

Letter to shareholders

September 2009

FIRST-HALF EARNINGS

Key figures

- Net income from business sectors: **€61.8M**
- Net loss of **€901.3M**, reflecting significant reductions in carrying values
- Improvement in the Group's financial condition through **€781M** in asset sales
- Sound cash position: **€2,553M** as of June 30, 2009
- **€1,225M** in bank debt and an undrawn €600M credit line extended in July and August 2009
- Support for unlisted subsidiaries
- Agreements with lenders Materis, June 25
Deutsch, August 12
Stahl, underway
- NAV: **€37.2 per share** as of August 26, 2009



Dear Shareholders,

We published our results for the first half of 2009 on August 31, 2009. As we had anticipated and previously indicated, the Group was affected by the recession and by very significant reductions in carrying values. These impairments and losses had no impact on the Group's cash position nor on its net asset value.

In this difficult period, we are determined to pursue our strategy as a responsible, long-term investor. In the near term, Bernard Gautier and I and the rest of the management team will continue the stabilization phase we have initiated, guided by two priorities: 1) support all companies in the Group as they adapt operationally and financially to the imperatives of the economic situation and 2) further improve the Group's financial flexibility. You have seen the tangible results of our efforts. After selling certain assets in the spring, we signed important agreements with our banking partners over the summer. Through these agreements, we stretched out the maturities of our financing significantly, renewed our unused lines of credit and supported the efforts of unlisted subsidiaries to renegotiate their debt.

In the longer term, this initial phase will enable the Wendel Group to take advantage of the recovery when it strengthens and begin investing again in the right projects at the right time.

Leaders in their sectors, our companies have high-quality products and services, strong market positioning compared with their competitors, and broad geographic coverage. For these reasons, they offer very favorable prospects for future growth and development. Their business sectors are buoyed by underlying trends and should benefit therefrom relatively early on in the economic recovery. Faced with the challenges of the 21st century, they provide the answers their customers want, be it in the realm of environmental protection, the aging of the population, or the increasing urbanization and industrialization of emerging market countries. Now more than ever, I am convinced of your company's strong outlook for future growth. The accounting losses of 2009 relate to the past, whereas the increase in our NAV demonstrates that our subsidiaries and affiliates have the ability to bounce back and are still significantly undervalued.

Thank you for the trust you have placed in us.

Frédéric Lemoine, Chairman of the Executive Board



Interview with Olivier Legrain

President of Materis

How would you summarize Materis' competitive advantages?

Materis has four major strengths:

- Firstly, our leadership positions in our four businesses: Aluminates, Admixtures, Mortars and Paints. Materis is one of the world leaders in specialty chemicals for the construction industry.
- Secondly, we have a portfolio of brands that are well-known in the local market among industry professionals and consumers alike: Parexlanko in France, Cotegran in Spain; Klaukol in Argentina; Davco in Asia; Tollens and Zolpan in France; Robbialac in Portugal; Alp, Reveton in Spain; Max Meyer Ducco, and Viero and Settef in Italy, to name a few.
- Our third advantage derives from our business and geographic diversification. Materis is made up of four businesses and operates on four continents, with 20% of our sales deriving from emerging market countries. This enables us to balance the risks of our three end-markets: new construction, renovation and manufacturing.
- Last and by no means least, our fourth advantage is the professionalism of our management and staff. The members of the Executive Committee have known each other and have been working together for more than 15 years. Our decentralized structure fosters rapid decision-making. In today's competitive worldwide environment, this is a fundamental advantage.

On June 25, Wendel announced the successful restructuring of your bank debt. Could you elaborate?

After a very complex negotiation process with 199 lenders, we succeeded, with Wendel, in protecting Materis' liquidity until 2014 by rescheduling our debt and adjusting the terms of our bank loans to the reality of the economic situation and to the company's new business plan. I am very proud to report that the vast majority of Materis' 600 investor-managers renewed their confidence in the company's future by contributing €9 million to the capital increase, alongside Wendel's €36 million contribution. This agreement symbolizes the confidence of our majority shareholder, banks and investor-managers in our company's ability to stay on course during this extremely turbulent period.

