faurecia

(incorporated under the laws of France as a *société anonyme à conseil d'administration, i.e.,* a limited liability company)

€350,000,000
9.375% Senior Notes due 2016
guaranteed on a senior unsecured basis by certain subsidiaries

Faurecia (the "**Issuer**" or "**Faurecia**") is offering €350,000,000 of its 9.375% Guaranteed Senior Notes due 2016 (the "**Notes**"). Faurecia will pay interest on the Notes semi-annually in arrears on 15 June and 15 December, commencing on 15 June 2012. The Notes will mature on 15 December 2016.

The Notes will be senior unsecured obligations of Faurecia and will be initially guaranteed on a senior unsecured basis (the "**Guarantees**") by certain of Faurecia's subsidiaries (the "**Guarantors**"). The Notes will rank equally with all of Faurecia's existing and future unsecured senior debt and senior to all its existing and future subordinated debt. The Guarantees will rank equally with all of the Guarantors' existing and future unsecured senior debt and senior to all of their existing or future subordinated debt. The Notes and the Guarantees will be effectively subordinated to all secured indebtedness, if any, of Faurecia and the Guarantors, respectively, to the extent of the value of the assets securing such indebtedness, if any. The Notes will also be effectively junior to all obligations of Faurecia's subsidiaries that do not guarantee the Notes.

At any time prior to the maturity date of the Notes, the Issuer may, at its option and on one or more occasions, redeem up to 35% of the outstanding principal amount of Notes with the net proceeds from one or more specified equity offerings at a redemption price equal to 109.375% of the principal amount thereof, plus accrued and unpaid interest, if any. In the event of certain developments affecting taxation, the Issuer may redeem all, but not less than all, of the Notes at a redemption price equal to 100% of the principal amount thereof, plus accrued and unpaid interest, if any. Prior to the maturity date of the Notes, the Issuer will also be entitled, at its option, to redeem the Notes in whole or in part by paying the relevant "make-whole" premium. In addition, holders of the Notes may cause the Issuer to repurchase the Notes at a price equal to 101% of the outstanding principal amount thereof, plus accrued and unpaid interest, if any, if the Issuer undergoes specific kinds of changes of control.

Application has been made to have the Notes admitted to listing on the official list of the Luxembourg Stock Exchange (the "**Official List**") and admitted to trading on the Euro MTF market. References in this Offering Circular to the Notes being "listed" (and all related references) shall mean that the Notes have been admitted to the Official List and admitted to trading on the Euro MTF market.

Investing in the Notes involves risks. You should carefully consider the risk factors beginning on page 15 of this Offering Circular before investing in the Notes.

The Notes will be in registered form in denominations of €100,000 and integral multiples of €1,000 in excess thereof. The Notes will be represented on the issue by one or more global Notes, which will be delivered through Euroclear Bank S.A./N.V. and Clearstream Banking, *société anonyme*, on or about 9 November 2011 or such later date as agreed between the Issuer and Managers (as such term is defined under "Subscription and Sale of the Notes"). See "Book-Entry, Delivery and Form".

Issue Price: 99.479%, plus accrued interest, if any, from the issue date.

The Notes and Guarantees will be offered and sold in offshore transactions outside the United States in reliance on Regulation S under the US Securities Act of 1933, as amended (the "Securities Act"). The Notes and the Guarantees have not been and will not be registered under the Securities Act or the securities laws of any state of the United States and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

	Global Coordinator	*Global Coordinator*	
BNP PARIBAS	**Crédit Agricole CIB**	**NATIXIS**	**Société Générale Corporate & Investment Banking**

Joint Bookrunning Managers

HSBC	**Mitsubishi UFJ Securities International**

Co-Managers

The date of this Offering Circular is 3 November 2011.

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IMPORTANT INFORMATION ABOUT THIS OFFERING CIRCULAR

This Offering Circular has been prepared solely for use in connection with, and prospective investors are authorised to use this Offering Circular only in connection with, a private placement of the Notes by Faurecia to institutional investors outside of the United States. Faurecia and the Managers reserve the right to reject any offer to subscribe for the Notes for any reason.

No person has been authorised to give any information or to make any representations in connection with the offering or sale of the Notes other than as contained in this Offering Circular, and, if given or made, such information or representations must not be relied upon as having been authorised by Faurecia, the Managers, any of their affiliates, or by any other person. None of Faurecia, the Managers or any of their affiliates or representatives is making any representation to any recipient of the Notes regarding the legality of an investment by such purchaser of the Notes under appropriate legal investment or similar laws. Neither the delivery of this Offering Circular nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of Faurecia or its subsidiaries since the date hereof or that the information contained herein is correct and complete as of any time subsequent to the date hereof.

Faurecia has prepared this Offering Circular and is solely responsible for its contents. You are responsible for making your own examination of Faurecia and your own assessment of the merits and risks of investing in the Notes. Faurecia has summarised certain documents and other information in a manner it believes to be accurate. However, Faurecia refers you to the actual documents for a more complete understanding of the matters discussed in this Offering Circular. Where information has been sourced from a third party, we confirm that this information has been accurately reproduced and that as far as we are aware and are able to ascertain from information published by third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. Where third party information has been included, its source has been stated.

This Offering Circular has been prepared by Faurecia on the basis that any purchaser of the Notes is a person or entity having such knowledge and experience of financial matters as to be capable of evaluating the merits and risks of such purchase. Before making any investment decision with respect to the Notes, potential investors should conduct such independent investigation and analysis regarding Faurecia and the Notes as they deem appropriate to evaluate the merits and risks of such investment. In making any investment decision with respect to the Notes, investors must rely (and will be deemed to have relied) solely on their own independent examination of Faurecia and the terms of the Notes, including the merits and risks involved. Before making any investment decision with respect to the Notes, prospective investors should consult their own counsel, accountants, or other advisers, and carefully review and consider such investment decision in light of the foregoing.

To the best of its knowledge and belief, having taken all reasonable care to ensure that such is the case, Faurecia pledges the information contained in this Offering Circular is in accordance with the facts and does not omit anything likely to affect the import of such information. Faurecia accepts responsibility for the information contained in this Offering Circular accordingly.

Neither Faurecia nor the Managers nor any of their respective affiliates or representatives is making any representation to you regarding the legality of an investment in the Notes, and you should not construe anything in this Offering Circular as legal, business, tax or other advice. You should consult with your own advisors as needed to assist you in making your investment decision and to advise you whether you are legally permitted to purchase the Notes.

No representation or warranty, express or implied, is made by the Managers or any of their respective affiliates or advisors or selling agents, nor any of their respective representatives, as to the accuracy or completeness of the information set forth herein, and nothing contained in this Offering Circular is, or shall be relied upon as, a promise or representation by any of them, whether as to the past or the future.

Investors are urged to pay careful attention to the risk factors described under the section "Risk Factors" of this Offering Circular, as well as the other information contained herein, before making their investment decision. The occurrence of one or more of the risks described herein, could have an adverse effect on Faurecia's activities, financial condition, or results of operations. Furthermore, other risks not yet identified or not considered significant by Faurecia could have adverse effects, and investors may lose all or part of their investment.

This Offering Circular is a prospectus for the purpose of the Luxembourg law dated 10 July 2005 on prospectuses for securities.

STABILISATION

In connection with the issue of the Notes, Crédit Agricole Corporate and Investment Bank (the "**Stabilising Manager**") (or any person acting on behalf of the Stabilising Manager) may over allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the Notes and 60 days after the date of the allotment of the Notes. Any stabilisation action or over allotment must be conducted by the relevant Stabilising Manager (or person(s) acting on behalf of any Stabilising Manager) in accordance with all applicable laws and rules.

IMPORTANT INFORMATION ABOUT JURISDICTIONAL AND SELLING RESTRICTIONS

General

This Offering Circular does not constitute an offer to sell or an invitation to subscribe for or purchase any of the Notes in any jurisdiction in which such offer or invitation is not authorised or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this Offering Circular and the offer or sale of the Notes may be restricted by law in certain jurisdictions. Persons into whose possession this Offering Circular comes are required to inform themselves about and to observe any such restrictions.

No action has been taken in any jurisdiction that would permit a public offering of the Notes. No offer or sale of the Notes may be made in any jurisdiction except in compliance with the applicable laws thereof. You must comply with all laws that apply to you in any place in which you buy, offer or sell any Notes or possess this Offering Circular.

For a description of certain restrictions relating to the offer and sale of the Notes, see "Subscription and Sale of the Notes". Faurecia accepts no liability for any violation by any person, whether or not a prospective purchaser of the Notes, of any such restrictions.

United States

The Notes offered pursuant to this Offering Circular have not been and will not be registered under the US Securities Act of 1933, as amended (the "**Securities Act**"), and may be offered and sold only outside the United States in "offshore transactions" as defined in, and in accordance with, Regulation S under the Securities Act ("**Regulation S**").

Accordingly, the offer is not being made in the United States and this document does not constitute an offer, or an invitation to apply for, or an offer or invitation to purchase or subscribe for, any Notes in the United States.

Any person who subscribes or acquires Notes will be deemed to have represented, warranted and agreed, by accepting delivery of this Offering Circular or delivery of the Notes, that it is subscribing or acquiring the Notes in compliance with Rule 903 of Regulation S in an "offshore transaction" as defined in Regulation S.

In addition, until 40 days after the commencement of the offering of the Notes, an offer or sale of the Notes within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

Notice to Prospective Investors in the United Kingdom

This Offering Circular is for distribution only to, and is only directed at, persons who (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended, (the "**Financial Promotion Order**"), (ii) are persons falling within Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the Financial Promotion Order or (iii) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000) in connection with the issue or sale of any Notes may otherwise lawfully be communicated (all such persons together being referred to as "**relevant persons**"). This Offering Circular is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this document relates is available only to relevant persons and will be engaged in only with relevant persons. The Notes are being offered solely to "qualified investors" as defined in the Prospectus Directive and accordingly the offer of Notes is not subject to the obligation to publish a prospectus within the meaning of the Prospectus Directive. Further information with regard to restrictions on offers, sales and deliveries of the Notes and the distribution of this Offering Circular and other offering material relating to the Notes is set out under "Subscription and Sale of the Notes".

Notice to Prospective Investors in the European Economic Area

With respect to each member state of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**"), no offer has been made and no offer will be made of the Notes to the public in that Relevant Member State prior to the publication of a prospectus in relation to the Notes that has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that, with effect from and including the Relevant Implementation Date, an offer of the Notes may be made to the public in that Relevant Member State:

a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;

b) to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the Managers; or

c) in any other circumstances not requiring us to publish a prospectus pursuant to Article 3(2) of the Prospectus Directive.

As used in this paragraph, the expression "offer of Notes to the public" in relation to any Notes in a given Relevant Member State means any communication to persons in any form and by any means, presenting sufficient information on the terms of the offer and the Notes to be offered, so as to enable an investor to decide to purchase or subscribe for these Notes, as this definition may have been amended in the Relevant Member State by any measure implementing the Prospectus Directive in that relevant Member State. The expression "**Prospectus Directive**" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression "**2010 PD Amending Directive**" means Directive 2010/73/EU.

These restrictions on sale concerning Relevant Member States are in addition to any other restrictions on sale applicable in the Relevant Member States having implemented the Prospectus Directive.

This Offering Circular has been prepared on the basis that all offers of the Notes in any Relevant Member State will be made pursuant to an exemption under the Prospectus Directive, as amended, as implemented in the Relevant Member States, from the requirement to produce a prospectus for offers of the Notes. Accordingly, any person making or intending to make any offer within the European Economic Area of the Notes that are the subject of the placement contemplated in this Offering Circular should only do so in circumstances in which no obligation will arise for us or the Managers to produce a prospectus pursuant to Article 3(2) of the Prospectus Directive for such offer. Neither we nor the Managers have authorised, nor do we or they authorise, the making of any offer of the Notes through any financial intermediary, other than offers made by the Managers, which constitutes the final placement of the Notes contemplated in this Offering Circular.

Notice to Prospective Investors in France

This Offering Circular has not been prepared and is not being distributed in the context of a public offering of securities in France within the meaning of Article L. 411-1 of the French *Code monétaire et financier* and, therefore, this Offering Circular or any other offering material relating to the Notes have not been and will not be filed with the French *Autorité des marchés financiers* for prior approval or submitted for clearance to the French *Autorité des marchés financiers* and, more generally, no prospectus has been prepared in connection with the offering of the Notes that has been approved by the French *Autorité des marchés financiers* or by the competent authority of another state that is a contracting party to the Agreement on the European Economic Area and notified to the French *Autorité des marchés financiers*; no Notes have been offered or sold nor will be offered or sold, directly or indirectly, to the public in France; this Offering Circular and any other offering material relating to the Notes have not been distributed or caused to be distributed and will not be distributed or caused to be distributed to the public in France; offers, sales and distributions of the Notes have been and shall only be made in France to (i) persons licensed to provide the investment service of portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*), (ii) qualified investors (*investisseurs qualifiés*) investing for their own account and/or (iii) a restricted circle of investors (*cercle restreint d'investisseurs*) investing for their own account, all as defined in and in accordance with Articles L. 411-2, D. 411-1 to D. 411-4 of the French C*ode monétaire et financier*. The direct or indirect distribution to the public in France of any Notes so acquired may be made only as provided by Articles L. 411-1 to L. 411-4, L. 412-1 and L. 621-8 to L. 621-8-3 of the French *Code monétaire et financier* and applicable regulations thereunder.

Notice to Prospective Investors in Canada, Australia and Japan

The Notes may not be offered, sold or purchased in Canada, Australia or Japan.

CERTAIN DEFINITIONS

In this Offering Circular (except as otherwise defined in "Terms and Conditions of the Notes", for purposes of that section only, or in the financial statements of Faurecia, included elsewhere in this Offering Circular):

- References to "**our group**", the "**Group**" or "**Faurecia Group**" are to Faurecia and its consolidated subsidiaries, whereas references to "**Faurecia**" and the "**Issuer**" or "**our Company**" are to Faurecia S.A. References to "**us**", "**we**", or "**our**" are to the Faurecia Group or to Faurecia, as the context requires.
- "**Existing Senior Credit Agreement**" refers to the €1,170 million senior credit agreement, dated 27 November 2008, as amended on 12 March 2009, among Faurecia, as borrower and BNP Paribas, Calyon, Citibank International plc, Crédit Mutuel-CIC, HSBC France, Natixis, SG Corporate & Investment Banking, The Bank of Tokyo-Mitsubishi UFJ, Ltd, as mandated lead arrangers and original lenders and BNP Paribas, as Agent and Swingline Agent, entered into to refinance the outstanding amounts under Faurecia's pre-existing 2004 Facility and for general corporate purposes. The facilities under the Existing Senior Credit Agreement are referred to herein as the "**Existing Senior Credit Facilities**";
- "**Guarantors**" refers to the Faurecia subsidiaries described as initial guarantors under "Listing and General Information – The Guarantors" and any other subsidiary of the Issuer that guarantees the Notes pursuant to the Terms and Conditions of the Notes and the Trust Deed. As of the issue date of the Notes, the Guarantors will include: Faurecia Automotive do Brasil Ltda, Faurecia Emissions Control Technologies, Limeira, Faurecia Sistemas de Escapamento do Brasil Ltda, Financière Faurecia, Faurecia Intérieur Industrie, Faurecia Bloc Avant, Faurecia Sièges d'Automobile, Faurecia Automotive Industrie, Faurecia Systèmes d'Echappement, Trecia, Faurecia Innenraum Systeme GmbH, Faurecia Autositze GmbH, Faurecia Exteriors GmbH, Faurecia Kunststoffe Automobilsysteme GmbH, Faurecia Abgastechnik GmbH, Faurecia Sistemas Automotrices de Mexico S.A. de C.V., ET Mexico Holdings I, S. de R.L. de C.V., Faurecia Exhaust Mexicana S.A. de C.V., Faurecia Walbrzych Sp.Zo.o, Faurecia Gorzow Sp.Zo.o, Faurecia Automotive Polska Sp.Zo.o, Faurecia Sistemas de Escape España S.A., Faurecia Interior Systems España S.A., Faurecia Automotive Exteriors España S.A., SAI Automotive Fradley Ltd, Faurecia Automotive Seating UK Limited, SAI Automotive Washington Limited, Faurecia Automotive Seating, LLC, Faurecia Interior Systems, Inc. and Faurecia Exhaust Systems, Inc. (together, the "**Initial Guarantors**"); and by 15 April 2012, the Guarantors will include Faurecia Automotive España, S.L. and Asientos de Galicia, S.L., upon their conversion into *sociedades anonimas*, or certain other subsidiaries should such conversion not occur (the "**Additional Guarantors**" and each, an "**Additional Guarantor**");
- "**Managers**" refers to BNP Paribas, Crédit Agricole Corporate and Investment Bank, Natixis, Société Générale, HSBC Bank plc and Mitsubishi UFJ Securities International plc;
- "**New Senior Credit Agreement**" means the up to €1,150 million senior credit agreement among Faurecia, as borrower and guarantor, and Natixis as Agent, which Faurecia expects to enter into following syndication in the autumn of 2011, for the purposes of refinancing the Existing Senior Credit Facilities and the PSA Loan (to the extent not repaid with the proceeds of the issuance of the Notes offered hereby), financing working capital needs and for general corporate purposes of the Group, including the financing of acquisitions. The facilities under the New Senior Credit Agreement are referred to herein as the "**New Senior Credit Facilities**";
- "**PSA Loan**" refers to a €250 million loan, dated 26 November 2008, from Faurecia's majority shareholder Peugeot S.A. correlated to the Existing Senior Credit Agreement such that drawdowns made by Faurecia remain in the same proportion to each other; and
- "**Refinancing Transactions**" means (i) the issuance and sale of the Notes, the proceeds of which will be used to partially repay outstanding amounts under the Existing Senior Credit Facilities and the PSA Loan, and (ii) the execution and delivery of the New Senior Credit Agreement, which will replace the Existing Senior Credit Agreement and will be used to repay the remaining outstanding amounts under the Existing Senior Credit Facilities and the PSA Loan.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Faurecia is the parent company of the Faurecia Group. This Offering Circular includes audited consolidated financial statements of Faurecia at and for the years ended 31 December 2009 and 2010 and the unaudited consolidated financial statements as of and for the six-month period ended 30 June 2011. The consolidated financial statements of Faurecia have been prepared in accordance with IFRS as adopted by the European Union.

In this Offering Circular, references to "**euro**" and "**€**" refer to the lawful currency of the member states participating in the third stage of the Economic and Monetary Union under the Treaty Establishing the European Community, as amended from time to time.

Faurecia publishes its consolidated financial statements in euros. Various calculations of figures and percentages included in this Offering Circular may not add up or match due to rounding.

Constant Basis Presentation and other Non-GAAP Measures

Figures presented in the section "Management's Discussion and Analysis of Financial Condition and Results of Operations" and elsewhere in this Offering Circular are calculated on an actual historical basis and, where noted, on a constant or "like-for-like" basis, which means that comparable items are presented using a constant consolidation scope but not using constant exchange rates, unless otherwise indicated. The percent change from one period to another has generally been given on a "like-for-like" basis in order to eliminate the impact of changes in consolidation scope (that is, changes in the entities that we consolidate in our financial statements due to acquisitions, divestures or mergers), particularly the 2010 acquisitions of Emcon Technologies, Plastal Germany, and Spain, among others. For more information, see "Management's Discussion and Analysis of Financial Condition and Results of Operations – Acquisitions".

In addition, this Offering Circular includes certain supplemental indicators of performance and liquidity that we use to monitor our operating performance and debt servicing ability. These indicators include product sales, EBITDA, net debt and net cash flow. These measures are unaudited and we are not required to present them under IFRS. Such indicators have limitations as analytical tools, and investors should not consider them in isolation from, or as a substitute for analysis of, related indicators derived in accordance with IFRS. We use these non-GAAP financial measures in this Offering Circular because we believe that they can assist investors in comparing our performance to that of other companies on a consistent basis. However, our computation of product sales, EBITDA, net cash flow and other non-GAAP financial measures may not be comparable to similarly titled measures of other companies. For example, depreciation and amortisation can vary significantly among companies depending on accounting methods, particularly where acquisitions or non-operating factors including historical cost bases are involved. We believe that product sales, EBITDA and the other non-GAAP financial measures, as we define them, are also useful because they enable investors to understand our performance over time, without the impact of various items that we believe do not durably affect our operating performance. However, investors should not consider these measures as alternatives to measures of financial performance, operating results or cash flows that are determined in accordance with generally accepted accounting principles.

Presentation of Product Sales

We report total sales in our consolidated financial statements, both for the Group and by operating segment. In addition, we report an indicator that we refer to as "product sales," meaning sales of automotive parts and components to customers. In addition to these product sales, our total sales include sales of catalytic converter monoliths (a pre-packaged raw material component for catalytic converters, which are chosen by customers and sold on a "pass-through" basis with no markup), as well as sales of tooling, research and development services and prototypes.

MARKET AND INDUSTRY DATA

Unless otherwise stated, the information provided in this Offering Circular relating to market position and the size of relevant markets and market segments for the Automotive Seating, Interior Systems, Emission Control Technologies or Automotive Exteriors markets is based on sales, determined on the basis of our own estimates, and is provided solely for illustrative purposes. We compile information on these markets through our local operating subsidiaries, which in turn compile information on local markets on an annual basis. They derive that information from formal and informal contacts with industry professionals, industry publications, annual reports from competitors, and market research from the independent third-parties. Our estimates of relative market position in each of our markets are based on this information.

