date of change in capital	Type of transaction	Change in the 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
Jan-07	Exercise of options	3,000	55,510,161	€4	12,000	222,040,644	61,770	241,297,126
Feb-07	Exercise of options	1,380	55,511,541	€4	5,520	222,046,164	49,652	241,346,778
Mar-07	Exercise of options	652	55,512,193	€4	2,608	222,048,772	21,581	241,368,359
Apr-07	Exercise of options	15,257	55,527,450	€4	61,028	222,109,800	536,687	241,905,046
May-07	Exercise of options	24,510	55,551,960	€4	98,040	222,207,840	796,070	242,701,116
May-07	Cancellation of shares as authorized by the Executive Board on May 29, 2007	-5,257,773	50,294,187	€4	-21,031,092	201,176,748	-	242,701,116
Jun-07	Issue of shares reserved for employees	18,800	50,312,987	€4	75,200	201,251,948	1,930,948	244,632,064
Jul-07	Exercise of options	1,360	50,314,347	€4	5,440	201,257,388	36,965	244,669,029
Aug-07	Issue of bonus shares	40	50,314,387	€4	160	201,257,548	-	244,669,029
Sep-07	Exercise of options	1,009	50,315,396	€4	4,036	201,261,584	22,158	244,691,187
Oct-07	Exercise of options	2,834	50,318,230	€4	11,336	201,272,920	103,829	244,795,016
Nov-07	Exercise of options	170	50,318,400	€4	680	201,273,600	3,500	244,798,516
<b>Situation as of December 31, 2007</b>		<b>-</b>	<b>50,318,400</b>	<b>€4</b>	<b>-</b>	<b>201,273,600</b>	<b>-</b>	<b>244,798,516</b>
Apr-08	Exercise of options	14,416	50,332,816	€4	57,664	201,331,264	490,267	245,288,783
May-08	Exercise of options	5,513	50,338,329	€4	22,052	201,353,316	202,401	245,491,184
Jun-08	Issue of shares reserved for employees	28,271	50,366,600	€4	113,084	201,466,400	1,413,550	246,904,734
<b>Situation as of December 31, 2008</b>		<b>-</b>	<b>50,366,600</b>	<b>€4</b>	<b>-</b>	<b>201,466,400</b>	<b>-</b>	<b>246,904,734</b>
Jul-09	Issue of bonus shares	920	50,367,520	€4	3,680	201,470,080		246,904,734
Jul-09	Issue of shares reserved for employees	68,655	50,436,175	€4	274,620	201,744,700	938,514	247,843,248
<b>Situation as of December 31, 2009</b>		<b>-</b>	<b>50,436,175</b>	<b>€4</b>	<b>-</b>	<b>201,744,700</b>	<b>-</b>	<b>247,843,248</b>

## 1.2 Pledge of issuer's shares held in pure registered form

To the best of the Company's knowledge, as of December 31, 2009, 434,810 Wendel shares held in registered form have been pledged.

## V. Supplemental information

## 2. FINANCIAL AUTHORIZATIONS

## 2.1 Existing authorizations

As of December 31, 2009, the following financial authorizations were in effect:

Authorization	Date of Shareholders' Meeting (resolution no.)	Period and expiration date	Authorized amount (amount used at 12/31/2009)	Overall ceiling
<b>A. Issue of shares or other securities giving access to the capital</b>				
Securities giving access to the capital:				
– With preferential subscription rights	06/05/2009 (10)	26 months 08/04/2011	Capital: €200 million (None)	Capital: €1,000 million
– Without preferential subscription rights	06/05/2009 (11)	26 months 08/04/2011	Capital: €100 million (None)	
– Under greenshoe option	06/05/2009 (12)	26 months 08/04/2011	15% of the initial issue (None)	
– As consideration for contributions in kind	06/05/2009 (13)	26 months 08/04/2011	10% of the share capital on the grant date (None)	
Incorporation of reserves	06/05/2009 (14)	26 months 08/04/2011	€1,000 million (None)	
<b>B. Share buybacks and share cancellations</b>				
Share buybacks	06/05/2009 (9)	18 months 12/04/2010	10% of share capital or €402,932,800 (€39,318,851)	
Cancellation of shares	06/05/2009 (15)	26 months 08/04/2011	10% of share capital per 24-month period	
<b>C. Employee share ownership</b>				
Group Savings Plan	06/05/2009 (116)	26 months 08/04/2011	€300,000 (€274,620)	
Stock options	06/05/2009 (17)	14 months 08/04/2010	1% of the share capital on the grant date, or 504,361 shares (*) (391,200 shares)	
Bonus share issue	06/05/2009 (18)	14 months 08/04/2010	0.2% of the share capital on the grant date, or 100,872 shares(*) (6,900 shares)	

(\*) based on share capital as of December 31, 2009..



## 2.2 Financial authorizations to be proposed at the shareholders' meeting of June 4, 2010

Authorization	Date of Shareholders' Meeting (resolution no.)	Period and expiration date	Authorized amount
<b>A. Share buybacks and share cancellations</b>			
Share buybacks	06.04.2010 (11)	18 months 12.03.2011	10% of share capital €80 per share (i.e. maximum overall amount of €403,489,360)
<b>B. Employee share ownership</b>			
Group Savings Plan	06.04.2010 (12)	14 months 08.03.2011	€300,000
Purchase- and/or subscription-type options	06.04.2010 (13)	14 months 08.03.2011	0.7% of share capital
Bonus share issue	06.04.2010 (14)	14 months 08.03.2011	0.3% of share capital

The 11th, 12th, 13th and 14th resolutions submitted to shareholders for approval at the June 4, 2010 Shareholders' Meeting will replace and cancel the unused amounts of the resolutions with the same purpose that were adopted at the June 5, 2009 Shareholders' Meeting.

## 2.3 Share buyback program

### Legal framework

The Ordinary and Extraordinary Shareholders' Meeting of June 5, 2009 (9th resolution) authorized a share buyback program limited to the number of shares representing 10% of the share capital at the time of the buyback.

At the Shareholders' 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.

### Features of the share buyback program

The share buyback authorization at the Combined Shareholders' Meeting of June 5, 2009 is valid for a period of 18 months beginning on the date of the Meeting, i.e. until December 4, 2010. Under this authorization, the maximum price is €80.

The Executive Board is authorized to repurchase the number of shares representing a maximum of 10% of the share capital. At the date the authorization was granted, this maximum was 5,036,360 shares.

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 repurchased.



