

# Letter to Shareholders

June 2009

## SHAREHOLDERS' MEETING

### Highlights

- **750** shareholders attended
- Representation: **64%** of the shares and **70%** of the voting rights
- **100%** of the resolutions were adopted, with a very strong majority
- Dividend: **€1** per share
- 2008 financial statements were approved
- The terms of 3 members of the Supervisory Board were renewed: Ernest-Antoine Seillière, re-elected Chairman of the Supervisory Board with **88%** of the vote, Édouard de L'Espée and Grégoire Olivier.



"88% of you have expressed their support by renewing my term as Chairman of the Supervisory Board of your Company. I thank you and am pleased to be able to work with Frédéric Lemoine, our new Chairman of the Executive Board. You can count on my faithful commitment to him in ensuring the resurgence of the Wendel Group, following the challenges we have been through in the last few months."

Ernest-Antoine Seillière, Chairman of the Supervisory Board

Dear Shareholders,

Your Company's Annual Shareholders' Meeting took place on June 5, 2009 in the Pavillon d'Armenonville, with 750 shareholders present. This meeting was an opportunity for me to meet and listen to Wendel shareholders. I explained my approach and my strategy for the Group, and you will find the main principles thereof in this Letter to Shareholders. Bernard Gautier, whom I am very pleased to have on our Executive Board, presented the financial and other highlights of the Group in 2008, as well as business trends for the first quarter of 2009. We also talked about recent important events, such as the sale of Oranje-Nassau's oil and gas activities and the renegotiation of Materis' debt. Finally, we presented the new Shareholders Advisory Committee, which met for the first time in May 2009. This Committee aims to facilitate a direct and open dialog between Wendel management and shareholders so that we can best meet your expectations in terms of communication.

Frédéric Lemoine, Chairman of the Executive Board





## Interview with Frédéric Lemoine

### How did you approach this shareholders' meeting?

For me, this shareholders' meeting was a starting point, a special moment filled with emotion.

In the first place, it was with respect and humility that I introduced myself to the Wendel shareholders. I am conscious of the honor and trust they have placed in me as Chairman of the Executive Board of a group I admire and that has been one of France's most emblematic companies for three centuries.

I am also driven by a sense of responsibility. At the current turning point for the Group and for the economy as a whole, I must lead Wendel down a path of consolidated and renewed success.

### What are the principal themes you covered during the shareholders' meeting?

Firstly, the meeting was an opportunity for Bernard Gautier to account for the Group's 2008 results. Against a difficult economic and market background, Wendel has anticipated and taken advantage of opportunities to strengthen its financial structure and balance sheet liquidity. Right from the start of 2008, the subsidiaries and affiliates also implemented adjustment plans to get through the crisis and to prepare for the economic recovery when it comes.

It was also an opportunity for me to present before shareholders my vision and strategy for the Group. I aim to give Wendel the recognition it deserves as a responsible investor, motivated by a corporate spirit, a culture of industry and long-term commitment. I believe Wendel has four strengths in its favor: its values and its history; our executives and the executives of our subsidiaries; the assets and the quality of the industry-leading companies in which our Group has always invested, and, of course, our stable

shareholder structure, supported by the Wendel family and other prominent industrial families.

### What are your priorities for 2009?

My priorities for 2009 are clear:

- help the companies in the Wendel Group weather these difficult times so that, as leaders in their respective sectors, they can seize recovery and consolidation opportunities as soon as they arise. All Group companies must first get through the worst economic downturn since 1945. Wendel is ready to help them, review their adaptation plans with them, adjust their financing structure, or examine opportunities that might arise from these rapidly changing situations;
- increase Wendel's financial flexibility so as to enable us to play an active role when investment picks up again in 2010 and 2011.

In the longer term, my ambition is to make Wendel's investments prosper in the industries and companies that will define and enrich the 21<sup>st</sup> century.

### Is the Group's debt too high?

Our debt is high but manageable and is proportional to our high-quality assets, which are currently undervalued.