The above-referenced studies, estimates, research and public information, which we consider reliable, have not been verified by independent experts. Neither we nor the Managers guarantee that others using different methods to assemble, analyse or compute market data would obtain or generate the same results. In addition, our competitors may define their markets differently. To the extent the data relating to market share and market size included in this Offering Circular are based solely on our own estimates, they do not constitute official data. Moreover, any information regarding market share, customer ranking, supplier percentages or similar data are based on the total value of consolidated sales, rather than on number of units sold or product sales, unless otherwise noted. Neither we nor the Managers make any representation as to the accuracy of such information.

FORWARD-LOOKING STATEMENTS

This Offering Circular contains forward-looking statements that reflect our current expectations with respect to future events and the financial performance of the Group. The words "*believe*", "*expect*", "*intend*", "*aim*", "*seek*", "*plan*", "*project*", "*anticipate*", "*estimate*", "*will*", "*may*", "*could*", "*should*" and similar expressions are intended to identify forward-looking statements. These forward-looking statements reflect our present expectations with regard to future events and are subject to a number of important factors and uncertainties that could cause actual results to differ significantly from those described in the forward-looking statements.

Although we believe that the expectations reflected in these forward-looking statements are based on reasonable assumptions given our knowledge of the industry, business and operations as of the date of this Offering Circular, we cannot give any assurance that these assumptions will prove to be correct, and we caution you not to place undue reliance on such statements. These statements involve known and unknown risks, uncertainties and other factors, which may cause our actual results, performance or achievements, or the industry's results, to be significantly different from any future results, performance or achievements expressed or implied in this Offering Circular. These forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we expect to operate in the future. Some of these factors are discussed under "Risk Factors" beginning on page 15 of this Offering Circular, and include, among other things:

- our dependence on the automotive sector, which represents substantially all of our business;
- risks related to our expanding international operations, particularly in emerging markets;
- the highly competitive nature of our industry;
- credit risk relating to our customers, particularly the largest customers that represent a significant share of our overall sales;
- the risk of disruption to our production if significant suppliers were to become insolvent or otherwise to fail to perform their obligations;
- fluctuations in the price of raw materials, particularly steel and plastics;
- the risk that order volumes might not be sufficient to allow us to fully recover development costs relating to our products;
- environmental risks;
- our ability to identify acquisition targets, integrate acquired businesses successfully and achieve expected synergies;
- our outstanding indebtedness and leverage, and the restrictions imposed by our indebtedness; and
- our ability to generate free cash flow or to obtain sufficient resources to meet our debt service obligations and to finance its working capital and capital expenditure needs.

Our forward-looking statements speak only as of the date of this Offering Circular. We expressly disclaim any obligation or undertaking, and do not intend, to release publicly any updates or revisions to any forward-looking statements contained in this Offering Circular to reflect any change in our expectations or any change in events, conditions or circumstances, on which any forward-looking statement contained in this Offering Circular is based.

SUMMARY

The following summary highlights selected information contained elsewhere in this Offering Circular. Accordingly, this summary may not contain all of the information that may be important to you. We urge you to carefully read and review this document in order to fully understand our company. You should also read the "Risk Factors" section to determine whether an investment in the Notes is appropriate for you.

OUR COMPANY

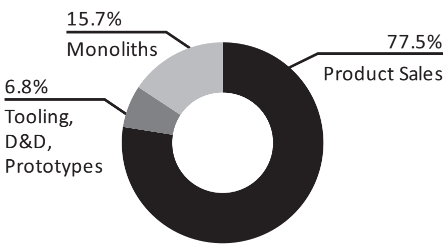
We are one of the world's largest automotive equipment suppliers. We develop, manufacture and sell original equipment for vehicles, through our four main business lines: Automotive Seating, Interior Systems, Emissions Control Technologies and Automotive Exteriors. Our portfolio includes high quality, award winning, technologically advanced products based on proprietary expertise. We have close relationships with substantially all of the world's major automobile manufacturers, and we work closely with our customers to develop product designs and features that enhance our presence and leading market positions.

In 2010, our total sales (or consolidated sales) were €13.8 billion, including €10.7 billion of product sales (deliveries of parts and components to automakers). Our total sales for the twelve-month period ended 30 June 2011 totalled €15.1 billion, with product sales equal to €11.7 billion over the same period. We generated EBITDA of €941.2 million in 2010, and €1,054.2 million in the twelve-month period ended 30 June 2011, representing an EBITDA margin of 6.8% and 7.0%, respectively. For the three-month period ended 30 September 2011, our consolidated sales were €3,787.4 million, or an increase of 15.9% compared to the same period in 2010.

We analyse our sales primarily on the basis of product sales. In addition, we generate revenues from two other sources. First, we sell catalytic converter monoliths, which are pre-packaged exhaust system components that we sell on a "pass-through" basis (with no markup) to insulate our margins from fluctuations in prices of raw materials incorporated in the monoliths. Second, we earn revenues from sales of tooling, design and development services and prototypes.

The following chart shows the breakdown of our total sales among product sales, catalytic converter monoliths and tooling, design, and development services and prototypes, for the year ended 31 December 2010.

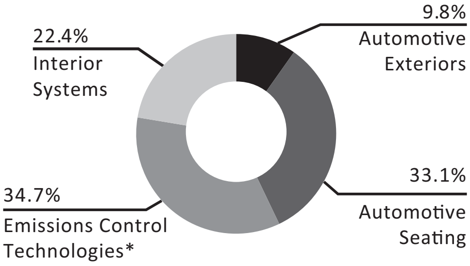
Faurecia Group
2010 Total Sales = €13,796 million



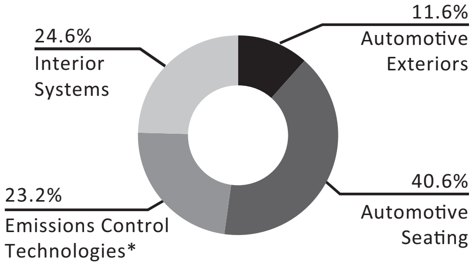
We have an extensive geographic presence and are one of a small number of automotive equipment suppliers that are able to service the global vehicle model programmes of our customers. In 2010, we realised 65.7% of our product sales in Europe, 18.2% in North America, and 15.9% in other regions, primarily fast growing emerging markets such as China, Korea and Brazil. Germany is our largest single country market. Our customers include nearly every large automaker worldwide, including Volkswagen/Audi, PSA Peugeot Citroën, Renault-Nissan, Ford, General Motors and BMW, each of which accounted for more than €1 billion of total sales in 2010. As at 31 December 2010, we had approximately 75,000 employees in 33 countries at 238 production sites and 38 research and development centers.

We operate through four main business lines: Automotive Seating, Interior Systems, Emission Control Technologies and Automotive Exteriors. One in four vehicles in service worldwide included as original equipment a product manufactured by one of our business groups. The following charts show breakdowns of our 2010 total sales and product sales by business line:

Faurecia Group by Business Group
2010 Total Sales = €13,796 million



Faurecia Group by Business Group
2010 Product Sales = €10,696 million



* All monolith sales are in the Emissions Control Technologies business unit.

Faurecia Automotive Seating: We are currently the world's number three automobile seat supplier, and number one in seat components (primarily frames and mechanisms). We design and manufacture complete seats, as well as every seat component: frames, adjustment mechanisms, runners, foam and covers. During the seat manufacturing process, we assemble different components to create a complete seat and provide just-in-time delivery to our customers' plants. We have extensive experience developing seat blueprints and designs, and we generate solutions emphasising safety, comfort, perceived quality, modularity and natural/recycled materials.

Faurecia Interior Systems: We are currently the world's number one supplier of automobile interior systems. We produce cockpit modules (dashboards and center consoles), doors (panels, modules and complete doors), and acoustic modules. With approximately seven million vehicles fitted per year, we are a leading global supplier of door panels and are ranked among the top five suppliers of acoustic modules in Europe.

Faurecia Emission Control Technologies: Following our February 2010 acquisition of Emcon Technologies, we are the worldwide leader in the emission control market, developing and producing entire exhaust systems, from the manifold to the tail pipe. We are also jointly involved, with PSA Peugeot Citroën, in the development of the Diesel Particulate Filter, which is used in environmentally "clean" cars to treat pollutants and recover energy.

Faurecia Automotive Exteriors: We design three different exterior modules: front ends (including engine cooling systems), exterior systems (bumpers, tailgates) and shock absorption systems. With the recent acquisition of Plastal in Germany (April 2010) and Spain (October 2010), we have become the number one bumper supplier in Europe as we have broadened our client base and deepened our product range.

We support our automaker customers through an active joint development policy that entails our involvement at each stage of the equipment development process, from defining product requirements through initial marketing. We develop products specifically for new car models, and typically enter into contracts to supply those products for the initially anticipated life of the car model (generally 5 to 10 years). The quality of our products is renowned among automakers and is supported by our Programme Management System (PMS), a rigorous series of project management procedures and methodologies, as well as by the expertise of our 4,500 engineers and technicians who design products and technological solutions.

Since early 2010, our markets have experienced substantial growth, fueled by a rebound of sales in Europe and North America following the global economic crisis, as well as robust growth in China and other emerging markets. We believe that our leading positions in our four business lines, our close customer relationships, our strong presence in high growth regions, our recognised technological leadership and our proprietary expertise have positioned us to take advantage of these growth trends. In addition, we were able to take advantage of industry consolidation opportunities created by the global economic crisis to strengthen our leading positions in our four business lines, including in particular Emission Control Technologies (through our acquisition of Emcon Technologies) and Exteriors (through our acquisition of Plastal).

Faurecia is a French corporation (*société anonyme*) with its registered address near Paris at 2, rue Hennape, 92000 Nanterre. Its common shares are listed on Compartment A of NYSE Euronext Paris. As of 30 June 2011, Peugeot S.A. held approximately 57.4% of Faurecia's common shares (representing approximately 70.9% of the voting rights), and the remainder was held by the public (including employees).

OUR COMPETITIVE STRENGTHS

We consider our core strengths to include the following:

- ***Leading market position in our four core business lines.*** We occupy leading market positions in each of our four core business lines: number one worldwide in emissions control systems, seat components and interior systems, and number two or three in complete seats and automotive exteriors. We have recently reinforced our position as a recognised market leader through strategic and add-on acquisition transactions. Our market leadership is a significant strategic advantage, as customers typically look to well-established suppliers when they award new business. Our success is enhanced by our global presence, our network of production and assembly facilities that are close to our customers, and our long-standing reputation for innovation and quality service.
- ***Close customer relationships.*** For many years, we have been a key supplier to leading automobile manufacturers, and have received numerous customer awards for design and quality. Our principal customers include Volkswagen/Audi, PSA Peugeot Citroën, Renault-Nissan, Ford, General Motors, BMW and Daimler. We are also expanding our relationships globally, particularly with leading automobile manufacturers in China and Korea. We have been able to establish and maintain customer trust, which has been a key reason for our excellent track record in winning new and repeat business, given the importance of cost-effective, high-quality design, development and production for the success of a vehicle model. Our strong relationships have also allowed us to follow our customers as they have expanded around the world, enabling us to grow our global footprint profitably.
- ***Diversified geographic presence and customer portfolio.*** Our extensive geographic presence and diverse customer base limit our exposure to regional business cycles and customer risk, as compared to suppliers with more limited geographic reach and more concentrated customer portfolios. We have steadily increased the proportion of our product sales originated outside Europe, from 24% in 2009 to 34% in 2010, and we expect further diversification of both our geographic presence and customer base as we expand in Asia, North America and South America in the coming years. In 2010, our largest customer (the Volkswagen/Audi group) accounted for 24.3% of product sales. In 2010, we recorded total sales of more than €1 billion each to six separate customers, limiting our exposure to any single customer or group.
- ***Technological leadership and proprietary expertise.*** Products for new vehicle models are designed and developed in a close collaborative process involving the component supplier and the customer, which can last up to two years. Design and development are financed largely by the customer, either directly or through a per-vehicle charge that is part of the product purchase price. For this reason, customers are selective in choosing a supplier to engage in this process, and we believe they will become more demanding as they face new regulatory constraints and market pressure to produce lighter vehicles with reduced fuel consumption and better emissions ratings. Our proprietary expertise and reputation for technological leadership, which we have enhanced in recent years through targeted acquisitions of companies with promising technologies, put us in a strong position to take advantage of these trends.
- ***Flexible, competitive cost structure.*** We believe that our cost structure is one of the most competitive and flexible in the automotive equipment industry, and we constantly seek new ways to reduce costs and improve our profitability. Over the past several years, we have taken advantage of opportunities to reduce our cost structure, including by expanding our production capacity in Eastern Europe and developing new capacity in emerging markets to accompany the growth of our sales in these markets. Our exposure to raw material prices is low, as most raw material costs are passed through to our customers (our own-account purchases of steel and plastics, the two most significant raw materials, amounted to only 7% of total sales in 2010). We constantly manage the profitability of our contracts over their lifetimes to improve our margins. Our profit enhancement initiatives have borne results, enabling us to emerge from the 2008 economic slowdown in a position of strength. Our variable cost margin has increased from 22.3% in the first half of 2009 to 25.5% in the first half of 2011, and our

operating margin has increased from 1.9% in the second half of 2009 to 4.2% in the first half of 2011 (for a definition of variable cost margin, see “Management Discussion and Analysis – Significant Factors Affecting our Results of Operations – Variable Cost Margins and Operating Margins”) . We intend to continue to pursue the initiatives that have led to these improvements.

- ***Steadily improving capital structure and better liquidity.*** We have substantially improved our balance sheet and financial profile since 2008 by actively managing our debt maturity profile, improving our cash flow generating capabilities and reducing our net debt. As a result, our EBITDA and net cash flow (after capital expenditure and debt service) have improved substantially since the global crisis, amounting to €941 million and €222 million, respectively, for the year ended 31 December 2010. We have reduced our net debt from €1,605 million as of 31 December 2008 to €1,255 million as of 30 June 2011.
- ***Experienced management.*** Our management team and Board of Directors have significant experience in the industry and successfully piloted the Group through the 2008 economic slowdown to emerge in a position of strength. Our Chairman and Chief Executive Officer has over 20 years of experience in the automotive sector, including 15 years in financial management and executive direction. Most of the members of our Executive Committee have spent their entire careers in the automotive industry, and our eight current Executive Committee members each have an average of approximately 15 years of automotive industry experience. In addition, seven members of our Board of Directors have spent their entire careers in the automotive industry.

Strategy

We intend to pursue the strategy that has enabled us to emerge from the global economic crisis as one of the strongest companies in the automotive equipment industry, with leading positions in each of our business lines. Our strategy is based on six priorities:

- ***Focus on four core business lines and capitalise on our leading market share.*** Our strategy has consistently been to take full advantage of our leading position in our four core business lines and as a global leading supplier to the automotive industry. We believe that each of our four business lines has significant growth potential – a 2009 study by Roland Berger, a leading industry consultant, predicted worldwide cumulative annual growth rates from 2009 to 2014 of 11% in the light vehicle exhaust market, 7% in the seating market, 5% in the interiors market and 9% in the exteriors market. We intend to exploit this growth potential by concentrating on these four businesses and leveraging our market leading positions.
- ***Capitalise on our scale and global reach to service global automobile manufacturers and international programmes.*** With our global reach and customer proximity, we have positioned ourselves to take advantage of the accelerated trend toward globalisation of vehicle programmes. We continuously seek new opportunities to supply our customers’ global programmes and to reinforce our key relationships. For example, we supply products for the Ford Focus programme through 13 factories in 11 countries covering four regions, and we were able to synchronise our development programme so that only 18 months were needed from the first start-of-production to the last. We have other global programmes in development, including an 11-plant seat programme for Nissan. We believe that few other “Tier 1” suppliers have the worldwide reach and experience necessary to manage these global programmes.
- ***Take advantage of our technology leadership and technical expertise.*** We will continue to accelerate technological development in all our business lines. We will focus on new functionality and richer product content in the seating and car interiors markets; the improvement of fuel efficiency through weight reduction and modular production in the exteriors market; and energy recovery, fuel economy and emissions reduction in the emissions control technology market. We will pursue innovation through the use of internal research and development teams and by leveraging recent acquisitions and partnerships, which have recently provided us new technologies and expertise, such as the Ammonia Storage Distribution System for the reduction of nitrogen oxide (NOx) emissions; real material decoration expertise for interiors; and pneumatic seating systems for the comfort systems in mid- to premium-segment vehicles.

- ***Accelerate our Asian and North American development.*** The Asian market represents a significant source of growth potential, particularly China and Korea, where we are focusing our Asian development. We have leveraged our relationships with international customers to achieve leading positions in the Chinese emissions control and seat structure and mechanism markets. We had 23 plants in China at year-end 2010 and we plan to have 30 by year-end 2011. In 2010, we also established new partnerships with Geely-Volvo and with the Xuyang Group, which should boost our activity in the interiors and seating businesses. In Korea, we are building on our partnership with the Hyundai group in emissions control to develop in the interior systems market while leveraging this relationship to grow internationally (particularly in Europe, Russia, the United States and Brazil).

  In North America, we expect to grow by accompanying the North American expansion of our German customers, capitalising on our global platforms with manufacturers such as Ford and General Motors, expanding as part of our global growth programmes with Nissan and Hyundai and using our premium capacities and know-how for models such as the Cadillac. We intend to take advantage of our low-cost production base, including production platforms in Mexico, to service this North American expansion. We also believe that our acquisitions of a complete seating facility serving Nissan models in North America, and an interior systems plant that previously had belonged to Visteon, have enhanced our commercial relationship with Nissan.

- ***Target better operational performance and higher operating margins.*** As part of our initiative to minimise costs and improve operational efficiency, we continue to work closely with automobile manufacturers to develop improved modular products, streamlined manufacturing methods and assembly-friendly products. Our strategy is to maintain a simple, lean and accountable organisation, continuing to roll out quality initiatives, such as the "Faurecia Excellence System" audit and the "Quick Response on Quality Control".

- ***Focus on selective acquisition opportunities.*** We have demonstrated our ability to integrate large acquisitions, such as our 2010 acquisition of Emcon Technologies in the exhaust market and Plastal in Germany and Spain in the exteriors market. We have also proven our ability to make targeted acquisitions of more modest size to gain access to key technologies that are complementary with our business lines, such as our recent acquisitions of Angell-Demmel and Hoerbiger in the luxury interior decoration and seating markets. We expect our future acquisitions to be more focused, seeking modest-sized targets that are consistent with the panel strategies of our principal customers, that can produce clear synergies and that can be implemented quickly. We also intend to ensure that all transactions are consistent with our objective of maintaining a sound financial structure.

Outstanding Indebtedness and the Refinancing Transactions

Our outstanding debt currently includes primarily an Existing Senior Credit Agreement, the PSA Loan (a loan from our principal shareholder, Peugeot S.A.), an outstanding convertible bond (known by its French acronym as "OCEANE") and various short-term borrowings (including commercial paper, factoring and other short-term indebtedness). As of 30 June 2011, our outstanding consolidated net debt was €1,255 million, including €1,186 million of net debt at the parent company level and €69 million of net debt at the operating subsidiary level. See "Description of Other Indebtedness".

The issuance of the Notes in this offering is part of an overall refinancing intended to extend our debt maturity profile and strengthen our balance sheet. In addition to the offering of the Notes, we have signed a commitment letter with a bank syndicate for a New Senior Credit Agreement, comprised of two multi-currency revolving credit facilities in an expected amount of €1,150 million, the full amount of which has been firmly committed (subject to definitive documentation and customary closing conditions). The proceeds of the Notes will be used to repay a portion of our Existing Senior Credit Agreement and the PSA Loan, and we expect to use the New Senior Credit Agreement to repay the remainder. See "Use of Proceeds".

The New Senior Credit Agreement will include a margin that varies as a function of our leverage ratio, as well as a requirement that we maintain the leverage ratio below certain levels that vary by date, and certain other covenants that are customary for a credit facility of this type. For more information on the expected terms of the New Senior Credit Agreement, see "Description of Other Indebtedness".

Recent Developments

On 24 October 2011, we announced our consolidated sales figures for the third quarter of 2011. In the three months ended 30 September 2011, our consolidated sales totalled €3,787.4 million, a 15.9% increase compared to the same period in 2010, or 15.9% on a like-for-like basis (at constant exchange rates and scope). Product sales (deliveries of parts and components to automakers) were €2,865.6 million in the third quarter of 2011, an increase of 13.5% compared to the third quarter of 2010, and a 12.8% increase on a like-for-like basis.

Compared with the third quarter of 2010, product sales growth reflects:

- continued strong business expansion in North America, with an increase of 23.6%, or 26.1% on a like-for-like basis, and an increase of 17.0% in South America, or 22.5% on a like-for-like basis;
- accelerated business development in Asia, with an increase of 17.1%, or 20.9% on a like-for-like basis; and
- sustained growth in Europe, with an increase of 8.5%, or 5.2% on a like-for-like basis.