## V. Supplemental information

### Share buybacks carried out by the Company under the buyback program approved by shareholders at their June 5, 2009 Shareholders' Meeting

Share buybacks as coverage of purchase-type stock option plans and bonus share programs:

Between June 5, 2009 and December 31, 2009, Wendel directly acquired 460,604 of the Company's shares which it used to cover purchase-type stock option plans and bonus share plans. These purchases were carried out for a total amount of €18,814,637 at an average unit price of €40.85.

Share buybacks and share cancelations under the liquidity contract:

On October 7, 2005, Wendel signed a liquidity contract with Oddo Corporate Finance with the intention of generating market activity, by putting €5,000,000 and 80,000 shares at the disposal of the market maker.

Between June 5, 2009 and December 31, 2009, Oddo Corporate Finance purchased 603,327 of the Company's shares on its behalf under the liquidity contract for a total amount of €20,504,213 at an average unit price of €33.99.

Between June 5, 2009 and December 31, 2009, Oddo Corporate Finance sold 642,327 of the Company's shares on its behalf under the liquidity contract for a total amount of €22,101,516 at an average unit price of €34.41.

The Company has not repurchased or sold shares for any of the other purposes authorized by the program.

Wendel did not make use of any derivative instruments in the context of this share buyback program.

### Cancellation of Wendel shares

During the 24 months prior to December 31, 2009, Wendel did not cancel any shares.

### Situation as of December 31, 2009

As of December 31, 2009, Wendel held 571,005 of its shares, or 1.13% of its share capital. Of these shares, 471,005 were used to cover stock option plans and the allocation of bonus shares and 100,000 were allocated to the liquidity contract. They were classified as "Marketable securities". In accordance with applicable legislation, there are no dividends or voting rights attached to these shares.

At that date, to the best of the Company's knowledge, no subsidiary held any Wendel shares.

### Description of the share buyback program proposed to shareholders at their June 4, 2010 Shareholders' Meeting

The eleventh resolution proposed at the Shareholders' Meeting of June 4, 2010 asks shareholders to approve a new share buyback program, pursuant to articles L.225-209 et seq. of the French commercial Code, to Title IV of Book II of the General Regulation of the *Autorité des marchés financiers* and to European regulation 2273/2003 of the European Commission, dated December 22, 2003.

Under this program, shares may be repurchased for one of the following purposes:

- 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*;
- 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.

This program is also intended to 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 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. As of December 31, 2009, this authorization represented 5,043,617 shares, or a maximum theoretical investment of €403,489,360 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 571,005. In light of the shares already held in treasury, the Company would be able to repurchase 4,472,612 shares, or 8.87% of the share capital, for a maximum amount of

€357,808,960, based on the maximum unit purchase price of €80. 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 18 months from the June 4, 2010 Shareholders' Meeting, i.e. until December 3, 2011.

#### Summary of transactions carried out by the Company on its own shares between June 5, 2009 and December 31, 2009<sup>(1)</sup>

	Gross transaction amounts		Open positions as of December 31, 2009					
	Purchases	Sales/transfers	Open long positions			Open short positions		
			Calls purchased	Puts written	Forward purchases	Calls written	Puts purchased	Forward sales
Number of shares	1,063,931	642,327						
Maximum average maturity			NA	NA	NA	NA	NA	NA
Average transaction price	€36.96	€34.41						
Average strike price	NA	NA	NA	NA	NA	NA	NA	NA
Amounts	€39,318,851	€22,101,516						

(1) The period under consideration begins the day of the Shareholders' Meeting during which the report on the current program was approved and ends on December 31, 2009.

## 2.4 Group savings plan

At the Shareholders' Meeting of June 5, 2009, shareholders approved the principle of a Group savings plan and authorized the Executive Board, with prior approval from the Supervisory Board, to issue shares, on one or more occasions until August 4, 2011, reserved for Group employees and corporate officers up to a maximum par value amount of €300,000.

As of December 31, 2009, after a capital increase of €274,620 (par value) in July 2009, the amount available under this authorization was €25,380 (par value).

## 2.5 Subscription- and/or purchase-type options

### Allocation of subscription- and/or purchase-type options for the fiscal year 2009

By virtue of the authorization granted by the Company's shareholders at their Meeting of June 4, 2007, the Executive Board allocated options on 271,000 shares to certain management-level employees at its meeting on April 2, 2009.

By virtue of the authorization granted by the Company's shareholders at their Meeting of June 5, 2009, the Executive Board granted purchase options on 391,200 shares to the corporate officers and most management-level employees at its meeting of July 16, 2009, and purchase options on 7,000 shares at its meeting of February 8, 2010.

## V. Supplemental information

For the plans granted by the Company's shareholders at their Meeting of June 4, 2007, the stock options are subject to:

- gradual vesting over five years, with 20% of the total amount granted vesting each year and the first tranche only vesting after one year;
- a performance-based condition : the amount ultimately is a function of the change in net asset value per share (assuming dividends are reinvested) after five years. The amount granted vests in full if the increase in net asset value is greater than or equal to 120% (i.e. 2.2 times the Reference NAV), is reduced by 75% if growth is less than 30%, and is reduced on a straight-line basis within these limits.

For the plans granted by the Company's shareholders at their Meeting of June 5, 2009, the stock options are subject to:

- for employees, gradual vesting over three years, with one-third of the total amount granted vesting each year and the first tranche only vesting after one year,
- For members of the Executive Board, (i) a performance-based condition related to growth in net asset value of 20% per year over three years and (ii) gradual vesting over three years, with one-third of the total amount granted vesting each year and the first tranche only vesting after one year (subject to the performance condition being met), (see page 28).

In 2009, 31 Company employees received stock options as part of the plans described above.