At the end of May, the debt of Wendel and its subsidiaries included €2,830 million in bonds and €4,430 million in bank borrowings to finance Saint-Gobain, for a total of €7,260 million. This figure is high, and the structure of Wendel's debt is complex. Nevertheless, I reiterate that our balance sheet is sound:

- we had cash of €2,860 million as of the end of May, of which €1.6 billion was immediately available;
- debt maturities extend to 2017 and, via negotiations with our banking partners, we are currently working on extending them further;
- our investments, valued at €6,050 million as of the end of May, are of very high quality. Their current market value does not reflect their intrinsic value, and their gradual appreciation will rebalance our financial ratios.

Clearly, I do not intend to increase Wendel's debt this year. The strength of our balance sheet and the quality of our assets obviates the need for us to sell assets

**"I met our shareholders with a sense of responsibility. At the current turning point for the Group and for the economy as a whole, I must lead Wendel down a path of consolidated and renewed success."**

at fire-sale prices so as to lower our debt. That said, we are actively working on simplifying our complex balance sheet and on creating financial flexibility to be able to reinvest beginning in 2010-11.

**You devoted a lot of time in your presentation to shareholders to transparency on executive compensation. Why?**

A company belongs to its shareholders. It seems therefore natural to be open about subjects such as executive compensation. In addition, through the sentiment expressed by the Shareholders Advisory Committee, I understood that shareholders had high expectations about aligning the interests of executives and shareholders. For this reason, Didier Cherpitel, Chairman of the Governance Committee and responsible for executive compensation, explained to shareholders in detail how the members of the Supervisory Board and Executive Board are compensated.

Shareholders may refer to pages 50-55 of the annual report for a comprehensive presentation of all aspects of executive compensation.

**What will the dividend policy be?**

I understand the importance of dividends for shareholders. Our dividend policy must take into account the changes in the earnings of our businesses and that of our non-recurrent income, as well as the Group's future outlook and financing needs.

Our non-recurring income was hit hard in 2008 by impairment losses on significant investments such as Saint-Gobain and Materis. Many businesses are set to suffer again in 2009. From an accounting standpoint, we anticipate a very significant loss in the first half of 2009 and for the year as a whole. The capital gains recently realized on divested assets will not offset the unfavorable non-recurring assets such as the technical dilution losses related to our investment in Saint-Gobain. Finally, financial markets have been under pressure. We have employed funds to strengthen the balance sheet of certain Group companies such as Saint-Gobain and Materis and recently, to repay certain financial obligations, such as the Capgemini exchangeable bonds. These factors have prompted us to preserve our financial resources.

For this reason, while taking into account the goals and objectives of our shareholders, our short-term dividend policy must be a cautious one to preserve our financial flexibility. ■

## Changes at Wendel

### Sale of Oranje-Nassau's oil and gas activities



The sale of Oranje-Nassau's oil and gas activities is part of a coherent industrial strategy. Historically, Oranje-Nassau's oil production portfolio was concentrated in northern Europe (The Netherlands, UK). With North Sea reserves reaching maturity, Oranje-Nassau would have had to invest huge sums to develop sufficient production capacity for a presence in the promising new areas of Asia, Latin America

and Africa to make sense. This investment would have been tantamount to a bet on the price of oil in the next two to three years and Wendel did not believe it was wise to attempt such a wager. So, after completing a strategic review of its activities, the Dutch group, 100%-owned by Wendel, entered into an agreement to sell its oil and gas activities to a consortium led by Dyas and including ONH BV (a privately-held Dutch company controlled by Marcel van Poecke), Dyas UK Limited (a 100%-owned subsidiary of SHV Holdings NV) and the Japanese group Sumitomo.

After repayment of debt, the sale netted €506 million in cash for Oranje-Nassau. ■

**THIS JUST IN! THIS JUST IN! THIS JUST IN! THIS JUST IN!**

### Materis' debt successfully restructured

Following negotiation with nearly 199 lenders, Wendel and Materis obtained virtually unanimous approval from its partners to:

- ensure Materis' liquidity until 2013 by rescheduling its debt;
- adjust banking terms and conditions to the reality of the economic situation and the company's new business plan.

Wendel and Materis' 550 investor-managers will contribute €45 million in equity. ■



## Shareholders Advisory Committee

The Wendel Group has taken the initiative to create a Shareholders Advisory Committee in an effort to foster dialog between Wendel managers and individual shareholders.