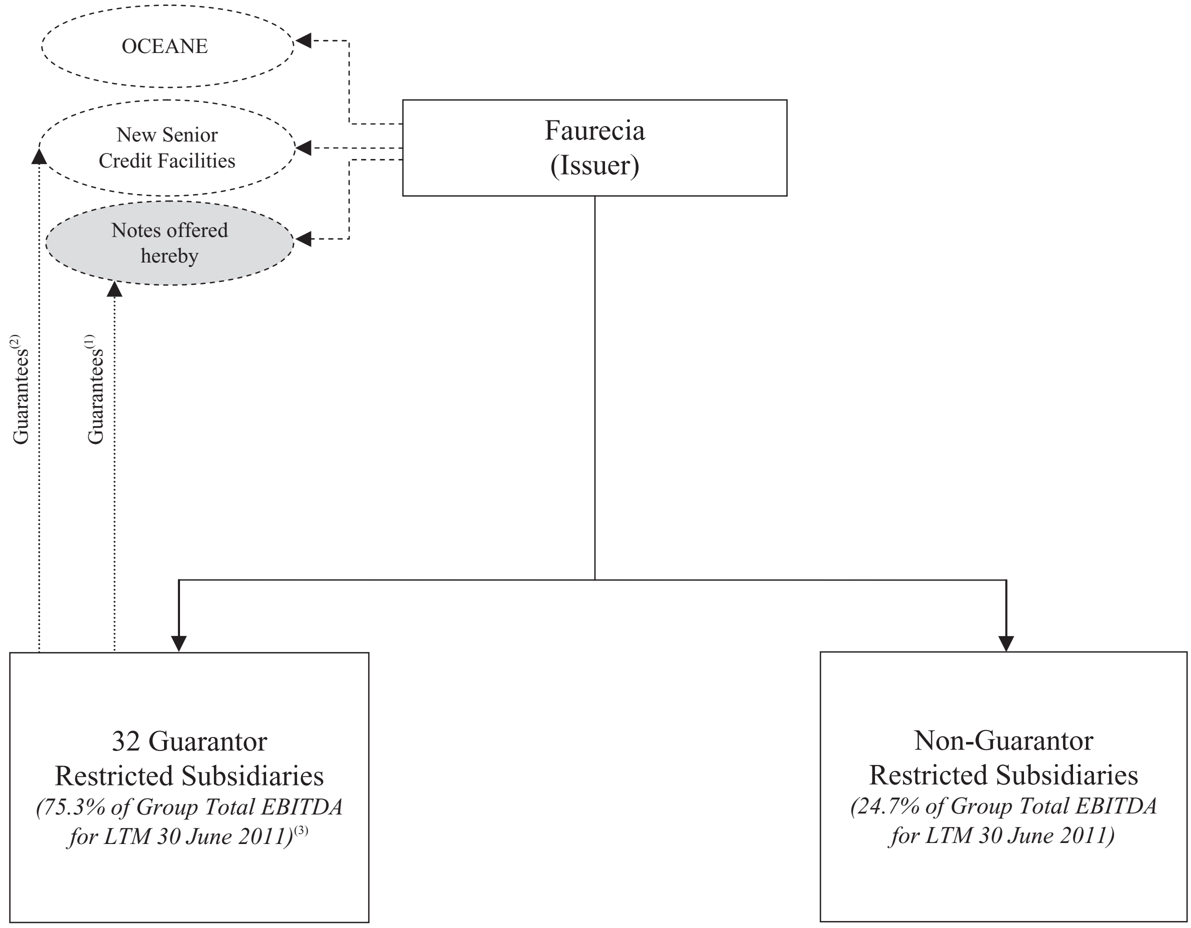
Our four business lines recorded strong product sales growth, including:

- Automotive Exteriors: an increase of 27.1%, or 16.1% on a like-for-like basis;
- Emissions Control Technologies: an increase of 18.1%, or 22.9% on a like-for-like basis;
- Interior Systems: an increase of 12.2%, or 11.5% on a like-for-like basis; and
- Automotive Seating: an increase of 7.9%, or 6.7% on a like-for-like basis.

For the first nine months of 2011, our consolidated sales reached €11,937.7 million, compared to €10,092.6 million for the first nine months of 2010, an increase of 18.3%, or 15.7% on a like-for-like basis. Product sales for the first nine months of 2011 totalled €9,197.7 million, an increase of 16.8% compared to the same period of 2010, or 13.5% on a like-for-like basis. For more information, see "Management's Discussion and Analysis of Financial Condition and Results of Operations – Recent Developments – Third Quarter 2011 Consolidated Sales".

SUMMARY CORPORATE AND FINANCING STRUCTURE

The following is a simplified summary of our corporate and financing structure after giving effect to the Refinancing Transactions, including the offering of the Notes, execution of the New Senior Credit Agreement and the repayment of amounts outstanding under the Existing Senior Credit Agreement and the PSA Loan. The Guarantors are expected to provide guarantees under the New Senior Credit Agreement. The Existing Senior Credit Agreement, the PSA Loan and the convertible bond (OCEANE) are not guaranteed. This chart excludes certain other financing arrangements and debt applicable to our Group, some of which are at the subsidiary level, including bank loans, overdrafts, factoring arrangements and finance lease obligations. For more information on our capitalisation and other indebtedness, see "Capitalisation and Indebtedness" and "Description of Other Indebtedness".



(1) The 32 Guarantors are incorporated in eight different jurisdictions, including 23 Guarantors based in Europe, and together they accounted for 62.1% of the Group's total assets (after eliminating inter-company assets) as of 30 June 2011. None of the Guarantors represented more than 8.0% of the Group's total EBITDA for the LTM to 30 June 2011.

(2) The Guarantors are also expected to provide *pari passu* guarantees under the New Senior Credit Agreement.

(3) We have agreed under the Terms and Conditions of the Notes and the Trust Deed to cause, as soon as reasonably practicable and in any event not later than 15 April 2012, two of our Spanish subsidiaries, Faurecia Automotive España, S.L. and Asientos de Galicia, S.L., to guarantee the Notes on a senior unsecured basis. Under Spanish law, Faurecia Automotive España, S.L. and Asientos de Galicia, S.L. will be unable to guarantee the Notes until they convert their corporate form to *sociedades anónimas*. The guarantees by Faurecia Automotive España, S.L. and Asientos de Galicia, S.L. will be subject to the same contractual limitations and limitations under applicable laws as the Initial Guarantors organised in Spain and may be released under certain circumstances. Assuming Faurecia Automotive España, S.L. and Asientos de Galicia, S.L. convert their corporate forms to *sociedades anónimas* and guarantee the Notes, on an aggregated basis, the Guarantors represented 75.3% of consolidated EBITDA of the Group over the two-half-year period ending on 30 June 2011 and 62.1% of total assets (after eliminating inter-company assets) as of 30 June 2011.

In the event that we determine, in our sole discretion, that it will not be possible to cause Faurecia Automotive España, S.L. and Asientos de Galicia, S.L. to convert their corporate forms by 15 April 2012, we have agreed under the Terms and Conditions of the Notes and the Trust Deed to cause, as soon as reasonably practicable and in any event not later than 15 April 2012, one or more other Restricted Subsidiaries to guarantee the Notes on the same terms and subject to the same conditions as the Initial Guarantors, so that the combined proportion of EBITDA of all Guarantors for the two-half-year period ending 30 June 2011 shall equal or exceed 75.0% of consolidated EBITDA of the Group.

THE OFFERING

The summary below describes the principal terms of the offering of the Notes. Some of the terms and conditions described below are subject to important limitations and exceptions. You should carefully read the "Terms and Conditions of the Notes" section of this Offering Circular for a more detailed description of the terms and conditions of the Notes.

Issuer	Faurecia, a company with limited liability (*société anonyme*) incorporated under the laws of the Republic of France (the "**Issuer**").
Guarantors	Certain subsidiaries as listed in "Listing and General Information – The Guarantors" and any other subsidiary of the Issuer that may in the future guarantee the Notes pursuant to the terms and conditions of the Notes and the Trust Deed. As of the date of this Offering Circular, the Guarantors include: Faurecia Automotive do Brasil Ltda, Faurecia Emissions Control Technologies, Limeira, Faurecia Sistemas de Escapamento do Brasil Ltda, Financière Faurecia, Faurecia Intérieur Industrie, Faurecia Bloc Avant, Faurecia Sièges d'Automobile, Faurecia Automotive Industrie, Faurecia Systèmes d'Echappement, Trecia, Faurecia Innenraum Systeme GmbH, Faurecia Autositze GmbH, Faurecia Exteriors GmbH, Faurecia Kunststoffe Automobilsysteme GmbH, Faurecia Abgastechnik GmbH, Faurecia Sistemas Automotrices de Mexico S.A. de C.V., ET Mexico Holdings I, S. de R.L. de C.V., Faurecia Exhaust Mexicana S.A. de C.V., Faurecia Walbrzych Sp.Zo.o, Faurecia Gorzow Sp.Zo.o, Faurecia Automotive Polska Sp.Zo.o, Faurecia Sistemas de Escape España S.A., Faurecia Interior Systems España S.A., Faurecia Automotive Exteriors España S.A., SAI Automotive Fradley Ltd, Faurecia Automotive Seating UK Limited, SAI Automotive Washington Limited, Faurecia Automotive Seating, LLC, Faurecia Interior Systems, Inc. and Faurecia Exhaust Systems, Inc. (together, the "**Initial Guarantors**"). By 15 April 2012, the Guarantors will also include Faurecia Automotive España, S.L. and Asientos de Galicia, S.L., upon their conversion into *sociedades anonimas*, or certain other subsidiaries should such conversion not occur (the "**Additional Guarantors**").
Notes Offered	€350,000,000 aggregate principal amount of 9.375% senior notes (the "**Notes**").
Maturity Date	15 December 2016.
Issue Price	99.479% (plus accrued interest from the issue date).
Interest Payment Dates	Semi-annually in arrears on 15 June and 15 December of each year, commencing on 15 June 2012.
Interest Commencement Date	Interest will accrue from the issue date of the Notes, and will be computed on the basis of a 360 day year comprised of twelve 30 day months.
Denomination	€100,000 and integral multiples of €1,000 in excess thereof.
Ranking	The Notes will be senior unsecured obligations of the Issuer and will: • rank *pari passu* in right of payment with all existing and future unsecured senior indebtedness of the Issuer, including indebtedness under the New Senior Credit Agreement; • rank senior in right of payment to any future subordinated obligations of the Issuer;

- rank effectively junior to all existing and future secured indebtedness of the Issuer to the extent of the value of the assets securing such indebtedness; and
- rank structurally subordinate to all existing and future indebtedness and other liabilities of the Issuer's subsidiaries.

As of 30 June 2011, the gross debt of the Issuer's Restricted Subsidiaries which are not Guarantors amounted to €307.5 million.

Guarantees .... The Notes are guaranteed on a senior unsecured basis by the Guarantors. The Guarantees provided by certain Guarantors are subject to limitations under the laws of the relevant Guarantor's jurisdiction of organisation. See "Risk Factors – Risks Relating to the Notes and the Guarantees – The guarantees may be significantly limited by applicable laws or subject to certain limitations or defences".

The Guarantees will rank equally with all of the Guarantors' existing and future unsecured senior debt and senior to all of their existing or future subordinated debt. The Guarantees will be effectively subordinated to all secured indebtedness, if any, of the relevant Guarantors to the extent of the value of the assets securing such indebtedness, if any.

Optional Redemption .... At any time prior to the maturity date of the Notes, the Issuer may, at its option and on one or more occasions, redeem up to 35% of the outstanding principal amount of Notes with the net proceeds from one or more specified equity offerings at a redemption price equal to 109.375% of the principal amount thereof, plus accrued and unpaid interest, if any. Prior to the maturity date of the Notes, the Issuer will also be entitled, at its option, to redeem the Notes in whole or in part by paying the relevant "make-whole" premium. See "Terms and Conditions of the Notes – Condition 3: Optional Redemption".

Additional Amounts .... Any payments made by the Issuer with respect to the Notes will be made without withholding or deducting for taxes in any relevant taxing jurisdiction, unless required by law. If the Issuer is required by law to withhold or deduct for such taxes with respect to a payment to the holders of the Notes, the Issuer will pay the additional amounts necessary (subject to certain exceptions) so that the net amount received by the holders of the Notes after the withholding is not less than the amount they would have received in the absence of the withholding, subject to certain exceptions. The same undertakings with respect to any withholding taxes imposed by the relevant taxing jurisdictions will apply to the Guarantors. See "Terms and Conditions of the Notes – Condition 4: Taxation".

Tax Redemption .... The Issuer may, but is not required to, redeem the Notes at any time in whole, but not in part, at a price equal to 100% of the principal amount thereof plus accrued and unpaid interest, if any, to the date of redemption in the event the Issuer or a Guarantor has become or

	would become obligated to pay "additional amounts" as a result of certain changes in tax laws or their interpretation. See "Terms and Conditions of the Notes – Condition 4: Taxation".
Change of Control	Upon the occurrence of certain specified changes of control, the holders of the Notes will have the right to require the Issuer to repurchase all or part of the Notes at a purchase price equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to the redemption date. See "Terms and Conditions of the Notes – Condition 5: Change of Control".
Covenants	The trust deed (the "**Trust Deed**") governing the Notes will, among other things, limit the ability of the Issuer and of the restricted subsidiaries to: • incur or guarantee additional indebtedness; • make restricted payments and investments; • transfer or sell assets or subsidiary stock; • create liens; • merge or consolidate with other entities; • enter into transactions with affiliates; and • enter into arrangements that limit the ability of restricted subsidiaries to pay dividends or make other payments to the Issuer. Each of the covenants is subject to a number of important exceptions and qualifications. See "Terms and Conditions of the Notes – Condition 7: Covenants". Certain of the above covenants will be suspended upon achievement and during maintenance of investment grade status for the Notes, in the event that the Notes have been assigned at least two of the following ratings: (x) BBB- or higher by S&P, (y) Baa3 or higher by Moody's or (z) BBB- or higher by Fitch. See "Terms and Conditions of the Notes – Condition 8: Suspension of Covenants During Achievement of Investment Grade Status".
Form of Notes	The Notes will be represented on issue by one or more Global Notes which will be delivered through Euroclear Bank S.A./N.V., and Clearstream Banking, *société anonyme*. Interests in a global Note will be exchangeable for the relevant definitive Notes only in certain limited circumstances. See "Book-Entry, Delivery and Form".
Transfer Restrictions	The Notes and the Guarantees have not been and will not be registered under the Securities Act or the securities laws of any other jurisdiction. The Notes offered hereby are being offered and sold to investors outside the United States in reliance on Regulation S under the Securities Act. See "Subscription and Sale of the Notes".
No Prior Market	The Notes will be new securities. Although the Managers have informed the Issuer that they intend to make a market in the Notes, they are not obligated to do so and may discontinue market making at any time without notice. Accordingly, the Issuer cannot assure you that a liquid market for the Notes will develop or be maintained. See "Risk Factors – Risks Related to the Notes – There currently exists no market for the Notes and we cannot provide assurance that an active trading market will develop for the Notes".

Use of Proceeds	In connection with the offering of the Notes, the Issuer will receive net proceeds of approximately €341.2 million after deduction of costs and underwriting commissions. These net proceeds will be used to reduce outstanding amounts under the Existing Senior Credit Agreement and the PSA Loan as part of the Refinancing Transactions. See "Use of Proceeds".
Listing	Application has been made to admit the Notes to the Official List of the Luxembourg Stock Exchange and admit the Notes for trading on the Euro MTF market. Currently there is no public market for the Notes.
Trustee	Citibank, N.A., London Branch.
Principal Paying Agent	Citibank, N.A., London Branch.
Governing Law of the Notes, the Trust Deed and the Guarantees	England and Wales.
Risk Factors	You should refer to "Risk Factors" beginning on page 15 of this Offering Circular for a description of certain risks involved in investing in the Notes.

SUMMARY HISTORICAL FINANCIAL AND OPERATING DATA

The summary financial data set forth below has been prepared on the basis of the unaudited consolidated financial statements of the Group for the six-month periods ended 30 June 2010 and 2011, and the audited consolidated financial statements of Group for the years ended 31 December 2008, 2009 and 2010.

Data in the columns below entitled "LTM" reflect information for the twelve-month period ended 30 June 2011, calculated by adding figures for the first half of 2011 to figures for the full year 2010, and subtracting figures for the first half of 2010. Figures appearing in the "LTM" columns have not been audited.

Summary Group consolidated income statement data

	For the year ended 31 December			For the six months ended 30 June		LTM ended 30 June
(in € millions)	2008	2009	2010	2010	2011	2011
				(unaudited)		
Sales	**12,010.7**	**9,292.2**	**13,795.9**	**6,825.9**	**8,150.3**	**15,120.3**
Product sales	9,574.0	7,590.3	10,695.8	5,354.4	6,332.2	11,673.6
Cost of sales	(11,296.8)	(8,840.1)	(12,593.3)	(6,245.4)	(7,451.5)	(13,799.4)
Research and development costs	(269.9)	(207.9)	(303.2)	(149.6)	(111.4)	(265.0)
Selling and administrative expenses	(352.8)	(335.9)	(443.8)	(214.4)	(247.4)	(476.8)
Operating income / (loss)	**91.2**	**(91.7)**	**455.6**	**216.5**	**340.0**	**579.1**
Other operating income and expense	(444.3)	(134.1)	(36.0)	(2.2)	(32.9)	(66.7)
Income from loans, cash investments and marketable securities	14.5	12.3	8.1	3.4	4.6	9.3
Finance costs	(110.8)	(135.3)	(98.7)	(50.8)	(46.5)	(94.4)
Other financial income and expense	(98.9)	(43.9)	(25.6)	(14.2)	(12.8)	(24.2)
Consolidated net income / (loss) attributable to equity owners of the parent	(574.8)	(433.6)	201.7	101.9	185.8	285.6

Summary Group consolidated cash flow statement data

	For the year ended 31 December			For the six months ended 30 June		LTM ended 30 June
(in € millions)	2008	2009	2010	2010	2011	2011
				(unaudited)		
Net cash provided (used) by:						
Operating activities	448.6	87.4	724.1	328.9	312.7	707.9
Investing activities	(473.1)	(309.2)	(394.0)	(125.7)	(329.6)	(597.9)
Financing activities	(79.6)	171.8	(112.2)	(73.5)	165.6	126.9

Summary Group consolidated balance sheet data

	As of 31 December			As of 30 June	
(in € millions)	2008	2009	2010	2010	2011
				(unaudited)	
Cash and cash equivalents	425.7	357.8	605.8	519.0	731.5
Intangible assets	469.8	396.9	435.2	442.1	441.5
Property, plant and equipment	1,360.8	1,224.6	1,575.5	1,546.3	1,591.9
Inventories, net	526.1	438.6	734.0	715.7	852.9
Trade accounts receivable	954.0	1,025.9	1,387.7	1,712.8	1,889.4
Total assets	**5,227.8**	**4,892.9**	**6,480.4**	**6,670.4**	**7,333.5**
Total equity attributable to equity owners of the parent	202.9	256.9	810.5	717.1	955.5

Other consolidated Group financial and operating data

(in € millions)	For the year ended 31 December			For the six months ended 30 June		LTM ended 30 June
	2008	2009	2010	2010	2011	2011
				(unaudited)		
EBITDA (1)	558.2	395.3	941.2	459.9	572.9	1,054.2
Finance Costs	(110.8)	(135.3)	(98.7)	(50.8)	(46.5)	(94.4)
Capital expenditure	(328.7)	(169.1)	(304.3)	(123.9)	(176.8)	(357.2)
Capitalised development costs	(144.7)	(104.4)	(154.3)	(69.1)	(94.6)	(179.8)
Net debt (2)	1,604.8	1,401.2	1,196.8	1,348.5	1,255.2	1,255.2
Net debt to EBITDA	2.9x	3.5x	1.3x	—	—	1.2x
EBITDA to cash interest expense (3)						11.8x
Adjusted ratio of EBITDA to cash interest expense (4)						9.3x

(1) EBITDA is a non-IFRS measure, defined as operating income before charges for depreciation, amortisation and provisions for impairment in the value of non-current assets. It should not be considered as an alternative to operating income, net income, cash flow from operating activities or as a measure of liquidity. Companies with similar or different activities may calculate EBITDA differently than Faurecia.

(2) Net debt is total non-current and current financial liabilities, less derivatives classified under non-current and current assets, less cash and cash equivalents.

(3) Cash interest expense is finance costs less the amortisation of the equity component of the OCEANE (convertible bonds) issued in 2009 and due in 2015. This amortisation expense was €5.3 million for the LTM period ending 30 June 2011.

(4) The adjusted ratio of EBITDA to cash interest expense is based on a calculation of EBITDA for the LTM period ended 30 June 2011, and we have assumed that the Notes were issued and the net proceeds from the Offering were used as set forth under "Use of Proceeds". It does not reflect the expected margins in the New Senior Credit Agreement.

EBITDA reconciliation

(in € millions)	For the year ended 31 December			For the six months ended 30 June		LTM ended 30 June
	2008	2009	2010	2010	2011	2011
				(unaudited)		
Operating income / (loss)	**91.2**	**(91.7)**	**455.6**	**216.5**	**340.0**	**579.1**
Amortisation of capitalised development costs	(168.8)	(161.1)	(175.5)	(85.7)	(75.1)	(164.9)
Depreciation and impairment of PP&E items	(303.0)	(306.3)	(323.7)	(159.1)	(159.4)	(324.0)
Provisions for impairment of capitalised development costs	4.7	(19.6)	13.6	1.4	1.6	13.8
EBITDA	**558.2**	**395.3**	**941.2**	**459.9**	**572.9**	**1,054.2**

RISK FACTORS

Potential investors should carefully read and consider the risk factors described below and the other information contained in this Offering Circular before they make a decision about acquiring the Notes. The realisation of one or more of these risks could individually or together with other circumstances adversely affect the business activities and have material adverse effects on the financial condition and results of our operations. The market price of the Notes could decline as the result of any of these risks, and investors could lose all or part of their investment. The risks described below may not be the only risks we face. Additional risks that are presently not known to us or that are currently considered immaterial could also adversely affect our business operations and have material adverse effects on our financial condition and our results of operations. The sequence in which the risks factors are presented below is not indicative of their importance, their likelihood of occurrence or the scope of their financial consequences.