Have you been hit by the recession? What do you see as the way out of the crisis?

Naturally, Materis is faced with the sharp downturn in the global economic and financial environment. But beginning in the autumn of 2007, our management team launched action plans to reduce costs significantly, raise prices and manage our cash more tightly.

Apart from these necessary adaptation plans, we are counting on the innovation and creativity we have been generating for more than 18 months to supply additional organic growth. Such growth will protect our earnings. Moreover, since the renegotiation, we now have a €100 million line for acquisitions and investments, which we plan to use with the utmost discipline. Emerging markets (Asia, Latin America and the Mediterranean rim) will continue to grow, and the major renovation programs supported by governments in industrialized countries offer new sources of growth for business such as external thermal insulation. Our staff are working on short- and long-term development projects that will enable us to increase our competitive advantages and solidify our leadership positions.

What is your relationship with Wendel?

The Wendel Group has been our majority shareholder since April 2006. During these three years, we have seen confirmation that this was the right decision. Wendel has proven to be a very active partner, worthy of our full confidence. Without the strong ties that have been formed between the two groups, we would not have been as successful in our negotiations. I am personally very happy that we have the support of Wendel to help us get through the recession and continue our growth and development. ■

Net sales:
€1,900M

Employees:
9,300

Manufacturing sites worldwide:
90

Olivier Legrain answers the Proust questionnaire

What is your principal characteristic? **Pugnacity**

Your favorite activity? **Perpetual motion**

Your favorite real-life heroes? **André Malraux and John McEnroe**

Reform you admire most? **Women's right to vote and the creation of Social Security**

What do you hate most? **Laziness and hypocrisy**

Your present state of mind? **Determination**

Your motto? **Think strategically, act intuitively.**

FINANCIAL AND OTHER HIGHLIGHTS

First-half 2009 earnings

Affected by the recession and non-recurring accounting losses

▶ **€61.8M**
in net income
from business sectors

▶ **€2,553M**
in cash

- Net income from business sectors in the 1st half of 2009 totaled to €61.8 million, reflecting excellent resilience in the Group's companies.
The Group posted a net loss of €901.3 million, affected by significant reductions in the carrying value of investments.
- The Group's financial condition improved through €781 million in asset sales. Cash consequently totaled to a solid €2,553 million as of June 30, 2009.
€1,255 million in bank debt and an undrawn €600 million credit line were extended in July 2009.
Wendel has supported the development of its unlisted subsidiaries through successful negotiation with lenders.

Highlights of the first half of 2009

- During the 1st half of 2009, the financial crisis worsened, financial markets became extremely volatile and the economic environment deteriorated significantly. Against this difficult background, many noteworthy events were taking place at Wendel.
 - Our stake in Bureau Veritas was reduced to 52%;
 - Frédéric Lemoine replaced Jean-Bernard Lafonta as Chairman of the Executive Board;
 - The Group sold the energy activities of Oranje-Nassau;
 - The relationship between Wendel and Saint-Gobain was put on a new footing;
 - Materis' debt was successfully renegotiated.
- After the closing, rescheduling of bank debt related to Saint-Gobain began, financings were amended and maturities were extended by an average of three years. In addition, an agreement was reached with Deutsch's lenders so as to ensure compliance with covenants during a transitional period.
- As of August 26, 2009, Wendel's net asset value stood at €37.20 per share.

Focus on...