The Committee's mission is, among other things, to formulate opinions and questions on the financial communication policy towards individual shareholders, express its views on information sent to individual shareholders and prepare for Annual Meetings.

The Committee met for the first time on May 28, 2009.

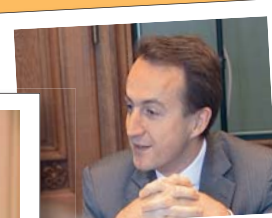
The members of the Shareholders Advisory Committee are: Ms. Marie-France Amic, Mr. Charles Balsan, Ms. Isabelle Charruau, Mr. Clément Celier, Mr. Antoine Dufay, Mr. Patrick de Fayet, Mr. Marcel Jayr, Mr. Yann Kergall, Mr. Soliman Le Bigot, Ms. Anne-Françoise d'Oosthove, Mr. Fabrice Valmier and Mr. Alain Villeroy de Galhau.

During this first meeting, the members of the Shareholders Advisory Committee were invited to speak with Frédéric Lemoine, Chairman of the Executive Board, then with Bernard Gautier, member of the Executive Board, about their vision for the Group and its strategy. In this way, subjects of interest or concern to shareholders were brought up in advance of the Annual Shareholders' Meeting.

The next objective will be to maintain a rich, ongoing dialog between Wendel Group managers and shareholders so as to ensure that the Group communicates openly and that the interests of Wendel's managers and shareholders are in phase.



Marie-France Amic



Clément Celier



Charles Balsan



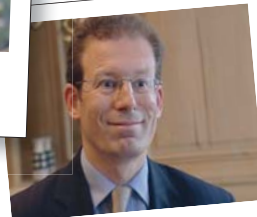
Patrick de Fayet



Alain Villeroy de Galhau



Fabrice Valmier



Soliman Le Bigot

### An objective selection process

More than 100 candidates answered our call to constitute the Shareholders Advisory Committee. Selection was handled by an independent firm on the basis of each candidate's expressed objectives and individual interviews. In the end, 12 people were chosen to serve as the initial members of Wendel's Shareholders Advisory Committee.



Antoine Dufay



Isabelle Charruau



Marcel Jayr



Yann Kergall



Anne-Françoise d'Oosthove

## FINANCIAL AND OTHER HIGHLIGHTS

## Wendel's 2008 earnings

Growth against  
a recessionary background

The Wendel Group continued to achieve growth in a challenging environment in 2008, posting consolidated net sales up 15% at €5,412 million. This performance was obtained with a balance between organic growth (averaging 7.6%) and growth from acquisitions (7.5%).

► €5,412m  
in net sales

► €395m  
Net income from  
business sectors,  
Group share

Net income from business sectors, Group share, reached €395 million, up 10% from 2007. The adjustment efforts made by each company have translated into solid, high-quality performance.

Non-recurring items for the period constituted a loss of €292 million, resulting from the application of IFRS rules in this crisis environment, which led the Group to reduce the value of its assets by €555 million.



Bernard Gautier

## Focus on

Contribution of each of the Group companies  
to overall performance

In millions of euros	2007	2008
<b>Bureau Veritas</b>	189	242
Very strong growth, exceeding estimates		
<b>Legrand</b>	129	138
Adjusted operating margin maintained Highly resilient		
<b>Saint-Gobain</b>	-	99
Resilience and intensification of cost reduction programs		
<b>Materis</b>	46	33
Improvement in product mix and reduction in costs		
<b>Stallergenes</b>	16	19
Excellent performance Targets surpassed		
<b>Deutsch</b>	10	32
Profitable growth Operating margin widened significantly		
<b>Stahl</b>	3	0
Stepped-up effort to adjust to a very adversely affected market		
<b>Oranje-Nassau</b>	59	78
<b>Editis</b>	49	- 5
<b>Net income from business sectors</b>	408	519
Minority interests	- 48	- 124
<b>Net income from business sectors, Group share</b>	360	395

## First-quarter 2009 trends

Bernard Gautier, member of the Executive Board, reiterated the results of the first quarter of 2009: Wendel maintained its 2009 consolidated net sales at €1,184 million, against a very difficult economic landscape. The Group added to its flexibility by selling a block of Bureau Veritas shares and Oranje-Nassau's oil & gas assets.