Risks Related to Our Operations

Our business is dependent on the automotive sector and the commercial success of the models for which we supply components.

Given that our customers include the majority of the world's major automakers, we are totally dependent on developments in the global automotive industry. Specializing in the manufacture of original equipment for our automaker customers, our activity is directly related to the vehicle production levels of these customers in their markets. The cyclical nature that characterises our customers' business can have a significant impact on our sales and results. The level of sales and automobile output for each of our customers depends on numerous parameters, notably the general level of consumption of goods and services in a given market; confidence levels of economic players in that market; the availability of credit for vehicle purchases; and in some cases governmental aid programmes (such as the recent financial support provided to the automotive sector and incentives introduced for the purchase of vehicles).

Thus, our sales are directly linked to the performance of the automotive industry in the major geographic regions where we and our customers operate (see Note 4.3 to our 2010 consolidated financial statements), especially in Europe (64.8% of consolidated sales in 2010) and North America (18.1% of consolidated sales in 2010).

Our main risk is related to the fact that our business levels depend on the commercial success of the models for which we produce components and modules, and at the end of the life cycle of a model, to the uncertainty of whether our products will be taken up again for the replacement model. In addition, the orders placed with us are open orders without any guarantees of minimum volumes and are generally based on the life of the vehicle model concerned.

The international nature of our business exposes us to a variety of economic, political, tax, legal and other related risks, especially with regard to our growth in China.

We face risks associated with the international nature of our business. The majority of our sales have been in Europe and North America, but we also have significant sales in Asia, South America and elsewhere, and we expect sales in these areas (particularly in China) to represent a larger share of our total sales in the future. For the half year ended 30 June 2011, 16% of our sales were made outside of Europe and North America. International operations, particularly in emerging markets, are subject to certain risks inherent in doing business abroad, including:

- exposure to local economic, political and labor conditions, including violence and civil unrest, terrorist events or complications due to natural disasters in local countries;
- unexpected changes in laws, regulations, trade, monetary or fiscal policy of other foreign countries, including the risk of expropriation and nationalisation;
- tariffs, quotas, customs, currency controls, and investment restrictions or requirements, or other limitations such as withholding and other taxes on remittances and other payments by subsidiaries; and
- difficulty in enforcing agreements, collecting receivables and protecting assets through foreign legal systems, including reduced intellectual property protection.

The likelihood of such occurrences and their potential impact on us vary from country to country and are unpredictable. We have invested substantial resources in markets where we expect growth and our future growth is dependent on developing manufacturing capacity in areas where we can support our customer base. We have identified Asia (particularly China) as a key market likely to experience substantial growth, and accordingly have made and expect to continue to make substantial investments, both directly and through participation in various partnerships and joint ventures, in numerous manufacturing operations in this region.

We operate in the highly competitive automotive supply industry where customers can exert significant price pressure.

The global automotive supply industry is highly competitive. Competition is based primarily on price, technology, quality, delivery and overall customer service. There can be no assurance that our products will be able to compete successfully with the products of our competitors. Most supply contracts are awarded through competitive bids, and are often subject to renewed bidding at the end of their terms.

In addition, pricing pressure from our existing and potential new customers may adversely affect our business. Annual price decreases are generally negotiated during yearly contract reviews with customers. As a result, we must continually reduce costs over the duration of our contracts in order to maintain our margins.

We are exposed to the risk that our customers could default on their financial obligations or enter bankruptcy.

We are exposed to credit risk, notably the risk that our automaker customers will default or go bankrupt in the event of financial difficulties. Given the operating context in the automotive sector, we cannot rule out the possibility that one or more of our customers may not be able to honour certain contracts or suffer financial difficulties. Furthermore, changes in the automotive sector could accelerate the concentration of automakers, ultimately resulting in the disappearance of certain brands or vehicle models for which we produce equipment. The occurrence of one or more of these events could have a significant impact on our sales, results and future prospects. Detailed accounting information regarding trade accounts receivable is provided in Note 18 to our 2010 consolidated financial statements. In 2010, our five largest automaker customers accounted for 75.2% of product sales as follows: Volkswagen/Audi 24.3%, PSA Peugeot Citroën 18.2%, Renault-Nissan 11.9%, Ford 11.0%, and General Motors 9.8%. As of 31 December 2010, past-due payments represented 0.5% of consolidated sales for the year. Additions to provisions for doubtful customer accounts totalled €7.7 million as of 31 December 2010.

We are dependent on many suppliers to maintain production levels.

We use a large number of suppliers based in different countries for supplies of raw materials and basic parts. In 2010, out of a total of some €6,064 million worth of production goods purchased from around 3,000 main suppliers, our ten largest partners combined accounted for 35% of the purchased goods and 15.5% of consolidated sales. If one or more of our main suppliers were to go bankrupt, or experience an unforeseen stock-out, quality problems, a strike or any other incident disrupting the supplies for which it were liable, this could impact our production output or lead to additional costs that would affect our sales, results and overall financial position.

We are subject to fluctuations in the prices of raw materials.

Our operating income and net income can be adversely affected by changes in the prices of the raw materials we use, notably steel and plastics. To the extent that our sales contracts with customers do not include price indexation clauses linked to the price of raw materials, we are exposed to risks related to unfavourable fluctuations in commodity prices. We do not use derivatives to hedge our purchases of raw materials or energy. The proportion of purchases of steel and plastics that we manage (meaning purchases where contracts are not pre-negotiated by the automaker customers) represented 7% of total sales in 2010. If commodity prices were to rise steeply, we cannot guarantee that we would be able to pass on all such price increases to our customers, which could have an unfavourable impact on our sales, results and overall financial position.

We may not be able to amortise our production-related research and development costs through a sufficient volume of sales.

As a components producer and components and systems assembler for the automotive industry and given the high volumes that our customers order, we must constantly adapt our business activity to our customers' demands in terms of their supply chain, production operations, services and research and development. If we or one of our suppliers were to default at any stage of the manufacturing process, we could be held liable, notably for breaching our contractual obligations or for any technical problems that may arise. We could also be required to make certain investments, particularly in tooling and research, which may not be offset by customer order volumes. This is due to the fact that the financing of research and development costs can be paid upfront or at the end of the development period, or as the parts are delivered, with no guarantee from the customer that it will pay for the full amount of expenditure incurred.

We are subject to increasingly strict environmental laws and regulations in the countries in which we operate, and we are subject to potential liability for environmental, health or safety issues.

On account of the industrial nature of our operations, we are subject to increasingly strict environmental, health and safety laws and regulations in the various countries in which we are present. We may be required to incur additional costs and/or capital expenditure in order to remedy a situation, comply with the applicable regulations, or pay any penalties in the event of any malfunction or other incidents affecting our equipment, employees, plants or products as well as in the event of industrial accidents resulting from human error, regulatory non-compliance, or non-compliance with new regulations.

We may experience difficulties integrating acquired businesses or achieving anticipated synergies.

As part of our external growth policy, we have made, and plan to make, acquisitions of varying sizes, some of which have been and may yet be significant to the Group. These acquisitions entail risks, such as:

- the assumptions of the business plans on which valuations are made may prove incorrect, especially concerning synergies and assessments of commercial demand;
- we may not succeed in integrating the acquired companies, their technologies, product ranges and employees;
- we may not be in a position to retain some employees, customers or key suppliers of the acquired companies;
- we may be forced or wish to terminate pre-existing contractual relationships with costly and/or unfavourable financial conditions; and
- we may increase our debt with a view to financing these acquisitions or refinancing the debt of the acquired companies.

As a result, the benefits expected from future acquisitions or those already made may not be confirmed within the expected time frames or to the extent anticipated and, consequently, may affect our financial position.

A rise in interest rates would increase the cost of servicing our debt.

Before taking into account the impact of interest rate hedges, 81.6% of our borrowings were at variable rates as of 30 June 2011, as were 80.1% of our borrowings as of 31 December 2010, and 80.9% as of year-end 2009. Our variable-rate debt of €1,663.9 million includes drawings under our €1,170 million Existing Senior Credit Agreement and the €250 million PSA Loan from our majority shareholder, Peugeot S.A., which were both set up on 28 November 2008, and are expected to be repaid in part with the net proceeds of the Notes with the remainder repaid by the New Senior Credit Agreement (assuming it will be finalised). An increase in interest rates applicable to our variable rate debt would have an impact on our interest expense and would adversely affect our results and financial position.

We engage in derivatives transactions in order to hedge against the impact of short-term rate changes on earnings, as the majority of our borrowings are at variable rates; these hedging transactions may entail counterparty risk. Our interest rate position with respect to the different types of instruments used is presented in Note 30.2 to our 2010 consolidated financial statements and Note 17.2 to our 30 June 2011 interim consolidated financial statements. In addition to the impact on expenses mentioned above, a fluctuation in interest rates would also affect "Other financial income and expense" due to the resulting change in the fair value of derivatives set up to hedge interest payable.

We are subject to fluctuations in exchange rates, primarily between the euro and other operating currencies.

We are exposed to risks arising from fluctuations in the exchange rates of certain currencies, primarily due to the location of some of our production sites as well as the fact that certain subsidiaries purchase raw materials and other supplies or sell their products in a currency other than their functional currency.

Changes in exchange rates affect our results and financial position in the following ways: (i) the effect on income of changes in exchange rates used for the year-end valuation of assets and liabilities denominated in a foreign currency, net of the impact of the change in fair value of existing hedging instruments; and (ii) the effect on equity of changes in the fair value of hedges of forecast transactions (cash flow hedges).

In addition, inter-company loans may give rise of additional exchange rate risk. Our hedging policy may not prove effective in mitigating our foreign exchange risk and may create additional risks for us, such as counterparty risks.

We have substantial existing debt and may incur additional debt, which could adversely affect our financial flexibility, including our ability to obtain financing in the future and to react to changes in our business.

The agreements and instruments governing our debt, including the Existing Senior Credit Agreement, the PSA Loan and the New Senior Credit Agreement, contain or will contain restrictions and limitations that could limit our operating flexibility. In particular, the New Senior Credit Agreement will contain covenants that, among other things, restrict our ability to: incur guarantee obligations, create liens on assets, dispose of assets, incur additional indebtedness, make certain loans, make acquisitions, engage in mergers or consolidations, create joint ventures, and generally change our business. In addition, under the New Senior Credit Agreement, we will be required to comply with financial covenants, including leverage and interest coverage ratio requirements, as well as certain limitations on capital expenditure. We will also be required to comply with the covenants in the Notes described herein. Our ability to comply with the covenants and restrictions contained in the New Senior Credit Agreement and the Notes and agreements governing other indebtedness will depend on our ongoing financial and operating performance, which in turn will be subject to economic conditions and to financial, market and competitive factors, many of which are beyond our control.

The breach of any of these covenants or restrictions could result in a default under the New Senior Credit Agreement, the Notes or other financing agreements that would permit our lenders and/or holders of the Notes, as the case may be, to declare all amounts outstanding thereunder to be due and payable, together with any accrued and unpaid interest. This could have serious consequences on our financial condition and results of operations and could cause us to become insolvent.

Our ability to make scheduled payments or, as the case may be, to refinance our debt (including the Notes) will depend on our financial and operating performance which, in turn, is subject to prevailing economic and competitive conditions and to financial and business factors, some of which may be beyond our control. In the future, the cash flow and capital resources from our subsidiaries may not be sufficient to fund our debt service obligations. In the absence of sufficient dividend payments from subsidiaries, we could face substantial liquidity problems. Our subsidiaries may be forced to reduce or delay capital expenditure, sell assets or divest operations in order to meet our and their debt obligations. We may also be forced to seek to restructure our debt. Each of the above could adversely affect our business and further limit our ability to make payments on our indebtedness, including the Notes. Furthermore, such alternative measures may not be successful and may not permit us to meet our debt service obligations as scheduled. We also cannot assure you that we will be able to refinance any of our indebtedness or obtain additional financing.

We face risks related to the intellectual and industrial property we use.

We consider that we either own or may validly use all the intellectual and industrial property rights required for our business operations and that we have taken all reasonable measures to protect our rights or obtain warranties from the owners of third-party rights. However, we cannot rule out the risk that our intellectual and/ or industrial property rights may be disputed by a third party on the grounds of pre-existing rights or for any other reason. Furthermore, for countries outside Europe and North America we cannot be sure of holding or obtaining intellectual and industrial property rights offering the same level of protection as those in Europe and North America.

We face litigation risks, including product liability, warranty and recall risk.

We cannot guarantee that in the future our subsidiaries will not be involved in legal or administrative proceedings, particularly given the complex regulatory requirements applicable to us, our production facilities and our products. In addition, technical failures, as well as breaches of contract by customers, suppliers or partners may give rise to contract disputes, warranty claims, product recalls or product liability claims. Such a situation could have a significantly unfavorable impact on our operations and/or financial position.

The interests of our principal shareholder may be inconsistent with those of holders of the Notes.

A majority of our outstanding shares is held by Peugeot S.A. As a result, Peugeot S.A. has the power to adopt all resolutions that require approval at an ordinary general meeting and, as a practical matter, at an extraordinary general meeting. These matters include the appointment of board members, the approval of annual accounts, distribution of dividends, authorisation of capital increases, statutory mergers and asset contributions. Several of Faurecia's directors are officers of Peugeot S.A. It is possible that Peugeot S.A.'s interests will diverge from our interests and those of the holders of the Notes.

We also have important commercial relationships with affiliates of Peugeot S.A. The PSA Peugeot Citroën group was our second largest customer in 2010, and we work closely with PSA Peugeot Citroën on a number of important development projets. We enter into all sales contracts with the PSA Peugeot Citroën group in the ordinary course of business and based on the industry standard bid process. We believe that our commercial relationships with the PSA Peugeot Citroën group are on arm's length terms, although we have not obtained independent evaluations of those terms. For more information on our transactions with PSA Peugeot Citroën, see Note 19 to our 30 June 2011 interim consolidated financial statements and Note 32 to our 2010 consolidated financial statements.

Risks Related to the Notes and the Guarantees

We may not have the ability to repay the Notes.

We may not be able to repay the Notes at maturity. Moreover, we may be required to repay all or part of the Notes prior to their scheduled maturity upon an event of default. If Noteholders were to require us to repay the Notes following an event of default, we cannot guarantee that we would be able to pay the required amount in full. Our ability to repay the Notes will depend, in particular, on our financial condition at the time of the required repayment, and may be limited by applicable law, or by the terms of our indebtedness and the terms of new facilities outstanding on such date, which may replace, increase or amend the terms of our existing or future indebtedness.

Our other creditors, in particular the lenders under the loans, factoring arrangements and other debt described in "Description of Other Indebtedness", would be able to accelerate their loans if certain events occur, such as cash flow problems or the breach of certain financial covenants that would not permit the acceleration of the Notes. Such an event would have a significant impact on our ability to repay the Notes. Furthermore, our failure to repay the Notes could result in a cross default under other indebtedness.

The Notes are not necessarily suitable for all investors.

Investors must have sufficient knowledge and experience in financial markets and familiarity with our Group to evaluate the benefits and risks of investing in the Notes, as well as knowledge and access to analytical tools in order to assess these benefits and risks in the context of their financial situation. The Notes are not suitable for investors who are not familiar with concepts such as amortisation prior to or at maturity at our option, events of default or other financial terms governing these types of securities.

Investors must also be sure that they have sufficient financial resources to bear the risks inherent in the subscription or purchase of Notes and that an investment in this type of security is appropriate in the context of their financial situation.

We will rely on payments from our subsidiaries to pay our obligations under the Notes.

Faurecia is primarily a holding company, with business operations principally located at the level of our subsidiaries. Accordingly, we will have to rely largely on dividends and other distributions from our subsidiaries to make payments under the Notes. We cannot be certain that the earnings from, or other available assets of, these operating subsidiaries will be sufficient to enable us to pay principal or interest on the Notes when due.

The payment of dividends and the making of loans and advances to us by our subsidiaries are subject to various restrictions, including:

- restrictions under applicable company or corporation law that restrict or prohibit companies from paying dividends unless such payments are made out of profits available for distribution;
- restrictions under the laws of certain jurisdictions that can make it unlawful for a company to provide financial assistance in connection with the acquisition of its own shares or the shares of any of its holding companies;
- statutory or other legal obligations that affect the ability of our subsidiaries to make payments to us on account of inter-company loans; and
- existing or future agreements governing our or our subsidiaries' debt may prohibit or restrict the payment of dividends or the making of loans or advances to us.

If we are not able to obtain sufficient funds from our subsidiaries, we will not be able to make payments on the Notes.

The Notes will be structurally subordinated to all of the claims of creditors of the Issuer's non-guarantor subsidiaries.

Only certain of the Issuer's subsidiaries will initially guarantee the Notes. You will therefore not have any direct claim on the cash flows or assets of the Issuer's non-guarantor subsidiaries, and the Issuer's non-guarantor subsidiaries will have no obligation, contingent or otherwise, to pay amounts due under the Notes, or to make funds available to the Issuer for those payments. Generally, claims of creditors of a non-guarantor subsidiary, including lenders and trade creditors, will effectively have priority with respect to the assets and earnings of the subsidiary over the rights of its ordinary shareholders. Accordingly, claims of creditors of a non-guarantor subsidiary will also effectively have priority over the claims of creditors of the Issuer, including claims of Noteholders. In the event of a bankruptcy, liquidation or reorganisation of any of our non-guarantor subsidiaries, holders of their indebtedness and their trade creditors will generally be entitled to payment of their claims from the assets of those subsidiaries before any assets are made available for distribution to the Issuer. The Notes, therefore, will be effectively junior and structurally subordinated to all debt and other liabilities of our non-guarantor subsidiaries, including liabilities owed to trade creditors. Pursuant to the Trust Deed governing the Notes, our non-guarantor subsidiaries will be permitted to incur additional indebtedness, which will rank structurally ahead of the Notes. See "Terms and Conditions of the Notes – Condition 7.1: Limitation on Indebtedness".

On the issue date, the Notes will not be guaranteed by Faurecia Automotive España, S.L. or Asientos de Galicia, S.L. , and there can be no assurance that the guarantee from each of Faurecia Automotive España, S.L. and Asientos de Galicia, S.L. will be delivered.

No guarantee of the Notes will be given by two of our Spanish subsidiaries, Faurecia Automotive España, S.L. and Asientos de Galicia, S.L., both of which are a *sociedad limitada* under the laws of Spain, at the time the Notes are issued. Under Spanish law, a guarantee in connection with bonds or other debt securities may only be granted by entities that are incorporated as stock companies under the laws of Spain (*sociedades anónimas*) and may not be provided by entities which are incorporated as limited liability companies under the laws of Spain (*sociedades limitadas*).

We have agreed to cause each of Faurecia Automotive España, S.L. and Asientos de Galicia, S.L. to guarantee the Notes by 15 April 2012. Under Spanish law, Faurecia Automotive España, S.L. and Asientos de Galicia, S.L. will be unable to guarantee the Notes until they convert their corporate form to *sociedad anónima*. There are certain conditions necessary to convert the corporate form of each of these two subsidiaries and for each of them to guarantee the Notes that are outside our direct control.

Therefore, unless and until Faurecia Automotive España, S.L. and Asientos de Galicia, S.L. each converts its corporate form to *sociedad anónima* and guarantees the Notes, holders of the Notes will not benefit from the credit support to be provided by Faurecia Automotive España, S.L. and Asientos de Galicia, S.L. and will be structurally and effectively subordinated with respect to indebtedness of these two subsidiaries. In the event that we determine, in our sole discretion, that it will not be possible to cause Faurecia Automotive España, S.L. and Faurecia Asientos de Galicia, S.L. to convert their corporate forms by 15 April 2012, we have agreed under the Terms and Conditions of the Notes and the Trust Deed to cause, as soon as reasonably practicable and in any event not later than 15 April 2012, one or more other Restricted Subsidiaries to guarantee the Notes on the same terms and subject to the same conditions as the Initial Guarantors, so that the combined proportion of EBITDA of all Guarantors for the two-half-year period ending 30 June 2011 shall equal or exceed 75.0% of consolidated EBITDA of the Group. Failure to comply with this obligation will constitute a default under the Terms and Conditions of Notes.

The Guarantors are expected to be guarantors under the New Senior Credit Agreement, and they are permitted under certain circumstances to grant security interests in respect of certain other liabilities.

The Guarantors are also expected to be guarantors under the New Senior Credit Agreement. The existing liabilities of any Guarantor, together with such Guarantor's liabilities under the Guarantee, may exceed its assets. If a Guarantor is required to fulfil some or all of its obligations under the Notes, the Guarantee provided by such Guarantor may prove less valuable if the other creditors have equal rank with the holders of the Notes.