## Summary of stock-option plans in force as of December 31, 2009

	Compagnie Générale d'Industrie et de Participations Plans					WENDEL-Investissement Plans					Wendel Plans				TOTAL	
	Plan no. 4		Plan no. 5			Plan no. 1		Plan no. 2			Plan no. 3		Plan no. 1			Plan no. 2
Date of Shareholders' Meeting	06.02.99		05.30.00			06.13.02		05.27.03			06.10.04		06.04.07		06.05.09	
Total number of options authorized	393,022		313,111			562,410		562,821			564,023		2,000,000		504,361 <sup>(1)</sup>	
Options not granted - plans closed	0		0			278,900		239,000			26,200		900		–	
Options to be granted - plans in existence	–		–			–		–			–		–		113,161 <sup>(1)</sup>	
<b>Total number of options granted</b>	<b>393,022</b>		<b>313,111</b>			<b>283,510</b>		<b>323,821</b>			<b>537,823</b>		<b>1,999,100</b>		<b>391,200</b>	
Date of Board of Directors or Executive Board Meeting	06.02.99	05.30.00	07.20.00	07.19.01	09.25.01	07.17.02	07.16.03	07.09.04	07.06.05	07.04.06	06.04.07	07.16.08	04.02.09	07.16.09		
Plans	CGIP 4-1	CGIP 4-2	CGIP 5-1	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		
Starting date for exercise of the options	06.02.02	05.30.03	07.20.00	07.19.02	09.25.02	07.17.03	07.16.04	07.09.05	07.06.06	07.04.07	06.04.12	07.15.13	04.02.14	07.16.10		
Expiration date of the options	06.01.09	05.29.10	07.19.10	07.18.11	09.24.11	07.16.12	07.15.13	07.08.14	07.05.15	07.03.16	06.04.17	07.15.18	04.02.19	07.16.19		
Subscription or purchase price per share	€37.10	€44.23	€44.23	€33.35	€28.50	€24.59	€25.96	€39.98	€65.28	€90.14	€132.96	€67.50	€18.96	€22.58		
Discount	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%		
<b>Options granted</b>	<b>179,997</b>	<b>213,025</b>	<b>5,919</b>	<b>224,549</b>	<b>82,643</b>	<b>283,510</b>	<b>323,821</b>	<b>428,223</b>	<b>49,000</b>	<b>60,600</b>	<b>837,500</b>	<b>890,600</b>	<b>271,000</b>	<b>391,200</b>	<b>4,241,587</b>	
Of which:																
Subscription-type options	179,997	213,025	–	–	82,643	283,510	323,821	428,223	49,000	60,600	837,500	890,600	271,000	–	<b>3,619,919</b>	
Purchase-type options	–	–	5,919	224,549	–	–	–	–	–	–	–	–	–	391,200	<b>621,668</b>	
<b>Number of shares subscribed or purchased as of 12.31.2009</b>	<b>168,559</b>	<b>188,742</b>	<b>5,919</b>	<b>214,148</b>	<b>82,643</b>	<b>261,249</b>	<b>306,661</b>	<b>360,206</b>	<b>0</b>	<b>100</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,588,227</b>	
<b>Canceled or expired subscription- or purchase-type options</b>	<b>11,438</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5,047</b>	<b>5,151</b>	<b>5,000</b>	<b>8,300</b>	<b>315,200</b>	<b>415,200</b>	<b>58,000</b>	<b>0</b>	<b>823,336</b>	
<b>Number of options remaining to be subscribed or purchased at 12.31.2009</b>	<b>0</b>	<b>24,283</b>	<b>0</b>	<b>10,401</b>	<b>0</b>	<b>22,261</b>	<b>12,113</b>	<b>62,866</b>	<b>44,000</b>	<b>52,200</b>	<b>522,300</b>	<b>475,400</b>	<b>213,000</b>	<b>391,200</b>	<b>1,830,024</b>	
<b>Options remaining to be exercised by corporate officers</b>																
Mr. Seillière												90,000	–	90,000		
Mr. Lemoine															120,000	120,000
Mr. Gautier	20,190											150,000	150,000	80,000		400,190
Mr. Lafonta												70,000 <sup>(2)</sup>	0 <sup>(2)</sup>	70,000		

(1) Based on share capital at 12/31/2009 (resolution no. 17 of the June 5, 2009 Shareholders' Meeting during which shareholders approved that purchase-type options be granted up to 1% of the share capital at the grant date)

(2) After application of the service-based condition relating to Mr. Lafonta's departure

## V. Supplemental information

### 2.6 Bonus shares

#### Allocation of bonus shares for the fiscal year 2009

Under the authorization granted by the Company's shareholders at the Shareholders' Meeting of June 5, 2009, the Executive Board granted 7,200 bonus shares at its meeting on July 16, 2009 and 83,450 bonus shares at its meeting on January 12, 2010.

In 2009, 34 Group employees received bonus shares.

#### Summary table of bonus share programs in place as of December 31, 2009

	Wendel Plan		Wendel Plan	Total
	no. 1		no. 2	
Date of Shareholders' Meeting	06.04.2007		06.05.2009	
Total number of authorized shares as a % of capital	0.50%		0.20%*	
Share grants as a % of capital	0.006%		0.014%	
Date of Executive Board Meeting	06.04.2007	06.09.2008	07.16.2009	
Plans	Plan no. 1-1	Plan no. 1-2	Plan no. 2-1	
Vesting date	06.04.2009	06.09.2010	07.17.2011	
Date at which shares can be sold	06.04.2011	06.09.2012	07.18.2013	
<b>Number of bonus shares granted of which:</b>	<b>1,000</b>	<b>2,030</b>	<b>7,200</b>	<b>10,230</b>
New shares	1,000	2,030	–	3,030
Existing shares	–	–	7,200	7,200
<b>Canceled or expired bonus share grants</b>	<b>40</b>	<b>210</b>	<b>300</b>	<b>550</b>
<b>Number of bonus shares vested</b>	<b>960</b>	<b>0</b>	<b>0</b>	<b>960</b>
Share value at the vesting date	€29.90	–	–	
<b>Number of bonus shares granted and still to be vested</b>	<b>0</b>	<b>1,820</b>	<b>6,900</b>	<b>8,720</b>
<b>Number of bonus shares allocated to corporate officers</b>				
Mr. Seillière	0	0	0	0
Mr. Lemoine	0	0	0	0
Mr. Gautier	0	0	0	0
<b>Number of bonus shares granted to the top ten beneficiaries excluding corporate officers</b>	<b>400</b>	<b>700</b>	<b>4,400</b>	
Share value on the date of grant	138.25	63.77	20.63	

\* 100,872 shares based on share capital as of 12/31/2009.

### 3. SHAREHOLDERS

#### 3.1 Current shareholders and their voting rights

As of December 31, 2009, the number of shares issued by the Company was 50,436,175, and they carried 74,522,145 voting rights. 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, regardless of his or her country of citizenship. At that date, 24,656,975 shares enjoyed double voting rights.