Here are the principal trends for the first half of 2009:

- **net sales are stable:** Wendel's consolidated net sales rose slightly (1.5%) in the first quarter of 2009 to €1,184 million;
- **resistance to the downturn varies depending on the company:** the companies in the Wendel Group are not similarly exposed to the economic slowdown. Bureau Veritas and Stallergenes, for example, continue to enjoy comfortable growth rates and margins;
- **an accounting loss is expected in the first half of 2009:** continued deterioration in the economic environment, coupled with various factors, such as a technical dilution loss on Saint-Gobain shares of €600 million, could cause the Group to post a significant accounting loss in the first half of 2009 and for the full year, without sustaining damage to its sound cash position.

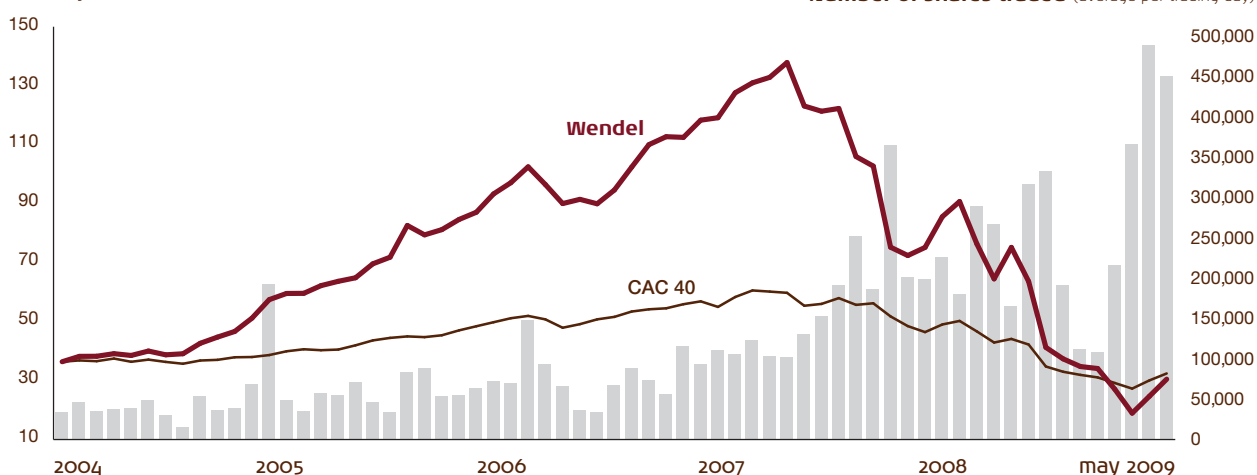
Read the full story and download the presentation of 2008 earnings given to shareholders at the Annual Meeting from Wendel's web site:

[www.wendelgroup.com](http://www.wendelgroup.com)

# Shareholder's corner

Share price (euros)

Number of shares traded (average per trading day)



## Net asset value

In millions of euros

May 2009

Investments	6,000
Cash <sup>(1)</sup>	2,820
Gross assets, revalued	8,820
Wendel bond debt	(2,830)
Bank debt related to Saint-Gobain financing <sup>(2)</sup>	(4,430)
<b>Net asset value</b>	<b>1,560</b>
<b>Number of shares</b>	<b>50,366,600</b>

**Net asset value per share** €31

(1) Cash of Wendel and the Saint-Gobain acquisition holding company, including €1.6 billion unpledged at end-May 2009.

(2) Bank debt related to the acquisition of Saint-Gobain shares, after deducting the value of hedges.

Wendel's NAV is the estimated value of our Company's shareholders' equity. Listed companies are valued at the average closing price of their shares over the 20 trading days preceding the valuation. Shares in unlisted subsidiaries are valued by applying stock market multiples of similar companies in the same reference period to the principal measures of earnings. The detailed NAV calculation methodology is presented on pages 245-47 of the 2008 annual report.

## Second-half 2009 calendar

**July 29, 2009:**

First-half 2009 net sales

**August 31, 2009:**

First-half 2009 earnings

## Contacts

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**Toll-free number (in France):** 0800 897 067

(This number provides shareholders with the necessary practical information for managing their shares and voting rights, as well as information about Group events.)