Under the Notes, the Guarantors will be permitted to grant security interests for other liabilities under certain circumstances. In the event of the insolvency of a Guarantor, the holders of the Notes face the risk that their claims under the Guarantee will not be satisfied because the remaining assets of the Guarantor may have been pledged as collateral and will be used for satisfying the claims of the secured creditors prior to satisfying the claims of Noteholders. Thus, secured creditors of the Guarantors, even those who become creditors after the issuance of the Notes, would have a priority claim to the assets of the Guarantors in which they had a security claim.

We may be unable to raise funds necessary to finance any change of control repurchase offers required by the Notes.

If we experience specified changes of control, we will be required to make an offer to purchase all of the outstanding Notes at a price equal to 101% of the principal amount thereof plus accrued and unpaid interest, if any, to the date of purchase. Additionally, a change of control under the Existing Senior Credit Facilities or the New Senior Credit Facilities, as applicable, unless waived by the lenders, would result in cancellation of the commitments under the Existing Senior Credit Facilities or the New Senior Credit Facilities, as applicable, and all amounts outstanding under such facilities would become immediately due and payable. In addition, a change of control under the convertible bonds (OCEANE) would give bondholders the option to redeem their bonds early at par plus accrued and unpaid interest, and a change of control under the Schuldschein loan, unless waived by the lenders, is expected to make amounts outstanding immediately due and payable.

We may not have the resources to finance the redemption of the Notes and an early repayment of certain amounts of our outstanding debt required by a change of control. Therefore, we expect that we would require third-party financing to make an offer to repurchase the Notes upon a change of control. We cannot give any assurances that we would be able to obtain such financing. Our failure to effect a change of control offer when required would constitute an event of default under the Trust Deed.

In addition, the change of control provision in the Notes may not necessarily afford investors protection in the event of certain important corporate events, including a reorganisation, restructuring, merger or other similar transactions involving our Group that may adversely affect holders of Notes, because such corporate events may not involve a shift in voting power or beneficial ownership or, even if they do, may not constitute a "Change of Control" as defined in the terms and conditions of the Notes.

Enforcing your rights as a holder of the Notes or under the Guarantees across multiple jurisdictions may be difficult.

The Notes will be guaranteed by the Guarantors, which are organised under the laws of France, Germany, Poland, Spain, the United Kingdom, Brazil, Mexico and the State of Delaware. In the event of bankruptcy, insolvency or a similar event, proceedings could be initiated in the jurisdiction of incorporation or organisation of any Guarantor of the Notes, or in other jurisdictions. Your rights under the Guarantees may thus be subject to the laws of multiple jurisdictions, and there can be no assurance that you will be able to effectively enforce your rights in any such bankruptcy, insolvency or other similar proceedings. Moreover, such multi-jurisdictional proceedings are typically complex and costly for creditors and often result in substantial uncertainty and delay in the enforcement of your rights.

In addition, the bankruptcy, insolvency, administrative, and other laws of such jurisdictions of organisation or of other relevant jurisdictions may be materially different from, or in conflict with, one another and those in other jurisdictions in certain areas, including creditors' rights, priority of creditors, the ability to obtain post-petition interest and the duration of the insolvency proceeding. The application of these various laws in multiple jurisdictions could trigger disputes over which jurisdiction's law should apply and could adversely affect your ability to enforce your rights and to collect payment in full under the Notes and Guarantees.

The Guarantees may be significantly limited by applicable laws or subject to certain limitations or defences.

The obligations of each Guarantor under its Guarantee will be limited under the relevant laws applicable to such Guarantor and the granting of such Guarantees, including laws relating to corporate benefit, capital, capital preservation, financial assistance or transactions under value. The Guarantees will by their terms provide that their amount is limited with a view to ensuring that they do not constitute voidable preferences, transactions that are undervalued or constitute unlawful assistance, transactions that are not in the corporate interest of the relevant Guarantors, or transactions that would cause any Guarantor to be deemed insolvent under applicable law, cause any such Guarantee to be void, unenforceable or *ultra vires* or cause the directors of any Guarantor to be held in breach of applicable corporate or commercial law for authorizing the Guarantor to provide such Guarantee.

In addition, a court could subordinate or void any of the Guarantees under certain circumstances. Although laws vary from one jurisdiction to another, a court might subordinate or void a Guarantee if it found that:

- the relevant Guarantee was incurred with the intent to hinder, delay or defraud any present or future creditor;
- the Guarantor did not receive fair consideration or reasonably equivalent value for the Guarantee and the Guarantor was: (i) insolvent or was rendered insolvent as a result of having granted the Guarantee; (ii) undercapitalised or became undercapitalised because of the Guarantee; or (iii) intended to incur indebtedness beyond its ability to pay at maturity;
- the Guarantee was held not to be in the best interests or not to be for the corporate benefit of the Guarantor; or
- the aggregate amounts paid or payable under the Guarantee were in excess of the maximum amount permitted under applicable law.

In addition, the Guarantees will contain language limiting their amount as required to comply with legal restrictions in the jurisdictions where the Guarantors are organised. In particular, the amount of the Guarantees by the French Guarantors will be limited to the portion of the proceeds from the issuance of the Notes, if any, that are on-lent to such Guarantors. The issuance proceeds will initially be applied to reduce Faurecia's debt (some of which is revolving debt), and will not be on-lent to French Guarantors as an initial matter. The amount on-lent to any French Guarantor, through the Group's cash pooling structure, will subsequently vary over time depending on the working capital needs of the Guarantor. There can be no assurance as to the amount that will have actually been on-lent and not repaid by a French Guarantor as of any date on which the related Guarantee may be called upon. More generally, the enforceability of upstream Guarantees provided by French companies is subject to substantial uncertainty, and there can be no assurance that a French court would uphold the Guarantees of the French Guarantors or as to the amount that a French court would recognize if any such Guarantee were upheld. See "Terms and Conditions of the Notes – Condition 6: Guarantees".

Possible changes to the terms and conditions of the Notes.

The terms and conditions of the Notes are based on laws and regulations in force on the date hereof. Any changes in such laws or regulations could have the effect of modifying the terms and conditions of the Notes, which could have an adverse effect on their value. No assurances can be given as to the impact of any possible change of such laws after the date hereof.

Exchange rate risks exist for certain Noteholders.

We will make all payments under the Notes in euros. Any Noteholder who conducts its financial activities mainly in a currency other than the euro should take into consideration the risk that the rates of exchange could fluctuate and the risk that the authorities of the countries of the relevant currencies could modify any exchange controls. An appreciation of the value of the currency of the Noteholder compared to the euro would decrease, in the currency of the Noteholder, the value of payments (interest, principal) received under the terms of the Notes, the market value of the Notes, and thus the return of the Notes for such a Noteholder.

Moreover, governments and monetary authorities could impose (as some have done in the past) exchange controls that could affect the applicable exchange rate. In such a case, Noteholders could receive principal or interest in amounts lower than expected, or even no principal or interest.

The amendments and modification provisions of the terms and conditions of the Notes differ from standard English law amendments and modification provisions.

The terms and conditions of the Notes and the Trust Deed may be amended with the consent of the holders of a majority in principal amount of the Notes then outstanding (including consents obtained in connection with a tender offer or exchange for the Notes) and any past default or compliance with any provisions may also be waived with the consent of the holders of a majority in principal amount of the Notes then outstanding. Certain rights under the terms and conditions of the Notes relating to the key commercial terms of the Notes ("**Entrenched Rights**") including (but not limited to) reducing the principal amount of Notes whose holders must consent to an amendment or a waiver or that qualifies as a quorum for purposes of making such amendment or waiver, changing the time and/or rate of payments of interest and principal, as applicable, reducing the amount of any premiums, changing the ranking or priority of payments of the Notes or the Guarantees and making certain other changes as set out in the terms and conditions of the Notes, cannot be amended or waived by the holders of a majority in principal amount of the Notes then outstanding but require the consent of the holders of at least 90% of the aggregate principal amount of the Notes then outstanding.

Holders of the Notes should be aware that in order to affect any amendment or waiver in respect of Entrenched Rights, the consent of holders of at least 90% of the aggregate principal amount of the Notes then outstanding is required to agree to such amendment or waiver. Although this threshold is standard in New York law governed bonds, it is considerably higher than the usual threshold in English law bond transactions, where typically at a meeting of the Holders of Notes, the threshold for changes to the economic provisions of the Notes is set at 75%. As a result, the Issuer may have greater difficulty in passing amendments relating to Entrenched Rights.

In addition, there is a higher risk that a minority of Noteholders (holders of at least 10% of the aggregate principal amount of the Notes then outstanding) may either disregard the convening of a Noteholder meeting or a consent solicitation request or actively refuse to give such consent to the amendment or waiver, or could block a resolution or a consent solicitation.

For both majority-led Noteholder resolutions or consents and resolutions or consents requiring the holders of 90% of the aggregate principal amount of the Notes then outstanding to agree, holders of the Notes should be aware that in the event that such resolutions or consents are approved by the requisite number of holders such decision will bind all holders, including any dissenting holders of Notes.

There currently exists no market for the Notes, and we cannot provide assurance that an active trading market will develop for the Notes.

The Notes will be new securities for which there currently is no market. Application has been made to list the Notes on the Official List of the Luxembourg Stock Exchange and to admit the Notes for trading on the Euro MTF market. However, there is a risk that no liquid secondary market for the Notes will develop or, if it does develop, that it will not continue. The fact that the Notes may be listed does not necessarily lead to greater liquidity as compared to unlisted Notes. In an illiquid market, an investor is subject to the risk of not being able to sell Notes at any time at fair market prices or at all.

The liquidity of any market for the Notes will depend on the number of holders of the Notes, prevailing interest rates, the market for similar securities and other factors, including general economic conditions and our financial condition, results of operations and prospects, as well as recommendations of securities analysts. Historically, the market for non-investment grade securities has been subject to disruptions that have caused substantial volatility in the prices of securities similar to the Notes. The liquidity of a trading market for the Notes may be adversely affected by a general decline in the market for similar securities and is subject to disruptions that may cause volatility in prices. It is possible that the market for the Notes will be subject to disruptions. Any such disruption may have a negative effect on investors in the Notes, regardless of our financial condition, results of operations and prospects.

The development of market prices of the Notes depends on various factors, such as changes of market interest rate levels, the policies of central banks, overall economic developments, inflation rates and the level of demand for the Notes and for high yield securities generally, as well as our financial condition, results of operations and prospects. The Notes may thus trade at prices that are lower than their initial purchase price. The holders are therefore exposed to the risk of an unfavourable development of market prices of their Notes which materialise if the holders sell the Notes prior to the final maturity.

The market value of the Notes could decrease if our creditworthiness worsens.

The market value of the Notes will suffer, if the market perceives us to be less likely to fully perform all obligations under the Notes when they fall due, which could occur, for example, because of the materialisation of any of the risks listed above regarding our Group. Even if the likelihood that we will be in position to fully perform all obligations under the Notes when they fall due has not actually decreased, market participants could nevertheless have a different perception. In addition, the market participants' estimation of the creditworthiness of corporate debtors in general or debtors operating in the same business as us could adversely change, causing the market value of the Notes to fall. If any of these risks occurs, third parties would only be willing to purchase Notes for a lower price than before the materialisation of these risks. Under these circumstances, the market value of the Notes will decrease.

The rights of holders of the Notes will be limited so long as the Notes are issued in book-entry interests.

Owners of the book-entry interests will not be considered owners or holders of Notes unless and until definitive notes are issued in exchange for book-entry interests. Instead, Euroclear or Clearstream, or their nominees, will be the sole holders of the Notes.

Payments of principal, interest and other amounts owing on or in respect of the Notes in global form will be made to the Trustee, which will make payments to the clearing system. Thereafter, such payments will be credited to the clearing system participants' accounts that hold book-entry interests in the Notes in global form and credited by such participants to indirect participants. After payment to the clearing system, neither we, nor the trustee nor any paying agent will have any responsibility or liability for any aspect of the records relating to, or payments or, interest, principal or other amounts to the clearing system, or to owners of book-entry interests.

Owners of book-entry interests will not have the direct right to act upon our solicitations for consents or requests for waivers or other actions for holders of the Notes. Instead, holders of the Notes may be entitled to act only to the extent that they have received appropriate proxies to do so from the clearing system or, if applicable, from a participant. We cannot assure you that procedures implemented for the granting of such proxies will be sufficient to enable you to vote on any requested actions on a timely basis.

Early redemption of the Notes may reduce an investor's expected yield.

The Notes may be redeemed at our option at the principal amount of the Notes plus accrued interest to the date fixed for redemption as more fully described in the "Terms and Conditions of the Notes". In the event that we exercise the option to redeem the Notes, you may suffer a lower than expected yield and may not be able to reinvest the funds on the same terms.

French insolvency may not be as favourable to holders of Notes as laws of another jurisdiction with which holders are familiar.

The Issuer is incorporated under the laws of France, as are certain of the Guarantors. In general, French insolvency legislation favors the continuation of a business and protection of employment over the payment of creditors and could limit your ability to enforce your rights under the Notes. This legislation may be less favourable to Noteholders than similar laws in another jurisdiction with which Noteholders may be familiar, and if so, in the event of insolvency, Noteholders may face worse treatment than they might expect. See "Certain Insolvency and Enforceability Considerations".

USE OF PROCEEDS

In connection with the offering of the Notes, Faurecia will receive net proceeds of approximately €341.2 million after deduction of estimated costs and underwriting commissions.

Faurecia will use the net proceeds of the offering of the Notes to reduce outstanding amounts under the Existing Senior Credit Agreement and the PSA Loan, on a *pro rata* basis, as part of the Refinancing Transactions. For more information on the Refinancing Transactions, see "Summary – Outstanding Indebtedness and the Refinancing Transactions".

SOURCES AND USES OF FUNDS

The following table illustrates, on an economic basis, the sources and uses of funds relating to the issuance of the Notes and the expected application of the net proceeds thereof, as provided under "Use of Proceeds" based on outstanding amounts under the Existing Senior Credit Agreement and the PSA Loan as of 30 June 2011.

Sources		Uses	
(in € millions)		*(in € millions)*	
Notes offered hereby (*)	348.2	Existing Senior Credit Facilities	281.0
		PSA Loan	60.2
		Estimated offering expenses	7.0
Total	**348.2**	**Total**	**348.2**

(*) Based on an issue price of 99.479%.

CAPITALISATION AND INDEBTEDNESS

The following table sets forth Faurecia's cash and cash equivalents, total financial debt and total capitalisation as at 30 June 2011 on a historical basis and as adjusted to reflect the completion of offering of the Notes made hereby and the use of the net proceeds as set forth under "Use of Proceeds". The table does not reflect an adjustment for the New Senior Credit Facilities or the use of the proceeds from such facilities to repay amounts outstanding under the Existing Senior Credit Facilities and the PSA Loan. See "Summary – Outstanding Indebtedness and the Refinancing Transactions".

You should read this table in conjunction with "Use of Proceeds", "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Faurecia's consolidated financial statements included elsewhere in this Offering Circular.

	As at 30 June 2011	
	(unaudited)	
(in € millions)	**Historical**	**As adjusted**
Cash and cash equivalents	731.5	731.5
Short-term borrowings [(1)]	733.9	733.9
Current portion of long-term debt	62.1	42.1
Other current financial liabilities	1.9	1.9
Total current financial liabilities	**797.9**	**777.9**
Existing senior credit facilities [(2)]	692.0	430.9
PSA loan [(2)]	152.0	91.9
OCEANE (convertible bonds)	193.5	193.5
Other existing long-term debt	44.2	44.2
Bank borrowings	111.1	111.1
Notes offered hereby [(3)]	—	341.2
Total long-term debt	**1,192.8**	**1,212.8**
Minority Interests	**83.0**	**83.0**
Total equity [(4)]	**955.5**	**955.5**
Total capitalisation and indebtedness	**3,029.2**	**3,029.2**

(1) Short-term borrowings include commercial paper.
(2) Excluding current portion.
(3) Based on amortised cost method, gross proceeds of €348.2 million (reflecting an issue price of 99.479%) and estimated transaction expenses of €7.0 million.
(4) Includes €772.6 million of share capital, €282.4 million of share premium, €(285.3) million of reserves and €185.8 million of current period net income. As of 30 June 2011, Faurecia had 110,368,103 shares outstanding (including 25,750 treasury shares), and was authorised to issue approximately 60 million additional shares (directly or by issuing securities giving access to capital such as convertible bonds).

Since 30 June 2011, our financial borrowings have increased due to drawdowns under the Existing Senior Credit Agreement and the PSA Loan in response to seasonal variations in working capital requirements and increased capital expenditures resulting from our growth, as described under "Management's Discussion and Analysis of Financial Condition and Results of Operations – Outlook". On 21 October 2011, we signed Schuldschein loan agreements with WestLB AG, as agent, in a total amount of €58 million. See "Description of Other Indebtedness – Schuldschein Loan".

Following the offering of the Notes made hereby, we intend to enter into the New Senior Credit Agreement, which will be used to repay the remaining outstanding amounts under and to replace the Existing Senior Credit Facilities and the PSA Loan. See "Summary – Outstanding Indebtedness and the Refinancing Transactions" and "Description of Other Indebtedness".

SELECTED HISTORICAL FINANCIAL DATA

The selected financial data set forth below has been prepared on the basis of the unaudited consolidated financial statements of the Group for the six-month periods ended 30 June 2010 and 2011, and the audited consolidated financial statements of Group for the years ended 31 December 2008, 2009 and 2010.

Selected Group consolidated income statement data

	For the year ended 31 December			For the six months ended 30 June	
(in € millions)	2008	2009	2010	2010	2011
				(unaudited)	
SALES	**12,010.7**	**9,292.2**	**13,795.9**	**6,825.9**	**8,150.3**
Cost of sales	(11,296.8)	(8,840.1)	(12,593.3)	(6,245.4)	(7,451.5)
Research and development costs	(269.9)	(207.9)	(303.2)	(149.6)	(111.4)
Selling and administrative expenses	(352.8)	(335.9)	(443.8)	(214.4)	(247.4)
OPERATING INCOME	**91.2**	**(91.7)**	**455.6**	**216.5**	**340.0**
Other non-operating income	0.1	6.9	87.2	60.6	0.0
Other non-operating expenses	(444.4)	(141.0)	(123.2)	(62.8)	(32.9)
Income on loans, cash investments and marketable securities	14.5	12.3	8.1	3.4	4.6
Finance costs	(110.8)	(135.3)	(98.7)	(50.8)	(46.5)
Other financial income and expenses	(98.9)	(43.9)	(25.6)	(14.2)	(12.8)
INCOME (LOSS) BEFORE TAX OF FULLY CONSOLIDATED COMPANIES	**(548.3)**	**(392.7)**	**303.4**	**152.7**	**252.4**
Current taxes	(34.1)	(42.2)	(85.9)	(54.4)	(64.0)
Deferred taxes	5.4	6.3	(3.9)	6.7	2.5
NET INCOME (LOSS) OF FULLY CONSOLIDATED COMPANIES	**(577.0)**	**(428.6)**	**213.6**	**105.0**	**190.9**
Share of net income of associates					
Before tax	*15.4*	*14.8*	*26.7*	*10.3*	*21.8*
After tax	*7.7*	*11.3*	*18.8*	*6.7*	*15.9*
CONSOLIDATED NET INCOME (LOSS)	**(569.3)**	**(417.3)**	**232.4**	**111.7**	**206.8**
Attributable to owners of the parent	**(574.8)**	**(433.6)**	**201.7**	**101.9**	**185.8**
Attributable to minority interests	5.5	16.3	30.7	9.8	21.0

Selected Group consolidated balance sheet data

Assets	As of 31 December			As of 30 June
(in € millions)	2008	2009	2010	2011
				(unaudited)
Goodwill	1,040.2	1,039.9	1,230.8	1,226.9
Intangible assets	469.8	396.9	435.2	441.5
Property, plant and equipment	1,360.8	1,224.6	1,575.5	1,591.9
Investments in associates	40.1	31.0	43.6	38.1
Other equity interests	1.6	11.2	15.3	38.0
Other non-current financial assets (*)	26.5	23.5	27.8	28.0
Other non-current assets	8.5	18.9	14.5	15.5
Deferred tax assets	91.4	72.0	86.2	87.7
TOTAL NON-CURRENT ASSETS	**3,038.9**	**2,818.0**	**3,428.9**	**3,467.6**
Inventories, net	526.1	438.6	734.0	852.9
Trade accounts receivable	954.0	1,025.9	1,387.7	1,889.4
Other operating receivables	197.3	171.0	223.3	287.2
Other receivables and prepaid expenses	79.8	79.9	100.7	100.9
Other current financial assets (*)	6.0	1.7	0.0	4.0
Cash and cash equivalents	425.7	357.8	605.8	731.5
TOTAL CURRENT ASSETS	2,188.9	2,074.9	3,051.5	3,865.9
TOTAL ASSETS	**5,227.8**	**4,892.9**	**6,480.4**	**7,333.5**

(*) In accordance with IAS 1, currency and interest rate derivatives that were recognised in other financial assets have been reclassified to other non-current financial assets for fiscal year 2008.