To the best of the Company's knowledge, the main shareholders as of December 31, 2009 were as follows:

	% of capital	% of voting rights
Wendel-Participations <sup>(1)</sup> and associates <sup>(2)</sup>	34.7	46.4
First Eagle <sup>(3)</sup>	6.1	5.7
Treasury shares	1.1	0
Employees, former employees and executives <sup>(4)</sup>	3.2	2.9
Other shareholders	<b>54.9</b>	<b>44.9</b>

(1) Formerly SLPS.

(2) Pursuant to Article L.233-10 of the French Commercial Code, these figures included Wendel-Participations and its Chairman.

(3) Formerly Arnhold & Bleichroeder.

(4) including members of the Executive Board and the Chairman of the Supervisory Board.

To the best of the Company's knowledge:

- no other shareholder owns more than 5% of the Company's capital;
- members of the Supervisory Board and the Executive Board hold or represent 2.8% of the shares and 3.8% of the voting rights. All members are individuals.

There are no securities representing liabilities of the Company – convertible bonds, exchangeable bonds and/or bonds redeemable in shares – that give or could give access to the

capital except for subscription-type stock option plans and future bonus share plans.

There are no shares that do not represent capital, such as founder shares or voting rights certificates.

As of December 31, 2009, the maximum potential dilution from exercise of all subscription-type stock options and vesting of all new bonus share issues corresponding to the fiscal year is 3.8% of the capital.

## V. Supplemental information

### 3.2 Significant changes in the shareholder structure over the last three years

	Situation as of 12.31.2007		Situation as of 12.31.2008		Situation as of 12.31.2009	
	% of capital	% of voting rights	% of capital	% of voting rights	% of capital	% of voting rights
Wendel-Participations <sup>(1)</sup> and associates <sup>(2)</sup>	35.9	46.5	34.8	45.8	34.7	46.4
First Eagle <sup>(3)</sup>	6	7.1	7.3	6.7	6.1	5.7
Lone Pine	–	–	4.1	2.8	–	–
Registered shares held in treasury	0.1	–	0.1	–	0.9	–
Group savings plan	0.5	0.5	0.5	0.6	0.5	0.6
Other shareholders (institutional and individual)	57.5	45.9	53.2	44.1	57.8	47.3

(1) Formerly SLPS.

(2) Pursuant to Article L. 233-10 of the French Commercial Code, these figures included Wendel-Participations and its Chairman.

(3) Formerly Arnhold & Bleichroeder.

In January 2010, a study was performed, as is done every year, to identify the shareholders of Wendel. As of December 31, 2009, the distribution of shareholders was as follows:

	% of capital
Wendel-Participations <sup>(1)</sup> and associates <sup>(2)</sup>	34.7%
Individual shareholders	26.5%
Institutional investors outside France	21.5%
Institutional investors in France	9.5%
Treasury shares	1.1%
Employees, former employees and executives <sup>(3)</sup>	3.2%
Other	3.5%

(1) Formerly SLPS.

(2) Pursuant to Article L.233-10 of the French Commercial Code, these figures included Wendel-Participations and its Chairman.

(3) including members of the Executive Board and the Chairman of the Supervisory Board.

The most noteworthy change over the year was that the share of French institutional investors doubled (9.5% compared with 4.7% at December 31, 2008) to the detriment of international institutional investors (21.5% compared with 29.5% at December 31, 2008). The number of individual shareholders decreased marginally to 48,100 compared with 53,400 the previous year, but their share in the capital increased slightly from 25.5% to 26.6%. The number of individual shareholders has increased by close to 40% since 2002, the year in which Marine-Wendel and CGIP merged.

On March 30, 2009 and April 13, 2009, Lone Pine disclosed that it had passed below the thresholds of 4% of the shares and 2% of voting rights. On April 16, 2009 this shareholder disclosed that it had passed below the threshold of 2% of the shares and held 1.91% of the shares and 1.31% of the voting rights.



### 3.3 Controlling legal entities or individuals

#### Wendel-Participations (formerly SLPS)

##### Presentation

Wendel-Participations is a holding company that owns Wendel shares. Wendel-Participations is owned by approximately 950 individual shareholders, who are members of the Wendel family.

The Company's purpose is to:

- invest and manage its own funds and acquire participating interests;
- own (through purchase, subscription at issue, exchange or any other means) and manage any French or foreign listed or unlisted securities, rights to intangible or tangible property, and engage in any type of short-, medium- or long-term capital transactions;
- participate in any guarantee, placement or other syndicates;
- create new companies;
- preserve the assets and other interests of the Wendel family;
- and generally, in France, French overseas territories and any other country, undertake any commercial, industrial, financial, investment or real estate operations directly or indirectly related, in whole or in part, to the above-mentioned activities.

##### Wendel's control structure

As of December 31, 2009, Wendel-Participations had a controlling interest in Wendel with 34.3% of its shares and 45.9% of its voting rights.

The following measures ensure that this control is not abused:

- Management and supervisory functions have been separated by introducing a dual corporate governance structure (Executive and Supervisory Boards);
- At least one-third of Supervisory Board members are independent;
- Independent members are represented in standing Committees set up within the Supervisory Board.

#### 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 family name "Wendel" and an agreement involving the "WENDEL-Investissement" brand license which are mentioned in the Statutory Auditors' special report.
- There are also technical assistance agreements and property leases with Wendel-Participations. These are mentioned in the Statutory Auditors' special report.

### 3.4 Commitments concerning Wendel shares

In accordance with the August 1, 2003 law, the Company has been informed of agreements between Wendel-Participations, SPIM and certain individual shareholders requiring shares to be held for defined periods, as follows:

- commitments to hold shares for a period of six years pursuant to Article 885 L bis of the French Tax Code, dated December 23, 2003, December 17, 2004, December 21, 2005, December 19, 2006, December 14, 2007 and December 19, 2008 relating to 24.95%, 26.21%, 36.67%, 34.49%, 36.49% and 38.06% of the share capital, respectively, at those dates;
- commitments to hold shares for a period of two years pursuant to Article 787 B of the French Tax Code, dated December 14, 2007, December 19, 2008, December 15, 2009, relating to 36.16%, 36.84% and 36.84% of the share capital, respectively, at those dates.

In addition to the commitment to hold shares for a defined period, these agreements stipulate that pre-emptive rights have been granted to Wendel-Participations, SLPS, and SPIM in respect of shares representing approximately 12% of the capital. The shareholders involved in these obligations are not considered to be acting in concert.

As required by articles 885 I bis and 787 B of the French Tax Code and L.233-11 of the French Commercial Code, these agreements have been reported to the *Autorité des marchés financiers*.