Net income from business sectors

in millions of euros	June 2008	June 2009
Bureau Veritas	111.0	141.3
Growth in operating margin		
Legrand	75.6	51.1
Adjusted operating margin held up remarkably well		
Saint-Gobain	217.9	41.6
Acceleration and strengthening of cost-reduction plan		
Materis	32.6	10.5
Adjusted operating margin held up very well.		
Stallergenes	12.0	13.4
Excellent performance and objectives exceeded		
Deutsch	17.7	(10.1)
Very adaptable to difficult markets		
Stahl	3.6	0
Stepped-up effort to adjust to a very adversely affected market		
Oranje-Nassau	42.3	13.8
Editis	(5.3)	-
Net income from business sectors¹	303.2	61.8
Net income (group share) from business sectors	238.4	(10.8)

¹ Net income before goodwill and non-recurring items, in accordance with the method described in the 2008 annual report (page 78)

Materis invents materials and creates colors

1995 Lafarge Specialty Materials is formed from an intra-group merger of Lafarge Nouveaux Matériaux and Lafarge Fondu International.

Materis is created as an LBO directly from the Specialty Materials division of Lafarge with the exception of the road applications and lime divisions. The company is majority-held by three private equity investment companies: CVC Capital Partners, Advent International and Carlyle. Lafarge remains a 33.36% owner.

End 2003 Change in Materis' shareholders. LBO France becomes majority shareholder, with Lafarge keeping 7% of the shares.

April 2006 Wendel becomes Materis' new majority shareholder. Lafarge exits the capital.

Near-term priorities: Increase Wendel's financial flexibility

• Maturity of Wendel's financing extended

Since June 30, 2009, Wendel has successfully pursued a strategy aimed at extending the maturity of its financing and renewing its unused bank lines.

In this way, the maturity of two Saint-Gobain financing tranches totaling €1,255 million was extended for an average of three years, as follows:

- €800 million in bank debt maturing in June 2011 was extended for four years to June 2015;
- €145 million of a €600 million bank borrowing maturing in December 2013 was repaid at the beginning of 2009, and the balance of €455 million was extended in equal portions to June 2014 and June 2015¹.

In addition, Wendel extended an undrawn €600 million line of credit maturing on June 2009¹. This line, which can be used to manage and refinance Wendel's investment in Saint-Gobain, can now be drawn down until December 2013 and will mature in equal portions in June 2014 and June 2015. It is supplemented by another undrawn €393 million line of the same type and an undrawn €1,200 million syndicated loan, available for all types of financing, provided certain conditions are met.

As of August 26, 2009, Wendel's cash position totaled to €2,562 million, of which €1,119 million was pledged.

• Deutsch's debt renegotiated

After Materis obtained an agreement on June 25 to renegotiate its debt, Deutsch, supported by Wendel, also signed an agreement with its lenders (100% of senior and mezzanine lenders) on August 12, with two main features:

- Until March 2010, stabilization of capital and bank relationships. During this transition period, interim covenants will be applied, and a collateral account will be created, limited to €32 million, of which €29 million will be provided by Wendel;
- At the end of this transition period, new long-term conditions will be negotiated.

Similarly, Stahl is pursuing discussions with its creditor banks so as to optimize its financial structure. As a responsible shareholder and long-term investor, Wendel intends to provide Stahl with tangible support as well as to help. ■

¹ subject to approval of contractual documentation.

A new website for you



In an effort to maintain a relationship of mutual respect and trust, while fostering a more in-depth dialog between Wendel, its managers and you - our shareholders - our new website is now online.

This new interactive space offers more direct, personalized access to the information that interests you.

The site presents general information about the Group and its subsidiaries, as well as news about the Group and its management, etc. This information is both exhaustive and easy to find. The most important data is right on the site's home page: Wendel share price, financial agenda, most recent publications, regulatory information and news about the Group and its companies. Built around five menu items ("Our Group", "News", "Our companies", "Finance", "Press portal"), the website offers you a well-organized hierarchy of information waiting to handle your query.

The site also includes an area reserved especially for you, Wendel's shareholders. The "Shareholders' area" provides you a wealth of information about Wendel shares, the most recent and upcoming financial publications, Group news, reports of Shareholders' Advisory Committee meetings and the Shareholders' Guide. There is also a "Bond area" for holders of Wendel's bonds.