Liabilities *(in € millions)*	**As of 31 December**			**As of 30 June**
	2008	**2009**	**2010**	**2011**
				(unaudited)
SHAREHOLDERS' EQUITY				
Capital	170.8	626.1	772.6	772.6
Additional paid-in capital	198.9	130.1	282.4	282.4
Treasury stock	(11.5)	(10.4)	(10.4)	(1.4)
Retained earnings	385.8	(99.4)	(529.8)	(346.9)
Translation adjustments	33.7	44.1	94.0	63.0
Net income (loss)	(574.8)	(433.6)	201.7	185.8
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT	**202.9**	**256.9**	**810.5**	**955.5**
Minority interests	40.6	45.8	87.7	83.0
TOTAL SHAREHOLDERS' EQUITY	243.5	302.7	898.2	1,038.5
Long-term provisions	193.6	193.9	214.5	216.2
Non-current financial liabilities (*)	1,491.7	1,232.2	1,114.9	1,192.8
Other non-current liabilities	1.9	2.3	1.3	1.5
Deferred tax liabilities	38.2	7.1	29.2	28.5
TOTAL NON-CURRENT LIABILITIES	**1,725.4**	**1,435.5**	**1,359.9**	**1,439.0**
Short-term provisions	317.3	320.3	416.6	370.0
Current financial liabilities (*)	546.2	528.1	687.7	797.9
Prepayments from customers	118.8	80.8	87.8	134.2
Trade payables	1,695.2	1,730.6	2,419.9	2,793.1
Accrued taxes and payroll costs	366.1	371.7	452.8	597.4
Sundry payables	215.3	123.2	157.5	163.4
TOTAL CURRENT LIABILITIES	**3,258.9**	**3,154.7**	**4,222.3**	**4,856.0**
TOTAL LIABILITIES	**5,227.8**	**4,892.9**	**6,480.4**	**7,333.5**

(*) In accordance with IAS 1, currency and interest rate derivatives that were recognised in current financial liabilities have been reclassified to non-current financial liabilities for fiscal year 2008.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis should be read in conjunction with our unaudited consolidated financial statements for the six-month period ended 30 June 2011 and our audited consolidated financial statements for the years ended 31 December 2009 and 2010 and, in each case, the notes thereto included elsewhere in this Offering Circular, which have been prepared in accordance with IFRS (International Financial Reporting Standards) as adopted by the European Union.

Overview

Our results of operations over the past two years reflect significant growth in our sales and a strong improvement in our margins. We have been able to produce these results by taking advantage of our leading positions in our four business lines, solidified through strategic and add-on acquisitions, as well as our strong customer relationships, our global presence and our technological leadership.

Our sales increased on a like-for-like basis (excluding the impact of acquisitions, as described below) by 17.9% in 2010 compared to 2009, and by 15.5% in the first half of 2011 compared to the same period in 2010. Including the impact of acquisitions, our growth was 48.5% in 2010 (reflecting mainly the Emcon Technologies and Plastal acquisitions), and 19.4% in the first half of 2011. Our operating margin (operating income as a percentage of sales) improved from 1.9% in the second half of 2009 (we recorded an operating loss for all of 2009), to 3.2% in 2010, to 4.2% in the first half of 2011. Our EBITDA margin (EBITDA as a percentage of sales) improved from 4.2% in 2009, to 6.8% in 2010, to 7.0% in the first half of 2011.

These robust results have been accompanied by an increase in cash flow and a reduction in debt. Our net debt has decreased from €1,605 million at the end of 2008 to €1,255 million at 30 June 2011. Our ratio of net debt to EBITDA declined from 3.5x in 2009 to 1.3x in 2010, and 1.2x in the twelve-month period ended 30 June 2011, a period in which our EBITDA represented 11.8x our cash interest expense.

Our financial performance and the improvement of our capital structure result from a strategy that has allowed us to emerge from the global economic crisis as one of the strongest automotive equipment manufacturers in the world. In 2008 and 2009, our industry was severely affected by the difficulties encountered by automobile manufacturers. Our results of operations and financial condition suffered during this period. We recorded a net loss in 2008 and 2009, renegotiated our main credit agreements to adjust our financial covenants in exchange for an increase in our borrowing costs, and refinanced a bond issue following the occurrence of an early repayment event relating to our financial covenants.

To address these difficult conditions, we pursued a number of initiatives that have proven highly successful. We implemented the Challenge 2009 plan to improve cash flow and liquidity. We raised fresh capital and extended our average debt maturity, with a €455 million rights issue in April 2009 and a €211 million convertible bond (OCEANE) issue in November 2009. We took advantage of opportunities for consolidation in the industry, using new shares as consideration for our largest acquisition (Emcon Technologies), and paying prices that we consider attractive for our other acquisitions.

This strategy has allowed us to take full advantage of the recovery in the automotive sector. We have recorded strong sales growth in Europe and North America, reflecting renewed growth in automobile sales in these markets. In addition, as a result of our global presence and our leading market positions, we have expanded profitably in fast growing emerging markets such as China, Korea and Brazil, and we have positioned ourselves on global vehicle programmes that only a few suppliers worldwide are capable of serving. This has allowed us to grow faster than the overall automobile market while improving our margins.

We have been able to achieve these results with limited capital expenditure by leveraging our existing production facilities. Our continued growth will likely require increased investments in production facilities and tooling. We expect to fund our investments through internally generated cash flow while maintaining an essentially stable level of net debt over the next few years, followed by a reduction of net debt in the medium term (in each case, assuming no major acquisitions).

Significant Factors Affecting Our Results of Operations

Analysis of Sales

We report total sales in our consolidated financial statements, both for the Group and by operating segment. In addition, we report an indicator that we refer to as "product sales," meaning sales of automotive parts and components to customers. In addition to product sales, our total sales include sales of catalytic converter monoliths (prepackaged components for catalytic converters that incorporate certain raw materials, which are chosen by customers and sold on a "pass-through" basis with no markup), and sales of tooling, design and development services and prototypes.

We analyse our sales for two principal segments – Interior Modules, which includes Faurecia Automotive Seating and Faurecia Interior Systems, and Other Modules, which includes Faurecia Emission Control Technologies and Faurecia Automotive Exteriors.

Customer Contracts and Development Costs

We typically supply equipment to automobile manufacturers pursuant to long-term contracts that cover the initially anticipated life of a new vehicle programme. We work closely with the manufacturers to develop products and specifications that are designed specifically for a particular automobile model. The price that we charge generally includes a component designed to cover operating costs and margin, as well as a component designed to repay development costs on a per-unit basis.

Because of this contract structure, it is very unusual for a manufacturer to cancel a contract or to change suppliers, absent significant unforeseen problems (which have historically been rare). On the other hand, because some or all of our development costs are paid on a per unit basis, we bear the risk that unit sales will turn out to be insufficient to fully reimburse those costs (except to the extent that the manufacturer agrees contractually to bear some or all of that risk).

Raw Materials

A significant portion of our raw materials costs are passed through to our customers. Catalytic converter monolith costs are directly passed through, as the customer selects the monoliths and, as noted above, we pass the cost to the customer without any markup. In addition, the cost of specialty metals used in exhaust systems is passed through to customers (typically with a time lag) through indexation clauses in contracts.

The cost of the remaining raw materials, primarily steel and plastic, is not passed through to customers through any fixed contractual mechanism. We seek to pass these costs to customers through annual (or more frequent, in some cases) price reviews that are part of the contract management process. Our ability to pass through such costs can significantly affect our margins and profitability.

Research and Development

Our research and development expenditures include primarily design and development expenditures that are financed by our customers. A portion of these design and development expenditures is re-billed or charged directly to customers, and a portion is financed by customers through per vehicle charges that are included in the purchase price of the equipment that we supply. In many cases, the per vehicle charges are initially set on the basis of assumed volumes and are adjusted over the life of a vehicle model on the basis of actual unit sales. Otherwise, we bear the risk that unit sales will not be sufficient to allow us to recover our expenditures.

When we incur development expenditures that are to be recovered through per vehicle charges, we record them as capitalised development costs, and not as expenses. The capitalised development costs are amortised over the life of the vehicle model. Research and development expenditures that are not re-billed to customers or capitalised are recorded as expenses in our consolidated income statement. The following table shows a breakdown of our gross research and development expenditures for the periods indicated.

	For the year ended 31 December			For the six months ended 30 June	
(in € millions)	**2008**	**2009**	**2010**	**2010**	**2011**
				(unaudited)	
Gross research and development expenditures	(613.0)	(493.2)	(689.1)	(339.9)	(383.5)
Amounts billed to customers and changes in inventories	362.5	361.6	393.5	203.2	251.8
Subtotal	**(250.5)**	**(131.6)**	**(295.6)**	**(136.7)**	**(131.7)**
Capitalised development costs	144.7	104.4	154.3	71.4	93.8
Amortisation of capitalised development costs	(168.8)	(161.1)	(175.5)	(85.7)	(75.1)
Charges to and reversals of provisions for impairment of capitalised development costs	4.7	(19.6)	13.6	1.4	1.6
Research and development	(269.9)	(207.9)	(303.2)	(149.6)	(111.4)

Variable Cost Margin and Operating Margin

We analyse our profitability using two principal indicators, the variable cost margin and the operating margin. Variable cost margin is a non-GAAP indicator calculated in the manner described below. Operating margin is equal to our operating income divided by total sales. Operating margin reflects the impact of our sales of catalytic converter monoliths, on which we have no markup. Catalytic converter monoliths reduce our operating margin, but they insulate us from fluctuations in the prices of raw materials included in the monolith modules.

Our variable cost margin is equal to our product sales minus variable costs, divided by our product sales. For this purpose, variable costs are generally equal to cost of sales less the sum of (i) monolith costs, (ii) costs relating to sales of engineering and tooling, and (iii) fixed manufacturing costs, such as labour costs that do not vary with production volumes, and depreciation of property, plant and equipment.

Comparability of the Group's operating results

Acquisitions

We have made a number of recent acquisitions, as part of our strategy to participate actively in the consolidation of the automotive equipment sector following the impact of the global economic crisis. In particular:

- in February 2010 we acquired Emcon Technologies, a leading manufacturer of exhaust systems, from One Equity Partners, to form what is now Faurecia Emissions Control Technologies. As consideration, we issued 20.9 million new shares to One Equity Partners and certain other parties, all of which have since been sold in the market.
- in March and September 2010 (respectively), we acquired Plastal Germany and Plastal Spain, each of which are leading suppliers of plastic automotive exterior parts, for net consideration of €49.9 million (excluding acquisition related costs recognised as expenses).

The impact of these two transactions on our consolidated balance sheet is set forth in Note 10A to our consolidated financial statements as of and for the year ended 31 December 2010.

In addition to the acquisitions of Emcon Technologies and Plastal, the other main external growth transactions and strategic agreements were the following:

- On 30 June 2010, we signed an agreement with the Chinese auto parts maker Xuyang Group, based in Changchun (China) (involving total investments of €11 million in 2010), with a view to:
    - acquiring an 18.75% stake in Xuyang,
    - expanding the scope of the Changchun Faurecia Xuyang Automotive Seat Co, Ltd. JV to include the manufacture of complete seat units,

- creating a new entity, the capital of which is shared by Faurecia (60%) and Xuyang (40%), specializing in the vehicle interiors business and which will take control of the plant's activity and
- creating a new entity for acoustic modules and interior trim parts held by Faurecia (40%) and Xuyang (60%).

- On 2 July 2010 we finalised a strategic alliance with Chinese automaker Geely and auto parts supplier Limin to develop, manufacture and deliver interior and exterior automotive systems for all of Geely's brands in China. The first investments made will be determined according to the progress of the customers' projects.

In the field of seating systems, on 26 October 2010, we signed an agreement to acquire Hoerbiger Automotive's seat comfort business. This company develops and manufactures pneumatic seat comfort systems for the premium brand segment. This was part of our policy to strengthen the technological content of our seating systems. The acquisition was finalised on 23 December 2010, for the amount of €7 million.

In the field of Interior Systems, on 23 November 2010, we signed an agreement with a view to acquiring the businesses of Angell-Demmel Europe Gmbh, a leader in metal automotive interior trim parts. This business, which employs almost 800 people, generated sales of €55 million with the leading German automakers over the first nine months of 2010. We have thus strengthened our presence in relation to premium German customers and expanded our range of technology and products in the field of vehicle interiors. The acquisition was completed on 17 January 2011, for an acquisition price of €12 million (excluding tooling).

On 17 January 2011, we acquired a 21.2% stake in the capital of Amminex, a Danish technology company with leading edge expertise in the treatment of nitrogen oxides (NO_x) and the inventor of the Ammonia Storage and Delivery System (ASDS). This strategic acquisition represented an investment of €19.6 million. The contribution of this technology, associated with our recognised development and industrial expertise, is intended to lead to another breakthrough in diesel emissions control.

Lastly, on 1 April 2011, we began our takeover of the complete seat unit assembly plant located in Madison County, Mississippi, supplier for the Nissan facility in Canton, Mississippi (USA). This marks a significant milestone in our operations with the Renault-Nissan Group and an expansion of the services provided to Nissan in the United States.

In the discussion below, references to changes in sales on a "like-for-like" basis from 2009 to 2010 mean that 2009 sales of Emcon Technologies are included, and 2010 sales of Plastal Germany and Spain are excluded. References to changes in sales on a "like-for-like" basis from the first half of 2010 to the same period in 2011 mean that sales for Plastal Germany, Plastal Spain, Angell-Demmel and the Madison Mississippi plant are excluded from both 2010 and 2011 sales data.

RECENT DEVELOPMENTS

THIRD QUARTER 2011 CONSOLIDATED SALES

On 24 October 2011, we announced our consolidated sales figures for the third quarter of 2011. The table below sets forth our consolidated sales for the periods indicated:

CONSOLIDATED SALES *(in € millions)*	For the three months ended 30 September		Change	Change	For the nine months ended 30 September		Change	Change
	2011	2010	(%)	(%)(*)	2011	2010	(%)	(%)(*)
Automotive Seating	1,152.8	1,064.0	8.3%	7.2%	3,700.4	3,377.7	9.6%	8.7%
Interior Systems	808.5	726.5	11.3%	11.0%	2,647.1	2,292.0	15.5%	14.0%
Total Interior Modules	***1,961.3***	***1,790.5***	***9.5%***	***8.8%***	***6,347.5***	***5,669.7***	***12.0%***	***10.9%***
Emissions Control Technologies	1,414.5	1,158.5	22.1%	26.2%	4,263.2	3,476.2	22.6%	24.7%
Automotive Exteriors	411.6	317.7	29.6%	19.1%	1,327.0	946.7	40.2%	11.6%
Total Other Modules	***1,826.1***	***1,476.2***	***23.7%***	***24.6%***	***5,590.2***	***4,422.9***	***26.4%***	***21.6%***
TOTAL	**3,787.4**	**3,266.7**	**15.9%**	**15.9%**	**11,937.7**	**10,092.6**	**18.3%**	**15.7%**

(*) on a like-for-like basis.

In the third quarter of 2011, our consolidated sales totalled €3,787.4 million, a 15.9% increase compared to the same period in 2010, or 15.9% on a like-for-like basis (at constant exchange rates and scope). The total figure includes the following that are excluded from the like-for-like figure:

- sales from Plastal Spain's business activities (consolidated as of 1 October 2010), of €34.6 million;
- sales from Angell Demmel (consolidated as of 1 January 2011), of €25.0 million; and
- sales from our Madison County, Mississippi seat assembly plant (consolidated as of 4 April 2011), of €36.6 million.

Sales by Type

The table below sets forth our sales by type for the periods indicated:

SALES BY TYPE *(in € millions)*	For the three months ended 30 September 2011	For the three months ended 30 September 2010	Change (%)	Change (%)(*)	For the nine months ended 30 September 2011	For the nine months ended 30 September 2010	Change (%)	Change (%)(*)
Product Sales	2,865.6	2,523.7	13.5%	12.8%	9,197.8	7,878.1	16.8%	13.5%
Monoliths Sales	667.6	527.7	26.5%	29.7%	1,992.6	1,582.6	25.9%	27.4%
Development, Tooling & Prototype Sales	254.2	215.4	18.0%	19.0%	747.4	632.0	18.3%	13.7%
TOTAL SALES	**3,787.4**	**3,266.7**	**15.9%**	**15.9%**	**11,937.7**	**10,092.6**	**18.3%**	**15.7%**

(*) on a like-for-like basis.

Product sales (deliveries of parts and components to automakers) were €2,865.6 million in the third quarter of 2011, an increase of 13.5% compared to the third quarter of 2010, and a 12.8% increase on a like-for-like basis. This includes €33.3 million in product sales from Plastal Spain, €24.6 million in product sales from Angell Demmel and €36.0 million in product sales from the Madison plant.

Catalytic converter monolith sales in the third quarter of 2011 totalled €667.6 million, a 26.5% increase (29.7% on a like-for-like basis) compared to the same period in 2010. Excluding catalytic converter monoliths, which are included in the Emissions Control Technologies business line, third quarter 2011 sales totalled €3,119.8 million, a 13.3% increase on a like-for-like basis, compared to the third quarter of 2010. Revenues from sales to customers of design and development, tooling and prototypes was €254.2 million in the third quarter of 2011, a 19.0% increase compared to the third quarter of 2010 on a like-for-like basis.

Product Sales by Region

Product sales by major geographic region for the third quarter of 2011 break down as follows:

PRODUCT SALES *(in € millions)*	For the three months ended 30 September 2011	For the three months ended 30 September 2010	Change (%)(*)	Change (%)(*)	For the nine months ended 30 September 2011	For the nine months ended 30 September 2010	Change (%)	Change (%)(*)
Europe	1,704.4	1,570.7	8.5%	**5.2%**	5,874.5	5,188.7	13.2%	**7.5%**
North America	636.8	515.2	23.6%	**26.1%**	1,860.4	1,466.7	26.8%	**28.7%**
South America	177.2	151.5	17.0%	**22.5%**	493.8	404.5	22.1%	**23.2%**
Asia	282.8	241.5	17.1%	**20.9%**	790.4	683.8	15.6%	**17.8%**
Other	64.3	44.8	43.6%	**50.4%**	178.6	134.4	32.9%	**33.2%**
TOTAL	**2,865.6**	**2,523.7**	**13.5%**	**12.8%**	**9,197.8**	**7,878.1**	**16.8%**	**13.5%**

(*) on a like-for-like basis.

- In Europe, product sales totaled €1,704.4 million, up 8.5% during the third quarter, an increase of 5.2% like-for-like compared with the same period in 2010, while automobile production grew by 5.2% (Source: IHS Automotive) in the third quarter. Sales in Europe represented 59.5% of overall product sales.

- In North America, product sales stood at €636.8 million in the third quarter of 2011, an increase of 23.6%, representing 22.2% of overall product sales. Third quarter sales grew by 26.1% like-for-like. Automobile production grew by 5.7% (Source: IHS Automotive) during the third quarter.
- In South America, product sales for the third quarter of 2011 totalled €177.2 million, an increase of 17.0%, representing 6.2% of total product sales and growth of 22.5% like-for-like. During the same period, automobile production rose only 3.7% (Source: IHS Automotive).
- In Asia, third-quarter product sales grew by 17.1% totalling €282.8 million versus the same period in 2010, an increase of 20.9% like-for-like, for an automobile production up 5.3% (Source: IHS Automotive). They represented 9.9% of total product sales. Sales growth in China stood at 15.5% like-for-like, versus an automobile production up 8.4% (Source: IHS Automotive).
- In other countries, product sales totalled €64.3 million euro in the third quarter of 2011, an increase of 50.4% like-for-like.

Product Sales by Business Line

Our product sales by business line in the third quarter of 2011 are set forth in the table below:

PRODUCT SALES *(in € millions)*	For the three months ended 30 September 2011	For the three months ended 30 September 2011	Change (%)	Change (%)(*)	For the nine months ended 30 September 2011	For the nine months ended 30 September 2010	Change (%)	Change (%)(*)
Automotive Seating	1,101.4	1,021.2	7.9%	6.7%	3,551.3	3,223.9	10.2%	9.2%
Interior Systems	684.0	609.8	12.2%	11.5%	2,266.9	1,975.0	14.8%	13.1%
Total Interior Modules	***1,785.4***	***1,631.0***	***9.5%***	***8.5%***	***5,818.2***	***5,198.9***	***11.9%***	***10.7%***
Emissions Control Technologies	711.9	603.0	18.1%	22.9%	2,168.3	1,805.2	20.1%	22.7%
Automotive Exteriors	368.3	289.7	27.1%	16.1%	1,211.2	874.0	38.6%	11.3%
Total Other Modules	***1,080.2***	***892.7***	***21.0%***	***20.7%***	***3,379.5***	***2,679.2***	***26.1%***	***18.7%***
TOTAL	**2,865.6**	**2,523.7**	**13.5%**	**12.8%**	**9,197.7**	**7,878.1**	**16.8%**	**13.5%**

(*) on a like-for-like basis.

Automotive Seating

Over the third quarter of 2011, product sales for the Automotive Seating business were €1,101.4 million, a 7.9% increase over the same period in 2010, or 6.7% on a like-for-like basis (€36.0 million of which was related to the integration of the Madison plant).

Interior Systems

Over the third quarter of 2011, product sales for the Interior Systems business totalled €684.0 million, a 12.2% increase over the same period in 2010, or 11.5% on a like-for-like basis. The impact of the Angell-Demmel business accounted for €24.6 million of this amount.

Emissions Control Technologies

Over the third quarter of 2011, product sales from Emissions Control Technologies activities totalled €711.9 million, an 18.1% increase over the same period in 2010, or 22.9% on a like-for-like basis.