Other than the above agreements, and to the best of the Company's knowledge, there is no agreement, accord or contract between shareholders related to their interest in Wendel.

## V. Supplemental information

### 3.5 Items potentially affected in the event of a takeover bid

Pursuant to Article L.225-100-3 of the French Commercial Code, to the best of the Company's knowledge, the items that might be affected in the event of a takeover bid are detailed in the following sections of this Reference Document:

- "Management of liquidity risk" in the notes to the consolidated financial statements on bonds issued and certain financing contracts containing change-of-control clauses;
- "Statutory Auditors' Special Report on Regulated Agreements" in the section entitled "Shareholders' Meeting" for agreements authorizing the Company to use the name "Wendel" and containing a cancellation clause in the event Wendel-Participations' ownership interest in the Company is less than 33.34% for 20 consecutive days.
- "Commitments concerning Wendel shares" in paragraph 3.4 above concerning commitments undertaken by certain shareholders to maintain certain ownership interests and containing a right of first refusal in favor of Wendel-Participations or SPIM.

### 3.6 List of transactions carried out by directors and officers

No. & date of AMF filing	Corporate officer	Financial instruments	Type of transaction	Date	Unit price (in euros)	Gross transaction amount (in euros)	Market	AMF disclosure number
2009-14 12.28.2009	BJPG Participations Legal entity related to Bernard Gautier	Shares	Investment	12.17.2009	42.43	284,429	Euronext Paris	209D7255
2009-13 12.28.2009	BJPG Participations Legal entity related to Bernard Gautier	Shares	Investment	12.16.2009	42.43	338,174	Euronext Paris	209D7254
2009-12 12.28.2009	BJPG Participations Legal entity related to Bernard Gautier	Shares	Investment	12.15.2009	41.48	94,991	Euronext Paris	209D7253
2009-11 12.28.2009	BJPG Participations Legal entity related to Bernard Gautier	Shares	Investment	12.14.2009	41.47	126,003	Euronext Paris	209D7252
2009-10 12.28.2009	BJPG Participations Legal entity related to Bernard Gautier	Shares	Investment	12.10.2009	41.16	411,651	Euronext Paris	209D7251
2009-09 12.28.2009	BJPG Participations Legal entity related to Bernard Gautier	Shares	Investment	12.08.2009	41.86	232,078	Euronext Paris	209D7250
2009-08 12.28.2009	BJPG Participations Legal entity related to Bernard Gautier	Shares	Investment	12.07.2009	41.83	1,023,197	Euronext Paris	209D7249
2009-07 10.02.2009	Nicolas Celler	Shares	Divestment	09.30.2009	42.58	85,160	Euronext Paris	209D5456
2009-06 09.03.2009	Frédéric Lemoine*	Shares	Subscription	08.26.2009	18.07	102,456	Euronext Paris	209D4909
2009-05 09.03.2009	Bernard Gautier*	Shares	Subscription	08.26.2009	18.07	54,210	Euronext Paris	209D4910
2009-04 07.15.2009	François de Wendel	Shares	Investment	07.13.2009	23.25	34,887	Euronext Paris	209D4175
2009-03 07.15.2009	Individual related François de Wendel Compagnie de l'Audon	Shares	Investment	06.29.2009	23.28	50,067	Euronext Paris	209D4174
2009-02 03.09.2009	Legal entity related to Jean-Bernard Lafonta Compagnie de l'Audon	Shares	Loan of shares	02.26.2009	20.50	1,025,000	Euronext Paris	209D1455
2009-01 01.12.2009	Legal entity related to Jean-Bernard Lafonta	Shares	Loan of shares	01.06.2009	37.60	1,504,000	Euronext Paris	209D0245

\* Subscriptions authorized by the Supervisory Board as part of the Group Savings Plan with a discount of 20% and a Company contribution of €4,936.4. The effective date of subscription was July 30, 2009 for Frédéric Lemoine and July 24, 2009 for Bernard Gautier. The capital increase took place on August 26, 2009.

## V. Supplemental information

## 4. MARKET FOR WENDEL SHARES AND DIVIDENDS

## 4.1 Trading in Wendel shares

Month	Beginning	Highest	Lowest	End	Weighted average price	No. of shares traded
January 2007	112.40	115.30	109.00	114.80	114.55	2,447,890
February 2007	115.50	122.99	110.55	113.67	112.71	1,834,789
March 2007	114.17	129.20	108.75	126.86	126.30	2,322,779
April 2007	126.79	129.93	124.73	126.40	126.58	1,917,090
May 2007	126.30	136.90	126.10	134.50	134.34	2,097,660
June 2007	134.50	138.90	125.10	135.15	133.82	2,093,065
July 2007	134.90	<b>145.25</b>	127.75	132.48	131.52	2,170,152
August 2007	130.93	131.68	112.20	124.15	124.05	2,915,576
September 2007	125.01	126.90	116.60	119.30	118.91	2,921,978
October 2007	119.74	129.49	116.11	118.55	118.10	4,078,158
November 2007	118.66	119.38	88.56	107.13	107.70	5,378,653
December 2007	107.57	109.25	96.00	98.94	98.99	3,437,802
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	2,187,157
February 2009	30.25	34.46	19.55	19.96	20.25	4,223,828
March 2009	19.51	22.18	<b>14.88</b>	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

Source : Reuters.

## 4.2 Dividends

The following table presents the adjusted series of dividends for the last five years

Year	Dividend	Additional dividend	Total dividend paid in millions of euros
2005	1.4	0.6	98.9
2006	1.7	0.3	100.4
2007	2	–	100.53
2008	1	–	50.37
2009*	1*	–	

\* Amount proposed at the Shareholders' Meeting of June 4, 2010.

## V. Supplemental information

# C. Additional financial information

## 1. HISTORICAL FINANCIAL INFORMATION

Pursuant to Article 28 of EC regulation 809/2004, the following information is included by reference in this Reference Document:

- 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 key figures on pages 10 and 11 as well as the corresponding consolidated financial statements and audit reports on pages 76-157 of the 2007 Reference Document filed with the AMF on April 30, 2008 under number D.08-356.

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 2009

February 20, 2009

**14.9% increase in consolidated 2008 sales to €5,412 million**

Robust organic growth for the full year: +7.6%

Solid growth in consolidated sales in the fourth quarter of 2008: 9.4% to €1,368 million.