By clicking on "Express yourself" you can enter into a dialog with Wendel. This area is open for you to express your opinions, comments or questions, which will be relayed to Wendel's management. It also represents a tangible application of the relationship we wish to create with shareholders, namely one that fosters direct, candid and constructive dialog between Wendel and you, its shareholders. ■

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Long-term outlook

Despite the vicissitudes of the current economy, your Group's subsidiaries and affiliates are well positioned to take advantage of the recovery. We are preparing for that recovery by accompanying our companies not only as they endeavor to control costs but also as they invest in research and development. Wendel helps them take advantage of opportunities and is confident in the promising, long-term growth prospects each of them enjoys.

Our confidence in each of our subsidiaries and affiliates is based on the Group's strategic vision, which derives in turn from our observations of economic changes and societal trends.

FOCUS ON CONSTRUCTION

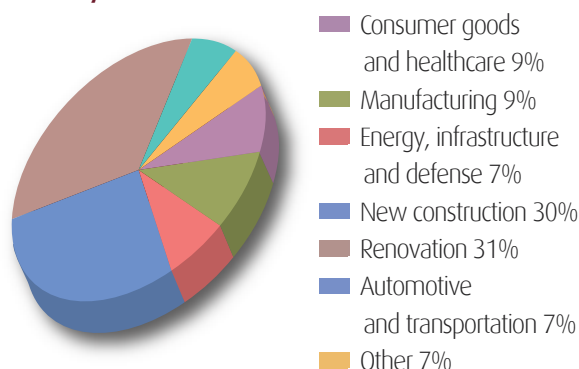
Several Wendel companies are active in the construction sector: Saint-Gobain, Legrand and Materis. Hardly hit by the recession, these "early cycle" sectors should be among the first to bounce back. Moreover, these companies have a strong positioning in renovation (36% of Saint-Gobain's business, 60% of Legrand's and 50% of Materis'). This market is much less cyclical than new construction and offers numerous avenues for growth in the years to come. Specifically, most of the European stimulus plans include housing rehabilitation programs. In addition, growing awareness about saving energy is fostering renovation as a way of improving the energy efficiency of existing buildings.

The construction sector has probably bottomed out and should benefit quickly from the recovery. There is also a reservoir of future growth opportunities in industrialized countries, deriving from lifestyle changes (merged families, home care for seniors, second homes), first-time home buyers, and construction subsidies. In developing countries, the construction sector is even more promising because of demographic pressures and growing urbanization and industrialization. Furthermore, standards of living in these countries are gradually increasing, and access to credit is easing.

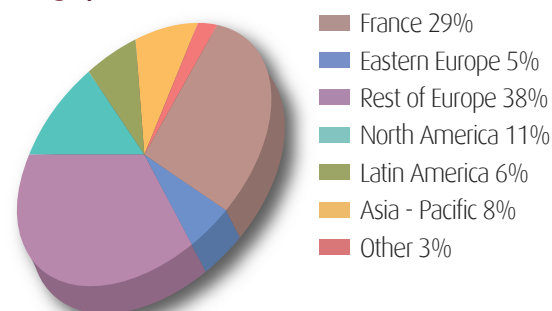
Spotlight on structural advantages

The companies in the Group can capitalize on certain structural advantages, deriving from their status as leaders, which also serve as barriers to entry: pricing power, a global network supported by a strong local presence, well-known brands, value-added technical expertise in many fields and significant investment in R&D.

Diversity of end-markets



Geographic diversification



Uniquely placed to respond to today's major economic trends

Wendel has a very rich, diversified portfolio, uniquely placed to respond to the challenges posed by an aging population (e.g. Legrand's home automation products), demand for better healthcare (e.g. Stallergenes' allergy therapies), risk aversion (e.g. Deutsch's "zero failure" tolerance connectors for harsh environments), sustainable development (e.g. Saint-Gobain's infinitely recyclable glass), energy efficiency (e.g. Bureau Veritas' evaluation of building energy efficiency) and new energy sources (e.g. Saint-Gobain's solar panels).