Automotive Exteriors

Over the third quarter of 2011, product sales from the Automotive Exteriors business totalled €368.3 million, a 27.1% increase over the same period in 2010. Excluding the impact from integrating the Spanish business of Plastal, which totalled €33.3 million, product sales increased by 27.1% over the same period in 2010, or 16.1% on a like-for-like basis.

COMPARISON OF THE GROUP'S RESULTS OF OPERATIONS FOR THE SIX MONTHS ENDED 30 JUNE 2011 AND 30 JUNE 2010

Consolidated Sales

While automobile sales increased in substantially all regions in the first half of 2011 (based on IHS Automotive data), our product sales increased more quickly. Global automobile production grew by 3.3% in the first half of 2011 compared to the same period in the prior year, while our product sales increased by 13.8% on a like-for-like basis and at constant exchange rates (all product sales figures in this paragraph are determined on the same basis). In Europe, automobile production increased by 7.6% (4.2% excluding Russia), while our product sales increased by 8.5%. North American automobile production grew by 8.4%, and our product sales by 30.1%. In South America, automobile production was up by 8.7% and our product sales by 23.6%. Finally, Asian automobile production declined slightly, by 1.6% (affected by the Fukushima incident in Japan), while our product sales in the region increased by 16.1%. Chinese production increased by 7.6%, and our Chinese product sales by 11.8%. In Korea, production growth was 8.3% and our growth in product sales was 29.4%.

In the first half of 2011, our total sales totalled €8,150.3 million, a 19.4% increase from the first half of 2010. This includes:

- sales generated in the first quarter of 2011 by Plastal Germany's business activities (consolidated as of 1 April 2010), of €135.9 million;
- sales generated by Plastal Spain's business activities (consolidated as of 1 October 2010), of €87.0 million;
- sales from Angell-Demmel, which was consolidated on 1 January 2011, of €44.4 million; and
- sales from the Nissan seat assembly plant in Madison County, Mississippi consolidated on 4 April 2011, of €34.3 million.

At constant exchange rates and on a like-for-like basis, we recorded a 15.5% increase in sales in the first half of 2011 compared to the first half of 2010.

Product sales were €6,332.2 million in the first half of 2011, an increase of 18.3% compared to the first half of 2010, and a 13.8% increase at constant exchange rates and on a like-for-like basis. Catalytic converter monolith sales in the first half of 2011 totalled €1,324.9 million, a 25.6% increase (26.2% at constant exchange rates) compared to the same period in 2010. Excluding catalytic converter monoliths, first half 2011 sales totalled €6,825.4 million, an 18.3% increase or 13.6% at constant exchange rates and on a like-for-like basis, compared to the first half of 2010. Revenues from sales to customers of design and development, tooling and prototypes was €493.2 million in the first half of 2011, up 18.4% from the first half of 2010, or 11.1% at constant exchange rates and on a like-for-like basis.

Product sales by major geographic region for the first half of 2011 break down as follows:

- in Europe, they rose 15.3% (8.5% at constant exchange rates and on a like-for-like basis) to €4,170.1 million (65.9% of total product sales);
- in North America, they were €1,223.6 million (19.3% of total product sales), a 28.6% increase, or 30.1% at constant exchange rates and on a like-for-like basis;
- in South America, they were €316.6 million (5.0% of total product sales), a 25.1% increase, or 23.6% at constant exchange rates;
- in Asia, they increased 14.8% (16.2% at constant exchange rates, with constant exchange rate increases of 11.8% in China and 29.4% in Korea) to €507.6 million (8.0% of total product sales); and
- in other countries, product sales totalled €114.2 million, up 27.5%, or 24.6% at constant exchange rates.

  Compared to the first half of 2010, changes in product sales by customer group were as follows:

- product sales to the Volkswagen/Audi Group increased 13.7%, 13.5% of which was for the Volkswagen brand and 14.4% for the Audi brand. Sales increased over all geographic regions;
- product sales to the Ford Group increased 9.4%, supported by the high level of growth from product sales in North America (+31.9%), despite a downturn in Europe (-2.4%) and in Asia (-14.6%);
- product sales to Chrysler almost doubled (+98.7%) thanks to continued recovery on the North American continent;

- product sales to the General Motors Group increased 4.0%, despite the drop in sales to its European subsidiary Opel Vauxhall (-7.5%);
- product sales to PSA Peugeot Citroën and BMW rose by 11.6% and 10.8%, respectively;
- product sales to Daimler and Renault-Nissan increased 6.1% and 3.7%, respectively;
- product sales to Toyota fell 3.5%, and sales to the Hyundai Group rose 32.6%; and
- product sales to the Geely-Volvo Group increased 14.2%.

For the six months ended 30 June 2011, our five main customer groups accounted for 73.4% of product sales: Volkswagen/Audi 24.3%, PSA Peugeot Citroën18.1%, Renault-Nissan 11.5%, Ford 11.0% and General Motors 8.4%.

Interior Modules

In the first half of 2011, total sales in the "Interior Modules" segment were €4,386.2 million, up 13.1% compared to the same period in 2010, or 11.8% at constant exchange rates and on a like-for-like basis. Product sales increased 13.0% (11.7% at constant exchange rates and on a like-for-like basis) to €4,032.9 million in the first half of 2011.

Automotive Seating

Over the first half of 2011, total sales for the Automotive Seating business were €2,547.6 million, a 10.1% increase over the same period in 2010, or 9.4% at constant exchange rates and on a like-for-like basis. Product sales were €2,450.0 million (€34.2 million of which was related to the integration of the Madison plant), an 11.2% increase, and 10.4% at constant exchange rates and on a like-for-like basis. In the first half of 2011:

- in Europe, product sales totalled €1,706.1 million, up 6.5% at constant exchange rates;
- in North America, product sales totalled €394.2 million, up 18.2% at constant exchange rates and on a like-for-like basis;
- in Asia, product sales for the Automotive Seating business totalled €208.6 million, up 10.9% at constant exchange rates;
- in South America, product sales totalled €129.8 million, up 50.3% at constant exchange rates to.

Interior Systems

Over the first half of 2011, total sales for the Interior Systems business totalled €1,838.6 million, a 17.4% increase over the same period in 2010, or 15.5% at constant exchange rates and on a like-for-like basis. The impact of the Angell-Demmel business accounted for €44.4 million of this amount. Product sales totalled €1,583.0 million (€41.8 million of which was for the Angell-Demmel business), a 16.0% increase and 13.8% at constant exchange rates and on a like-for-like basis. In the first half of 2011:

- in Europe, product sales totalled €1,094.8 million, up 8.7% at constant exchange rates and on a like-for-like basis;
- in North America, product sales totalled €301.4 million, up 37.1% at constant exchange rates. This is due, in particular, to increased sales with Chrysler and Ford;
- in South America, product sales totalled €94.5 million, up 26.9% to at constant exchange rates;
- in Asia, product sales totalled €63.3 million, down 6.9% to at constant exchange rates.

Other Modules

Over the first half of 2011, total sales from the "Other Modules" segment were €3,764.1 million, up 27.7% compared to the same period in 2010, or 20.2% at constant exchange rates and on a like-for-like basis. This figure includes the impact from integrating Plastal (the German business over the first quarter of 2011, the Spanish business over the first half of the year), which totalled €222.9 million. Excluding catalytic converter monoliths, sales from "Other Modules" totalled €2,439.2 million, a 17.0% increase at constant exchange rates and on a like-for-like basis. Product sales increased 28.7% (17.7% at constant exchange rates and on a like-for-like basis) to €2,299.3 million.

Emissions Control Technologies

Over the first half of 2011, total sales from Emissions Control Technologies activities totalled €2,848.7 million, a 22.9% increase over the same period in 2010 and 24.0% at constant exchange rates. Excluding catalytic converter monoliths, sales totalled €1,523.8 million, up 22.1% at constant exchange rates. Product sales amounted to €1,456.4 million, a 21.1% increase and 22.6% at constant exchange rates. In the first half of 2011:

- in Europe, product sales totalled €557.2 million, up 16.8% at constant exchange rates;
- in North America, product sales totalled €497.2 million, up 32.2% at constant exchange rates, thanks to increased sales with Chrysler and the growth of sales to Cummins;
- in Asia, product sales totalled €235.7 million, up 30.3% at constant exchange rates;
- in South America, product sales totalled €92.3 million, down 3.3% to at constant exchange rates.

Automotive Exteriors

In the first half of 2011, total sales from the Automotive Exterior business totalled €915.4 million, a 45.5% increase over the same period in 2010, and 8.5% at constant scope and exchange rates. This figure includes the impact from integrating Plastal (the German business sales over the first quarter of 2011, the Spanish business sales over the first half of the year), which totalled €222.9 million. Product sales totalled €842.9 million (€118.0 million of which were from the Plastal Germany business over the first quarter and €76.7 million from the Plastal Spain business over the first half of the year), a 9.3% increase at constant exchange rates and on a like-for-like basis. In the first half of 2011:

- in Europe, product sales totalled €812.1 million, up 7.0% at constant scope and exchange rates;
- in North America, product sales totalled €30.8 million.

Operating Expenses and Variable Cost Margin

Our total operating expenses equalled €7,810.3 million in the first half of 2011, compared to €6,609.3 million in the first half of 2010. Margins continued to improve (as discussed below), while costs increased as an absolute amount due to both internal and external growth of sales. Cost of sales represented 95.4% of total expenses in the first half of 2011 and 94.5% in the same period in 2010. Our total operating expenses can be broken out by type of expense as follows:

	For the six months ended 30 June	
(in € millions)	**2010**	**2011**
	(unaudited)	
Purchases used in production	(4,606.3)	(5,538.1)
External expenses	(610.2)	(718.1)
Payroll costs	(1,241.5)	(1,458.1)
Taxes other than on income	(21.8)	(26.9)
Other income and expenses (1)	87.8	131.6
Depreciation, amortisation and provisions for impairment in value of non-current assets	(243.4)	(232.9)
Charges to and reversals of other provisions	26.1	32.2
Total Operating Expenses	**(6,609.3)**	**(7,810.3)**

(1) Including production taken into inventory or capitalised production	**115.6**	**171.8**

Operating Income

Operating income amounted to €340.0 million in the first half of 2011, up €123.5 million from the same period in 2010. The 2011 figure represented 4.2% of total sales, versus 3.2% during the first half of 2010. This further increase in operating profitability was the result of the following factors:

- the increase in volumes on a like-for-like basis contributed an additional €182 million of operating income in the first half of 2011 compared to the first half of 2010;
- operating income from the businesses consolidated during the first half of the year that were not included during the first half of 2010 (first quarter for Plastal Germany, Plastal Spain, Angell-Demmel, and the Madison plant) came to €9 million;

- the increase in fixed costs, related primarily to development outside Europe and strong business growth, totalled €58 million. It should be noted that, in Europe, fixed costs continued to drop by €29 million thanks to cost savings plans and synergy integration;
- the change in other items (currency, raw materials and other factors) had a negative impact of €10 million.

The variable cost margin was 25.5% in the first half of 2011 and 25.4% in the first half of 2010. This slight increase reflected an increase in raw material costs estimated at €29 million (or 0.4% of product sales), resulting primarily from higher prices for plastics. Absent this effect, the variable cost margin would have been 25.9% in the first half of 2011.

Operating income in the first half of 2011, and the change in operating income compared to the first half of 2010, can be described by business segment as follows:

- The "Interior Modules" segment generated €212.3 million in operating income, up €79.2 million compared to the first half of 2010. Operating income was 4.8% of sales versus 3.4% during the same period in 2010.
- The "Other Modules" segment generated €127.7 million in operating income, representing 3.4% of sales, versus €83.4 million (2.8% of sales) during the first half of 2010.

Gross research and development expenditure amounted to €383.5 million and represented 4.7% of sales, versus a total of €339.9 million (5.0% of sales) during the first half of 2010. Excluding the amounts billed to customers and capitalised expenses, and after amortisation of previously capitalised expenses, research and development expense recorded in the income statement came to €111.4 million, corresponding to 1.4% of sales, versus €149.6 million during the first half of 2010 (2.2% of sales).

Selling and administrative expenses amounted to €247.4 million in the first half of 2011 and represented 3.0% of sales, versus €214.4 million during the first half of 2010 (3.1% of sales).

EBITDA – which corresponds to operating income plus amortisation, depreciation and provisions for impairment in the value of non-current assets – amounted to €572.9 million in the first half of 2011, representing 7.0% of sales, compared with €459.9 million (6.7% of sales) during the first half of 2010. The increase in EBITDA results from the same factors as the increase in operating income.

Other Income Statement Items

Other non-operating expenses came to €32.9 million in the first half of 2011, €32.3 million of which corresponds to restructuring costs. These expenses primarily involve the industrial restructuring plans implemented in Europe and the efforts to generate synergies from the integration of Emcon Technologies. €14.7 million of these costs pertain to Germany, €5.5 million to North America, and €4.9 million to France.

Net financial expense was €54.7 million in the first half of 2011, down from €61.6 million in the first half of 2010. The decrease is due mainly to the elimination of interest on the €205 million credit facility put in place during the first half of 2009 in order to partially refinance the 2005 bond (see "– Liquidity and Capital Resources"), which matured in August of 2009.

The average rate of finance costs for the period came to 3.78% in the first half of 2011, compared to 4.62% during the first half of 2010. Other finance costs include the expenses related to the discounting of provisions for pensions and the amortisation of costs related to arrangement fees for finance loans.

The income tax charge amounted to €61.5 million in the first half of 2011, for an average tax rate of 24%. We benefited from existing deferred tax assets in France, Germany and the United States.

Net Income

Consolidated net income (before minority interests) was €206.8 million in the first half of 2011, compared to €111.7 million in income during the first half of 2010. After minority interests of €21 million, net income attributable to equity owners of the parent in the first half of 2011 came to €185.8 million, or 2.3% of sales, compared to €101.9 million, or 1.5% of sales, during the first half of 2010.

COMPARISON OF THE GROUP'S RESULTS OF OPERATIONS FOR THE YEARS ENDED 31 DECEMBER 2010 AND 31 DECEMBER 2009

Consolidated Sales

Group Overview

In the first half of 2009, worldwide automobile production fell sharply, then saw a gradual recovery in the second half of the year. This recovery continued in 2010. Annual growth in automobile production in 2010 versus 2009 (in units produced) is estimated at 25% at global level, with figures of 39% for North America, 28% for Asia, and 15% for Europe (source CSM January 2011).

Against this backdrop, our consolidated sales totalled €13,795.9 million in 2010, up from €9,292.2 million in 2009. The 2010 figure includes the sales of Emcon Technologies, consolidated from 1 January 2010 (€2,416.1 million), and Plastal Germany and Plastal Spain, consolidated from 1 April 2010 and 1 October 2010 respectively (€386.5 million combined). The following table presents a breakdown of our sales by segment.

	For the year ended 31 December		
(in € millions)	2009	2010	Change (*)
Total sales	**9,292.2**	**13,795.9**	**16.4%**
Interior modules	6,602.6	7,663.8	13.1%
Other modules	2,689.6	6,132.1	24.3%
Total product sales	**7,590.3**	**10,695.8**	**19.1%**
Automotive seating	3,707.0	4,343.2	14.5%
Interior systems	2,142.6	2,635.7	19.2%

(*) On a like-for-like basis, excluding catalytic converter monoliths.

The year-on-year growth rate for our consolidated sales in 2010 was 48.5% on a reported basis. On a like-for-like basis (2009 figures have been restated to include the sales of Emcon Technologies; 2010 figures exclude Plastal's sales), consolidated sales growth was 17.9% in 2010 versus 2009 (26.9% in the first half; 10.0% in the second).

Product sales (deliveries of parts and components to automakers) amounted to €10,695.8 million, up from €7,590.3 million in 2009, an increase of 40.9% on a reported basis. On a like-for-like basis, product sales increased by 19.1% (33.2% in the first half; 7.2% in the second).

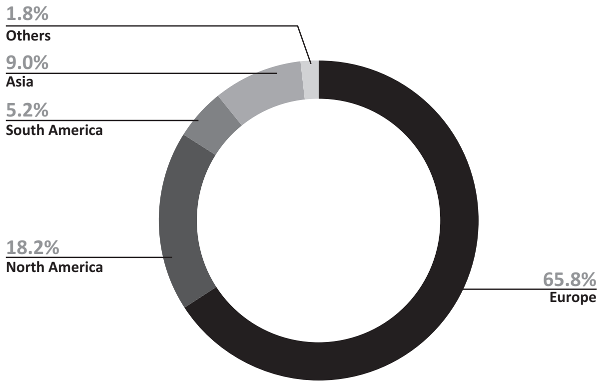
Sales of tooling, research and development and prototypes totalled €795.4 million in 2010, up 5.8% on a reported basis. On a like-for-like basis, however, these sales were down 10.2% year-on-year. This figure should be seen in the context of an exceptionally high level of invoicing of US automakers in the first half of 2009 before they filed for bankruptcy protection. Thus, after a decline of 30.1% on a like-for-like basis in the first half of 2010, sales of tooling, research and development and prototypes grew by 17.1% in the second half of the year, compared with the same period of 2009.

Sales of catalytic converter monoliths totalled €2,168.1 million, versus €828.4 million in 2009, representing an increase of 161.7% on a reported basis, and 26.7% on a like-for-like basis (30.4% in the first half; 23.3% in the second).

Excluding catalytic converter monoliths, total sales for 2010 came to €11,627.8 million, up by 37.4% on a reported basis from €8,463.9 million in 2009 (16.4% like-for-like).

Product Sales in 2010 by Geographic Region

Product sales in 2010 break down as follows by geographic region:



- Europe: €7,042.9 million (65.8% of total product sales) versus €5,787.3 million in 2009, up by 21.7% on a reported basis and 9.4% like-for-like. After a surge of 20.5% in the first half of 2010, there was a slight decline in the second half of the year of 0.7% on a like-for like-basis;
- North America: €1,944.7 million (18.2% of total product sales) versus €921.9 million in 2009, up by 110.9% on a reported basis and 49.2% like-for-like (88.5% in the first half; 22.6% in the second);
- South America: €556.7 million (5.2% of total product sales) versus €281.6 million in 2009, up by 97.7% on a reported basis and 23.2% like-for-like (29.6% in the first half; 18.4% in the second);
- Asia: €967.7 million (9.0% of total product sales) versus €537.3 million in 2009, up by 80.1% on a reported basis and 50.6% like-for-like. In China, sales advanced by 70.9% on a reported basis, and 46.5% like-for-like, to €789.3 million. In South Korea, sales jumped by 92.9% on a reported basis and 66.7% like-for-like, to €121.5 million. In the second half of the year, sales in China were up 62.1% on a reported basis (€428.9 million) and 32.6% like-for-like. Second-half sales in South Korea rose by 79.5% on a reported basis (€64.5 million) and 57.0% like-for-like;
- In other countries, product sales totalled €183.9 million, an increase of 195.7% on a reported basis, and 44.2% like-for-like. These sales were mainly recorded in South Africa.

Product Sales in 2010 by Customer

Product sales to the Volkswagen/Audi Group rose by 20.5% in 2010 to €2,595.7 million on a like-for-like basis, and represented 24.3% of our total product sales. In Europe, the rise was 15.5%, thanks mainly to the Volkswagen Tiguan and the launch of the new Audi A1 and A8. Growth in North America was 27.0%, and in South America, 20.4%. In Asia, product sales climbed 57.3% compared with 2009, boosted by the success of the Golf and Tiguan platforms.

Product sales to the PSA Peugeot Citroën Group rose by 10.4% in 2010 to €1,950.2 million on a like-for-like basis, and represented 18.2% of our total product sales. These sales were driven by growth in Asia (59.6%, primarily in relation to the Citroën C4) and South America (55.5%, mainly in relation to the Peugeot 207 and Berlingo/Partner utility vehicles). In Europe, growth was 5.7%.

Product sales to the Renault-Nissan Group represented 11.9% of Faurecia's total product sales. On a like-for-like basis, these sales increased by 19.1% compared with 2009, to €1,274.7 million. They rose 12.4% in Europe and 27.2% in South America (Renault Logan/Sandero). In Asia, product sales rose 63.2%, benefiting from the first full year of the L43 programme (Samsung SM5/Renault Latitude) and the success of the Nissan Teana in China.

Product sales to the BMW Group came to €982.0 million (9.2% of our total product sales). This represented an 8.2% increase on a like-for-like basis. The increase mainly related to North America (17.8% on the back of the recovery in X5 volumes), while growth in Europe was 3.3%.

Product sales to the Ford Group were €1,179.5 million in 2010, representing 11.0% of our total product sales (excluding Volvo, which was sold during the year to Chinese automaker Geely). On a like-for-like basis, sales went up by 14.6%, thanks to the strong recovery in North America (39.9%). Product sales to General Motors rose by 44.0% in 2010 on a like-for-like basis to €1,053.2 million (9.8% of Faurecia's total product sales). Despite a considerable decline in Europe (10.2%), sales also benefited from the recovery in North America (61.9%), and to a lesser extent, from growth in South America and Asia.

Product sales to Daimler came to €456.6 million (4.3% of our total product sales), an increase of 38.8% on a like-for-like basis. The increase was mainly attributable to higher sales in Europe (38.0%), mainly in relation to the Mercedes S-Class. In 2010, like-for-like product sales to Fiat/Chrysler and Hyundai/Kia went up 55.0% and 25.6% respectively. Product sales to Toyota fell by 12.0%.

Interior Modules

Total sales for the Interior Modules segment came to €7,663.8 million in 2010, up 16.1% on a reported basis. On a like-for-like basis, these sales increased by 13.1% (22.6% in the first half; 4.6% in the second).