February 23, 2009

**Wendel will take part in Saint-Gobain's capital increase**

March 4, 2009

**Wendel launches the sale of a minority stake of its subsidiary Bureau Veritas**

March 4, 2009

**Wendel will subscribe to Saint-Gobain capital increase for 8.3 million shares**

March 4, 2009

**Sale of Saint-Gobain warrants**

March 5, 2009

**Wendel has successfully completed the placing of a 10% stake in Bureau Veritas**

March 26, 2009

**Solid and improved performance in 2008 - Jean-Bernard Lafonta leaves the company**

March 26, 2009

**Frédéric Lemoine appointed Chairman of the Executive Board of Wendel**

April 7, 2009

**Frédéric Lemoine named Chairman of the Executive Board of Wendel**

April 29, 2009

**Annual Shareholders' Meeting of June 5, 2009**

May 6, 2009

**Oranje-Nassau Groep, a fully-owned subsidiary of the Wendel group, is to sell its energy activities**

May 6, 2009

**Q1 2009 consolidated sales maintained at €1,184 million in a very difficult economic environment**

May 19, 2009

**Oranje-Nassau Groep, a fully-owned subsidiary of the Wendel group, has sold its energy activities**

June 5 and 8, 2009

**Wendel's Combined Shareholders' Meeting Dividend: €1 per share**

June 25, 2009

**Successful completion of the Materis debt restructuring**

July 29, 2009:

**Consolidated net sales maintained at €2,458 million in the first half of 2009, despite a very depressed economic environment**

August 31, 2009

**First half 2009 results affected by the recession and non-recurring accounting losses**

September 21, 2009

**Wendel announces the launch of an offer in Luxembourg to exchange its 5.00 percent bonds due 2011.**

**This transaction forms part of the Group's plan to make its financial structure more flexible.**

September 28, 2009

**Success of bond offer**

November 5, 2009

**Wendel nine-month sales held up well, decline limited to 2.8%**

November 23, 2009

### Partial sale of Legrand's shares by its controlling shareholders

November 24, 2009

### KKR and Wendel have successfully completed the placing of a 11% stake in Legrand

December 3, 2009

### Investor Day

Net asset value was €52.2 on November 30, 2009, up 40.3% since August 26, 2009

## 2. NET ASSET VALUE

### Net Asset Value as of December 31, 2009 (in millions of euros)

Listed equity investments by company	Number of shares	Price <sup>(1)</sup>	7,020
Saint-Gobain	89.8 million	€37.91	3,405
Bureau Veritas	56.3 million	€35.21	1,982
Legrand	65.6 million	€19.48	1,277
Stallergenes	6.1 million	€58.60	356
Unlisted equity investments (Deutsch, Materis, Stahl and VGG / AVR)			285
Other assets and liabilities of Wendel and holding companies <sup>(2)</sup>			13
Cash <sup>(3)</sup>			2,179
<b>Gross assets, revalued</b>			<b>9,496</b>
Wendel bond debt			(2,703)
Bank debt related to Saint-Gobain financing			(4,564)
Net value of protection related to Saint-Gobain financing <sup>(4)</sup>			440
<b>Net asset value</b>			<b>2,669</b>
Number of shares			50,436,175
<b>Net asset value per share</b>			<b>€52.90</b>
Average Wendel share price over the previous 20 trading days			€42.08
<b>Premium (Discount) on NAV</b>			<b>(20.5)%</b>

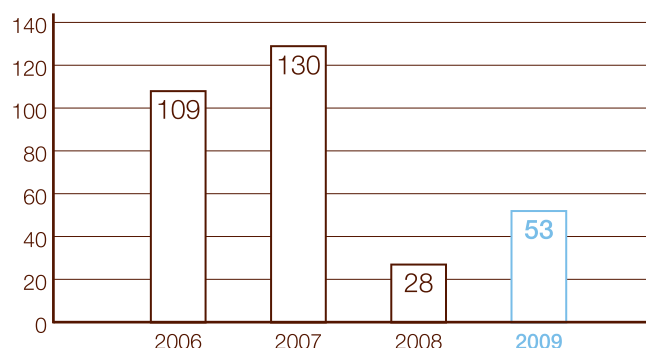
(1) Average share price of the 20 trading days prior to December 31, 2009.

(2) Included 571,005 treasury shares as of December 31, 2009.

(3) Cash of Wendel and the Saint-Gobain acquisition holding companies (including €15 million in liquid investments), of which €1.5 billion was unpledged at December 31, 2009.

(4) Protection (purchases and sales of puts) cover close to 25% of shares held at December 31, 2009.

### NAV per share in euros at year-end





## V. Supplemental information

### Methodology for preparing and publishing NAV

In an effort to increase transparency and clarity for Wendel shareholders, in 2009 Wendel improved its method for presenting, monitoring and publishing its net asset value.

### 2.1 Net asset value publication dates and publication-related reviews

The annual publication dates of net asset value can be viewed in advance on Wendel's website at: <http://www.wendelgroup.com>

Every time the net asset value is reported, the following checks and validations are carried out:

- Statutory Auditors verify that the methodology used for calculating net asset value complies with published methodology and verify consistency with accounting data;
- The Audit Committee reviews the net asset value, comparing Wendel's valuation of unlisted investments with an independent valuation.

### 2.2 Presentation of net asset value

Presentation format (publication at the level of detail reported)	Comments
Valuation date of the investments	
+ Listed investments including:	
• Saint-Gobain	
• Legrand	Average closing price over 20 days
• Bureau Veritas	
• Stallergenes	
+ Unlisted equity 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
Investments	Gross value of investments
Total cash and financial investments (*)	Available cash + pledged cashed of Wendel and its holding companies
Wendel bond debt	Nominal value plus accrued interest
Bank debt related to saint-gobain financing	Nominal value plus accrued interest
Value of saint-gobain puts	Net market value of puts based on Saint-Gobain share price
NAV	
Number of wendel shares	
NAV/share	

(\*) : Amount of unpledged, available cash : € [X] million

## 2.3 Valuation of unlisted investments

**Unlisted investments** are valued by multiplying

- the value of the company's equity by
- the percentage of Wendel's stake at the valuation date

**The value of shareholders' equity** is equal to

- the enterprise value of the investments
- less net financial debt of investments (nominal value of gross debt – cash)
- less the estimated value to be paid to managers at the valuation date, pursuant to co-investment plans.

If net debt exceeds Enterprise Value, the value of shareholders' equity remains at zero as long as debt is without recourse to Wendel.