Finally, your Group is particularly well represented in emerging market countries and as a result is well placed to capitalize on their growth potential. For example, Saint-Gobain has devoted one-third of its capital expenditures to emerging market countries, whereas these countries represent only half that proportion of its total sales.

Shareholder's corner

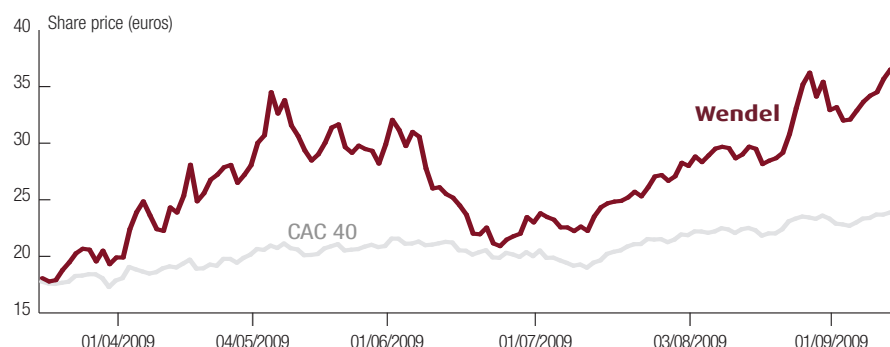
Financial calendar

November 5, 2009

Third-quarter 2009 sales

December 3, 2009

Publication of net asset value to coincide with "Investors'Day"



Net asset value as of August 26, 2009

(millions of euros)			26/08/09	31/05/09 ⁴
Listed investments by company	Number of shares ¹	Share price ¹	6,243	5,838
• Saint-Gobain	89,812,635	€29.83	2,679	2,408
• Bureau Veritas	56,293,260	€33.17	1,867	1,910
• Legrand	80,583,964	€17.31	1,395	1,228
• Stallergenes	6,081,392	€49.61	302	292
Unlisted investments			180	166
Cash ²			2,562	2,824
Gross assets, revalued			8,985	8,828
Wendel bond debt			(2,531)	(2,833)
Bank debt related to Saint-Gobain financing			(5,418)	(5,417)
Net value of protection related to Saint-Gobain financing ³			839	984
Net asset value			1,875	1,562
Number of shares			50,436,175	50,366,600
Net asset value per share			€37.2	€31.0
Average of 20 most recent Wendel share prices			€29.89	€30.46

¹ Number of shares and average share price calculated as of August 26, 2009

² Cash of Wendel and the Saint-Gobain acquisition holding company, including €1,443 million unpledged as of August 26, 2009

³ Protection (purchases and sales of puts) covers 36% of the Saint-Gobain shares held

⁴ NAV presented at the shareholders' meeting of June 5, 2009

Our new commitments regarding NAV

In the interest of transparency and readability for shareholders, Wendel has decided to improve the presentation, monitoring and publication of its net asset value.

The NAV calculation methodology remains constant and complies with the recommendations of the European Venture Capital Association. Shares in listed companies are valued at the average closing price over the 20 trading days preceding the valuation; unlisted companies are valued by reference to the multiples of a sample of comparable companies.

Nevertheless, for all future NAV publications, Wendel has decided to:

- publish a calendar annually;
- increase transparency by providing a more detailed presentation of the various investment and financing line items and by specifying valuation dates;
- tighten control by asking the Statutory Auditors to verify compliance with the methodology.

In addition to being monitored by the Statutory Auditors, NAV is also reviewed and validated by Wendel's audit committee, after a valuation by a recognized independent expert.

NAV will next be published on December 3, 2009.