**Wendel's percentage ownership** is determined using the initial investment split between Wendel, co-investors and managers.

**Enterprise Value** is obtained by multiplying

- Measures of the company's earnings
- Stock market multiples of similar companies, and by transaction multiples if this produces a more accurate valuation.

The measures of earnings used to perform the calculation are:

- Maintainable EBITDA calculated by Wendel
- Maintainable EBITA calculated by Wendel

Enterprise value corresponds to the average of the values calculated using EBITDA and EBITA for the current year and the year preceding the valuation. The reference years become the current period and the following year once the budget of the following year is set.

**Stock market multiples of comparable companies** are obtained by dividing the Enterprise value of comparable companies by EBITA and EBITDA 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 has remained stable over time. It is only changed 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 public offer periods 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.

## 2.4 Listed shares and cash

**Listed investments** are valued on the basis of the average closing price of the 20 trading sessions prior to the valuation date.

Cash of Wendel and its holding companies includes:

- available cash at the valuation date (including liquid investments) and
- pledged cash.

## 2.5 Financial debt

**Financial debt (Wendel's bond debt and bank debt incurred for Saint-Gobain financing)** is valued:

- at its nominal value
- plus accrued interest

As financial debt is recognized at its nominal value, it is not affected by changes in interest rates and credit ratings. Accordingly, the market value of *interest-rate swaps* is not included as it is embedded in the debt.

## V. Supplemental information

### 2.6 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.

### 2.7 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** earmarked for sale when purchase-type stock options are exercised are valued at the lower of the strike price of the options or the average of the 20 most recent closing

prices. If these shares are meant to be canceled, net asset value is used as the valuation basis. Other shares are valued by taking 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. FEES PAID TO THE STATUTORY AUDITORS OF GROUP COMPANIES AND MEMBERS OF THEIR NETWORKS

(in thousands of euros)	2008				2009			
	ERNST & YOUNG Audit		PricewaterhouseCoopers		ERNST & YOUNG Audit		PricewaterhouseCoopers	
	Amount	%	Amount	%	Amount	%	Amount	%
<b>Audit</b>								
Audit and certification of the parent company and consolidated financial statements	3,520		5,006		3,058		6,125	
- Wendel	537	13%	832	15%	724	18%	941	13%
- fully-consolidated subsidiaries	2,983	74%	4,174	73%	2,334	58%	5,184	74%
Other verifications and services directly related to the auditing assignment	166		93		320		328	
- Wendel	60	1%	10	0%	73	2%	65	1%
- fully-consolidated subsidiaries	106	3%	83	1%	246	6%	263	4%
<b>Sub-total</b>	<b>3,686</b>	<b>91%</b>	<b>5,099</b>	<b>89%</b>	<b>3,378</b>	<b>84%</b>	<b>6,453</b>	<b>92%</b>
<b>Other services</b>								
Legal, tax, employment	342	8%	614	11%	638	16%	485	7%
Other	4	0%	-	0%	-	0%	68	1%
<b>Sub-total</b>	<b>346</b>	<b>9%</b>	<b>614</b>	<b>11%</b>	<b>638</b>	<b>16%</b>	<b>553</b>	<b>8%</b>
<b>Total</b>	<b>4,032</b>	<b>100%</b>	<b>5,713</b>	<b>100%</b>	<b>4,016</b>	<b>100%</b>	<b>7,006</b>	<b>100%</b>

## VI. Person responsible for the Reference Document and persons responsible for the audit of the financial statements

- 230 • Person responsible for the Reference Document including the annual financial report
- 231 • Persons responsible for the audit of the financial statements
- 231 • Documents available to shareholders and the public

## VI. Person responsible for the Reference Document and persons responsible for the audit of the financial statements

### 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 historical financial information related to the 2009 fiscal year and presented in this document was subject to reports issued by the Statutory Auditors. These reports can be found on pages [149-150] and [179-182] and include certain observations. The Statutory Auditors' report on the consolidated financial statements contains the following observations:

#### Statutory Auditors' report on the 2009 consolidated financial statements

*"In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of Wendel and its subsidiaries as at December 31, 2009, and of the results of their operations for the year then ended in accordance with IFRS as adopted by the European Union.*

*Without qualifying our opinion, we draw your attention to:*

- *Note 4 to the consolidated financial statements "Equity-method investments – impairment test on equity-method investments: Saint-Gobain" which describes the methods applied to value the interest held in Saint-Gobain based on value in use in accordance with IFRS, and in particular in relation to the following points:*
  - *the value in use of the interest in Saint-Gobain was valued by the Company at €48.6 per share at December 31, 2009. For the purposes of this valuation, the facts and circumstances 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 valuation led to an impairment loss of €225.4 million in 2009,*
  - *the uncertainties with regard to the outlook for the global economy make forecasting difficult and the actual amounts could be at variance from the forecasts established within the scope of the impairment test performed. It is therefore possible that the value in use of the interest held will be different from that determined on the basis of the assumptions and estimates applied at December 31, 2009,*
  - *the sensitivity analysis in the event of +/- 0.5% change in the discount rate and the sensitivity analysis in the event of +/- 0.5% change in the long-term growth rate.*
- *Note 8.D to the consolidated financial statements "Financial assets and liabilities (excluding financial debt and operating receivables and payables) – Derivative instruments" which concerns derivatives used to hedge against a fall in the price of Saint-Gobain share indicates that these instruments are valued in accordance with IAS 39 on the basis of market inputs on the balance sheet date and their impact on the financial statements."*

The Statutory Auditors' reports on the separate and consolidated financial statements for the fiscal year ended December 31, 2008 contain a number of observations which are presented in the declaration of person responsible for the 2008 Reference Document which was filed on May 11, 2009 under no. D.09-400.

Paris, April 13, 2010

Frédéric Lemoine,  
Chairman of Executive Board



## PERSONS RESPONSIBLE FOR THE AUDIT OF THE FINANCIAL STATEMENTS

### 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 of first appointment: 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 Olivier Thibault

Member of the Compagnie Régionale des Commissaires aux Comptes de Versailles.

63, rue de Villiers - 92208 Neuilly-sur-Seine, France

- Date of first appointment: 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.

### Alternate auditors

#### Cabinet Auditex

Tour Ernst & Young - 11, allée de l'Arche  
92037 Paris-la Défense, France

- Date of first appointment: 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.

#### Jean-François Serval

114, rue Marius Auphan - 92300 Levallois-Perret, France

- Date of first appointment: Combined Shareholders' Meeting of June 13, 2002
- Term of office: 6 years.
- Current term of office ends: Shareholders' Meeting convened to approve the financial statements for the year ending December 2013.

### Person responsible for financial communication

#### Jean-Michel Ropert, Financial Director

Tel: 01 42 85 30 00

E-mail : jm.ropert@wendelgroup.com

## 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.

In addition, all financial news and all information documents published by Wendel are accessible on the company's website. [www.wendelgroup.com](http://www.wendelgroup.com)

## VII. Cross-reference index for the Reference Document



# VII. 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, composed of Volume I entitled “Management Report” and Volume II entitled “Financial and Legal Report”.

## Categories of appendix 1 to european regulation 809/2004

Category	Volume I Pages	Volume II Pages
<b>1. Responsible persons</b>		230
<b>2. Statutory Auditors</b>		231
<b>3. Selected financial information</b>		
Historical financial information	Cover, 18-19	58-65, 152-153
Interim financial information	NA	NA
<b>4. Risk factors</b>		37, 90-98, 203-204
<b>5. Information about the issuer</b>		
History and development of the Company	19, 52-53	201, 205, 238
Investments	19, 22-53	84-87, 96-97, 146
<b>6. Business overview</b>		
Principal activities	1-7	201
Principal markets	2-7, 22-51	201
Exceptional events	2-7, 22-53	
Issuer's dependence on patents, licenses, or industrial, commercial or financial contracts		202-203
Basis for issuer's statements regarding the Company's competitive position		201
<b>7. Organization chart</b>		
Brief description of the Group	cover, 22-23	198-200, 217-219
List of major subsidiaries	cover, 22-23	147-148, 198-200
<b>8. Real property, manufacturing facilities and equipment</b>		
Significant existing or planned property, plant and equipment		104
Environmental matters that might have an impact on the use of property, plant & equipment		44-49
<b>9. Financial condition</b>		
Financial condition	2-7, 18-19, 24-51	58-65, 152-153
Operating income	2-7, 24-51	58-65
<b>10. Cash, cash equivalents and equity capital</b>		
Share capital		72, 121-125, 164-166
Source and amount of cash flows		65, 73-74, 135-137, 159
Borrowing terms and financing structure		91-97, 121-125, 166
Restrictions on the use of capital that have influenced or could influence the Company's operations		91-97
Expected sources of financing necessary to honor investment commitments made by management	NA	NA
<b>11. Research and development, patents and licenses</b>	24-51	130
<b>12. Trends</b>	4-7, 27, 31, 35, 39, 43, 47, 51	

## VII. Cross-reference index for the Reference Document

Category	Volume I Pages	Volume II Pages
<b>13. Projected or estimated earnings</b>	NA	NA
<b>14. Executive Board and Supervisory Board</b>		
Members of the Executive Board and the Supervisory Board	10-11	4-11, 13-14
Conflicts of interest at the Company's management entities		20, 23
<b>15. Compensation and benefits</b>		
Compensation paid and in-kind benefits		22-33
Provisions for retirement, other pensions or other benefits		31, 118, 165
<b>16. Management entities</b>		
Expiration date of terms of office	10-11	4-11
Service contracts involving members of the Company's management entities		20
Audit and Compensation/Governance Committees	10-11	15-18
Compliance with principles of corporate governance		20
<b>17. Employees</b>		
Number of employees		49-54
Profit-sharing and stock options of corporate officers		4-11, 27-30, 213-217
Agreements providing for employee share ownership		50, 189-190, 193-196, 213-218
<b>18. Principal shareholders</b>		
Shareholders with more than 5% of the share capital or voting rights	20	217-219
Existence of different voting rights		207, 217-220
Control of the issuer		219
<b>19. Transactions with related parties</b>		87-88, 179-182, 203
<b>20. Assets, financial condition and earnings of the issuer</b>		
Historical financial information		66-148, 151-174, 224
Proforma financial information	NA	NA
Financial statements		66-148, 151-174
Verification of annual, historical financial information		58, 149-150, 175, 230
Date of most recent financial information		75, 156-158
Interim financial information	NA	NA
Dividend policy		205-206, 223
Judicial proceedings and arbitration		203-204
Significant changes in financial condition or business status		203
<b>21. Supplemental information</b>		
Share capital		164, 208-212, 213-216
Articles of incorporation and by-laws		18-19, 205-207, 217
<b>22. Significant contracts</b>		92-97, 179-182, 201-203
<b>23. Information from third parties, expert opinions and declarations of interest</b>	NA	NA
<b>24. Documents available to the public</b>	21	205, 231
<b>25. Subsidiary and affiliated companies</b>	22-51	

## VIII. Cross-reference index for the annual financial report

# VIII. Cross-reference index for the annual financial report

This Reference Document (composed of Volume I entitled “Management Report” and Volume II entitled “Financial and Legal Report”) includes all the items of the annual financial report mentioned in I of Article L. 451-1-2 of the 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.

Category	Volume I Pages	Volume II Pages
<b>Annual financial statements of the Company</b>		154-174
<b>Consolidated financial statements of the Group</b>		66-148
<b>Management report</b>		
Related party disclosures	1-7, 18-19, 22-53	37-38, 58-65, 90-98 110-113, 129, 145-146 152-153, 166, 202-204
Corporate social and environmental responsibilities		44-49, 49-54
Corporate governance and executive compensation	10-11	4-11, 22-35, 205, 221
Share capital and shareholder information		33, 87-88, 114, 164 179-180, 206 210-214, 217-220
Accounting and tax information		75, 160, 174, 223
<b>Person responsible for the annual financial report</b>		231
<b>Statutory Auditors' report on the annual financial statements</b>		175
<b>Statutory Auditors' report on the consolidated financial statements</b>		149-150
<b>Statutory Auditors' fees</b>		228
<b>Chairman's report on the conditions under which the work of the Supervisory Board was prepared and organized and of the internal control procedures in place within the Company</b>		4-41
<b>Statutory Auditors' report on the report of the Chairman of the Supervisory Board</b>		178



The original French version of this report was registered with the French stock exchange authorities (“Autorité des Marchés Financiers” - AMF) on April 13, 2010 under number D.10-0257, 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.



---

Société anonyme  
with capital of  
201,744,700 euros

Tel.: 33(0) 1 42 85 30 00  
Fax: 33(0) 1 42 80 68 67

89, rue Taitbout  
75009 Paris – France  
[www.wendelgroup.com](http://www.wendelgroup.com)

---