Product sales amounted to €6,978.9 million in 2010, up from €5,849.6 million in 2009, an increase of 19.3% on a reported basis. On a like-for-like basis, sales increased by 16.2% (31.1% in the first half; 3.6% in the second).

Faurecia Automotive Seating

Total Sales	Product Sales	Headcount	Sites	Countries	R&D Centers
€4,571.3 million	€4,343.2 million	28,587	73	26	8

Automotive Seating generated total sales of €4,571.3 million in 2010, up by 14.5% year-on-year on a reported basis and 12.0% like-for-like. Product sales totalled €4,343.2 million versus €3,707.0 million in 2009, up by 17.2% on a reported basis and 14.5% like-for-like. The increase in the second half of the year was 6.1% on a reported basis, and 2.5% like-for-like.

In Europe, product sales rose by 5.3% year-on-year on a reported basis to €3,063.0 million (5.1% like-for-like). Product sales in Asia totalled €427.3 million, a substantial increase of 71.0% year-on-year on a reported basis, with a 59.0% increase in the second half of 2010 compared with the same period of 2009. On a like-for-like basis, sales increased by 61.0% year-on-year (43.1% in the second half of the year). In North America, product sales increased by 51.5% year-on-year to €635.8 million on a reported basis (41.7% like-for-like), with a 21.3% increase in the second half (8.9% like-for-like). In South America, product sales amounted to €201.1 million in 2010, up by 68.2% year-on-year on a reported basis (46.7% like-for-like). In the second half of the year, the increase was 59.6% on a reported basis and 41.6% like-for-like.

The rise in product sales in the first half concerned all customers but particularly Renault-Nissan and Volkswagen/Audi, boosted by the growth in China, and General Motors and Chrysler, thanks to the growth of the North American market. The deceleration of the rise in Europe in the second half affected all carmakers. During 2010, volume production started up for the Audi A1, the Peugeot 408 in China and 508 in Europe, the Volkswagen Sharan in Europe and the Amarok in Argentina, for which we supply complete seat units. The year also saw the continuation of the worldwide rollout of front seating frame platforms developed and produced by Faurecia Automotive Seating for Nissan, General Motors, Volkswagen/Audi and PSA Peugeot Citroën with new applications in Europe, North America, South America and Asia. These new generation standard frames (which are now fitted in more than 50 different models) have helped us bolster our leading position in the market for international seating platforms. During the year, we managed more than 40 complete seat and seating frame programmes in total and delivered over 150 million seating components and sub-assemblies, including mechanisms, front and rear frames, covers, foam components and headrests, integrated into over five million complete seat units.

Sales and marketing activities were strong in 2010, with a record number of new programme wins both for complete seat units and seating frames. Over 50% of this new business was won for new vehicles or following a bid process, which led to us capturing further market share. In North America and China the main growth drivers were Volkswagen/Audi, BMW, Daimler and Nissan, enabling us to spread our sales more evenly between geographic regions in the medium term. New market share was won from the competition in international frame platforms and seating mechanisms at PSA Peugeot Citroën, Volkswagen/Audi, BMW and Renault-Nissan, strengthening our position on these segments. The main contract renewals during the year concerned PSA Peugeot Citroën and Volkswagen/Audi in Europe for both complete seat units and seating frames. Our Automotive Seating business now ranks number three worldwide for complete seat units and number one for frames and mechanisms.

During the year we continued to streamline our manufacturing base, closing five facilities in Europe. We had 73 factories (including 33 just-in-time sites) located in 26 countries. The process to transfer all of the mechanism production and research and development units from Flers to the new Caligny site continued and is expected to be concluded in 2011. At the start of 2010, Faurecia Automotive Seating opened a new technical and commercial office in Seoul, enabling us to improve our service for Korean manufacturers. Several pre-development projects were launched with Hyundai-Kia and Renault-Samsung.

Innovation is still a key priority for Faurecia Automotive Seating, with a particular focus on "Premium" solutions, lighter-weight products and standardisation. The acquisition of Hoerbiger's seat comfort business in the second half of the year is part of our strategy to bolster our portfolio of innovative technologies with high added-value. This complements the Safety and Comfort Modules product line with series production applications and new developments with the premium German manufacturers.

Reducing the weight of products remains a key requirement of automakers and has become an essential element of the product development process. We offer innovative solutions combining new materials with optimal design concepts that can lighten the weight of each seat unit by several kilograms. Lastly, during the year, Faurecia Automotive Seating pursued a policy of extending standardised solutions to all non-visible seating components – including joints, seat rails, front and back frames, and headrests – enabling development and production costs to be scaled back. A new generation of seating mechanisms (joints, seat rails, and pump handles) weighing over 30% less has been developed and put on the market. These new mechanisms are now part of the standard range of Faurecia Automotive Seating and are incorporated into all new frame projects.

At K-Fair, the international plastics and rubber fair in Düsseldorf in October, Faurecia Automotive Seating presented our all plastic front seat innovation developed in partnership with BASF, and at the Los Angeles Motor Show in November we presented our new SmartFit automatic comfort control slim seat. The automobile community has taken a keen interest in these two major innovations, which aim to reduce weight and improve comfort through the use of cutting edge technologies.

Overall, the Automotive Seating business devoted 2.7% of its sales figure to research and development and 66 new inventions were filed in 2010, representing a total of 103 patents and bringing the total number of active patents to 1,890. Furthermore, some 20 events dedicated to informing customers about new solutions and concepts were organised worldwide.

Faurecia Interior Systems

Sales	Product Sales	Headcount	Sites	Countries	R&D Centers
€3,092.6 million	€2,635.7 million	21,008	67	21	5

Faurecia Interior Systems consolidated sales totalled €3,092.6 million in 2010, up 18.4% on a reported basis and 14.9% at constant exchange rates. Product sales in 2010 totalled €2,635.7 million compared with €2,142.6 million in 2009, up 23.0% (19.2% at constant exchange rates).

Product sales in Europe came to €1,804 million in 2010, up 11.3% (10.7% at constant exchange rates). After very strong growth in the first half (about 26%), the second half has shown a stabilisation of sales, consistent with the upturn in the auto business in the second half of 2009. In North America, product sales came to €479 million in 2010, up 62.6% (51.3% at constant exchange rates). In the first half, the progression was 90.1%, once again exceeding 2008's level; the second half ended with a 43.7% rise. This strong rise is not only due to the upturn in the US automobile market, it is also due to the increased momentum of the new Chevrolet Malibu and Jetta programmes from General Motors and Volkswagen/Audi, respectively. In Asia, the Interior Systems business continued along the growth path, especially in China, with product sales advancing 57.7% to €138 million in 2010 (46.2% at constant exchange rates). Product sales in South America in 2010 rose to €163 million, up 49.8% (29.6% at constant exchange rates), notably with good performances from the PSA Peugeot Citroën and General Motors accounts.

This was another particularly eventful year in terms of production launches. In Europe there were manufacturing start-ups for instrument panels for the Peugeot 508, Ford Focus, Volvo S40/V40 S60/V50, Volkswagen New Sharan and Polo (on emerging markets) and the Mercedes Smart, door panels for the Citroën C4 and Ford Focus, and acoustic interiors for the Peugeot 408, Ford New C-Max and the Opel Meriva. North America started production of the Cadillac CTS coupé and Ford Fiesta as well as door panels for the Volkswagen Jetta. South America started production of instrument panels for the Peugeot 308 and Citroën C3. Production of the Ford Fiesta instrument panel also started in Asia during the year. New contract wins reached a very satisfactory level in 2010, continuing the gains in market share for the Interior Systems business, which maintained its position of European and world leader on the instrument panels and door panels markets.

In China, on 2 July 2010 Faurecia Interior Systems concluded a strategic alliance with the Geely and Limin groups with a view to the development, production and delivery of Interior Systems to all Geely brands in China; this alliance involves the creation of several ventures which will be jointly held by Faurecia, Limin and Geely and which will supply the five new Geely plants currently under construction. In October, in Chongqing, we also signed an agreement with Guangneng, a Chinese supplier of plastic parts, for the creation of a joint-venture within the framework of the Interior Systems activity; the new company will initially concentrate on plastic injection and door panel manufacture activities, with Faurecia maintaining production of instrument panels and cockpits. Guangneng will also start gradually producing injection tools, under our supervision. Finally, a partnership agreement was signed in June with the Xuyang Group, which will help support First Auto Works (FAW) growth in the Changchun region.

The acquisition in 2010 of Incalplast in Spain enabled Faurecia Interior Systems to consolidate its position as a manufacturer of injected plastic components. Finally, the acquisition of part of the activity of the Visteon France plant, in La Touche Tison, significantly strengthens the leading position of our Interior Systems business in the Rennes region for our client PSA Peugeot Citroën.

The Interior Systems business also pursued its rollout of the Faurecia Excellence System (FES), leading to a major shift in its manufacturing performance. This improvement has been recognised by several of the group’s clients. Volkswagen/Audi awarded its 2010 Group award to Faurecia Interior Systems; Ford Motor Company confirmed Faurecia Interior Systems as one of its ABF (Aligned Business Framework) suppliers and Nissan Europe awarded its “Nissan Europe Quality Award” to our plant in Ourense, Spain.

The year was also fruitful in terms of innovation, with the business filing 108 patents in 2010. The product strategy is now structured around eight main lines of innovation: reduction of costs, surfaces, trim, weight, sustainable development, comfort, safety and service.

Finally, our SAS joint venture with Continental, which is specialised in just-in-time fitting and delivery of full cockpit modules with electronics and circuitry built into the instrument panel (and which is world leader in this activity), enabled us to deliver four million modules, including a significant proportion of our own products, to our customers in 2010. Further information on this joint venture is provided in Note 13 to our 2010 consolidated financial statements.

Other modules

Total sales for the Other Modules segment came to €6,132.1 million in 2010, up 128.0% on a reported basis. On a like-for-like basis, and excluding catalytic converter monoliths, sales in this segment increased by 24.3% (35.2% in the first half; 15.1% in the second).

Product sales amounted to €3,716.9 million in 2010, up from €1,740.6 million in 2009, an increase of 113.5% on a reported basis. On a like-for-like basis, and excluding sales of catalytic converter monoliths, sales increased by 25.8% (38.0% in the first half; 15.5% in the second).

Faurecia Emissions Control Technologies

Sales	Product Sales	Employees	Sites	Countries	R&D Centers
€4,781.4 million	€2,478.0 million	16,000	65	23	10

Emissions Control Technologies generated total sales of €4,781.4 million in 2010, up by 161.8% on a reported basis and 28.6% like-for-like. Product sales (excluding catalytic converter monoliths) totalled €2,478 million in 2010, an increase of 161% on a reported basis and 31% like-for-like. The acquisition of Emcon Technologies at the turn of the year contributed to this significant increase in total sales. This acquisition increased Faurecia Emissions Control Technologies’ presence on the fast-growing North American and Asian markets. It also strengthened the research and development potential in new technologies and expanded this business’ customer portfolio. Moreover, Emcon Technologies allowed Faurecia Emissions Control Technologies to enter the market for exhaust systems for commercial vehicles.

For the first half of the year, sales excluding catalytic converter monoliths showed a 40% increase on the previous year, totalling €1,263 million, of which €625 million was attributable to the acquisition of Emcon Technologies. Total sales (including catalytic converter monoliths) amounted to €2,318 million, of which €1,153 million was attributable to Emcon Technologies, representing growth of 36% compared with the first half of 2009.

For the second half of the year, product sales excluding catalytic converter monoliths were up 30% on the previous year, coming to €1,276 million, of which €649 million was attributable to the acquisition of Emcon Technologies. Total sales including catalytic converter monoliths amounted to €2,463.7 million, of which €1,263 was attributable to Emcon Technologies, representing growth of 31% compared with the second half of 2009.

By geographic region, product sales for this business (excluding catalytic converter monoliths) rose by 100% in Europe (19% like-for-like), by 316% in North America (53% like-for-like) and by 101% in Asia (42% like-for-like).

For Faurecia Emissions Control Technologies, 2010 was marked by the start of volume production for the Ford Mustang and the new Grand Cherokee Jeep in North America, 1.6l 16V flexfuel Citroën Air Cross in South America and launches for customers such as Volkswagen/Audi, General Motors, PSA Peugeot Citroën and Ford in China. In addition, we developed our relationships with Chinese customers and enjoyed several successful launches this year, with Chery, Chang An and Guang Zhou Auto.

On the European market, Faurecia Emissions Control Technologies demonstrated its ability to manage programmes for global platforms. At Renault-Nissan, delivery of the complete system for the new premium model, marketed under the name of Renault Latitude in Europe and Samsung SM5 in Korea, is an example for which we successfully adjusted our products to the expectations of the various markets. Faurecia Emissions Control Technologies also demonstrated our expertise on global platforms thanks to a number of successful launches on the Ford B and new Volkswagen Polo platforms.

The year also saw a strong increase in acquisitions of orders and new contracts for complete systems and components. More than 50 new programmes were assigned to Faurecia Emissions Control Technologies. One-third of these are located on developing markets, particularly Brazil, Russia, India and China.

Faurecia Emissions Control Technologies is present on all automotive markets worldwide, with an overall manufacturing presence covering 65 sites and 10 research and development centers.

During 2010, we secured our presence in Russia, a market in which we expect strong growth over the next few years. In June, we began the production of emission control systems and complete exhaust lines in our own plant in Kaluga, intended for vehicles produced in Russia by our customers Volkswagen/Audi, Škoda, PSA Peugeot Citroën, General Motors and Ford. A new plant, in a joint venture with Metalloprodukcia, of which we are the majority shareholder, was also opened in Togliatti. Within the next two years, this new joint venture will also begin to deliver emission control systems for Renault and Nissan vehicles. In 2012, our production capacity in Russia will allow us to equip around 500,000 vehicles per year.

In China, Faurecia Emissions Control Technologies strengthened its leading position and opened a new plant in Chengdu and a "just-in-time" facility in Guangzhou.

In terms of innovation, Faurecia Emissions Control Technologies developed new technologies in the reduction of diesel emissions, energy recovery and weight reduction.

Faurecia Automotive Exteriors

Sales	Product Sales	Employees	Sites	Countries	R&D Centers
€1,350.7 million	€1,239.0 million	5,494	23	12	5

Automotive Exteriors' total sales increased by 56.4% to €1,350.7 million in 2010. After a rise of 45.8% in the first half of the year, business grew by 14.1% in the second half. Product sales amounted to €1,239 million. Product sales rose by 56.7% over the year, 48.7% in the first half and 11.4% in the second.

The year 2010 was marked by the acquisition of Plastal GmbH in Germany in April followed by the buyout of Plastal Spain in October. This transaction has now allowed the Automotive Exteriors business to become the leader in Europe, with a market share of 25%. This acquisition not only strengthens our customer portfolio, expanding it from five to nine major customers for automotive exteriors, but now provides access to premium automakers, including Mercedes, BMW, Audi and Porsche.

Moreover, this new customer portfolio allows us to enhance our international presence. Indeed, during the second half of the year, the Automotive Exteriors business confirmed the order of bumpers for the future Audi A6 for FAW-VW in China. Within this context, a joint venture agreement was signed with the Xuyang Group for a plant located in Changchun (China), where production will begin in early 2011. In addition, several launches took place in 2010, including the front end modules of the new Audi A6 and the bumpers of the Volkswagen Touran, BMW 5 series, Citroën C4 and Peugeot 508.

Innovation work in 2010 focused on a number of key areas, principally weight reduction. The research work that succeeded in bringing about series production applications focused in particular on: "Torsional Welding", a new industrial assembly process developed with a view to reducing the thickness of panels without degrading the high level of perceived quality and implemented for the first time on the Audi A7; the "Magnesium – PA hybrid front end", which enabled a 40% reduction in weight whilst meeting the extreme high-temperature constraints of parts under the engine hood, implemented on the Audi A6 and Audi A7; the plastic mini-tailgate, also the fruit of weight reduction work and design / simulation expertise and in production on the Ford Kuga; and, the "large diameter" solution, for the "Motor-fan" business, launched in production in 2010 on the Peugeot RCZ to improve acoustic performance.

The Automotive Exteriors business now has a total of 23 plants: 21 in Europe and two in the United States. The research and development centers are located in Audincourt, France, Weissenburg and Gaimersheim, Germany, Barcelona, Spain and Auburn Hills, Michigan (USA).

Operating Expenses

Our total operating expenses equalled €13,340.3 million in 2010, compared to €9,383.9 million in 2009, an increase that reflected both internal and external growth, offset by an improvement in margins (as discussed below). Cost of sales represented 94.4% of total expenses in 2010 and 94.2% in 2009. Our total operating expenses can be broken out by type of expense as follows:

	For the year ended 31 December	
(in € millions)	**2009**	**2010**
Purchases used in production	(6,049.0)	(9,339.0)
External expenses	(834.5)	(1,212.6)
Payroll costs	(1,922.3)	(2,467.7)
Taxes other than on income	(48.7)	(46.0)
Other income and expenses (1)	10.6	171.1
Depreciation, amortisation and provisions for impairment in value of non-current assets	(487.0)	(485.6)
Charges to and reversals of other provisions	(53.1)	39.5
Total Operating Expenses	**(9,383.9)**	**(13,340.3)**

(1) Including production taken into inventory or capitalised production	78.7	208.9

Operating income

We reported operating income of €455.6 million (3.3% of sales) in 2010, compared with an operating loss of €91.7 million in 2009. In the second half of 2010, operating income was €239.1 million (3.4% of sales), up from €216.5 million (3.2% of sales) in the first half of the year, representing a significant increase compared with the same period of 2009, when operating income was €95.6 million (1.9% of sales).

The increase of €547 million in operating income in 2010 compared with 2009 is attributable to the following factors:

- growth in sales volumes, contributing €314 million;
- an improvement in the variable operating margin, contributing €188 million;
- new acquisitions, contributing €51 million (Emcon: €32 million; Plastal: €19 million).

The variable operating margin improved by 2.1% from 2009 to 2010, when it was 25.8%.

The trend for individual business segments was similar to that for the Group as a whole:

- operating income for the Interior Modules segment was €255.1 million (3.3% of sales), compared with an operating loss of €130.3 million in 2009;
- the Other Modules segment posted operating income of €200.5 million (3.3% of sales), compared with €38.6 million in 2009.

Gross research and development expenditure amounted to €689.1 million and represented 5% of sales, versus €493.2 million in 2009 (5.3% of sales). This increase came to 17% like-for-like. This expenditure originated from the development activity generated by the high number of orders placed in 2009 and 2010. Excluding amounts billed to customers and capitalised development costs, we recorded €303.2 million of research and development expenses in 2010, corresponding to 2.2% of sales, versus €207.9 million in 2009 (2.2% of sales).

Selling and administrative expenses amounted to €443.8 million and represented 3.2% of sales, versus €335.9 million in 2009 (3.6% of sales). Two-thirds of the increase in absolute terms relates to the integration of Plastal and Emcon.

EBITDA – which corresponds to operating income before depreciation, amortisation and provisions for impairment in value of property, plant and equipment and capitalised development costs – amounted to €941.2 million (6.8% of sales) compared with €395.3 million (4.2% of sales) in 2009. The increase in EBITDA related essentially to the growth in operating income.

Other Income Statement Items

Other non-operating income totalled €87.2 million. It comprises profit from badwill related to the acquisition of Plastal Germany and Plastal Spain of €84.3 million. Plastal Germany and Plastal Spain were acquired for the total sum of €49.9 million, whereas the fair value of these companies' net assets acquired totalled €134.2 million.

Other non-operating expense totalled €123.2 million in 2010, including €117.0 million relating to restructuring costs. The latter mainly relate to the restructuring of activities in France (€32.9 million), Germany (€59.3 million) and Spain (€14.1 million). These costs concern the implementation of the restructuring plans elaborated in 2009, with the aim of adapting production facilities in Europe to the new market conditions, and generating synergies from the integration of Emcon's activities. The costs also include expenses relating to the redundancy of 2,776 employees.

Cash financial income totalled €8.1 million versus €12.3 million in 2009. Finance expense totalled €98.7 million versus €135.3 million in 2009. The drop in finance costs relates to the reduction in average borrowing costs to 4.54% in 2010, from 5.41% in 2009, and to the lower average borrowings figure. The drop in average borrowing costs relates to the withdrawal of the higher rate of interest charged on our main line of credit when the debt ratio exceeded the contractual limits for this credit facility in June 2009, due to the losses recorded in the first half of the year following the significant contraction in activity (Net debt/EBITDA >3.5). This ratio has improved considerably, moving from 2.14 at 31 December 2009, to 1.75 at 30 June 2010, and 1.32 at 31 December 2010.

"Other financial income and expense" amounted to €25.6 million compared with €43.9 million in 2009. The lower net expense figure reflects a reduction in translation adjustments on borrowings, from €14.8 million in 2009 to €4.0 million in 2010, and an increase in the value of interest rate hedging instruments from -€6 million in 2009 to €3.6 million in 2010.

The tax charge for 2010 was €89.8 million, versus €35.9 million in 2009, reflecting the improvement in operating income.

Net Income

After minority interests of €30.7 million, our reported net income for the year 2010 was €201.7 million, versus a net loss of €433.6 million in 2009.

COMPARISON OF THE GROUP'S RESULTS OF OPERATIONS FOR THE YEARS ENDED 31 DECEMBER 2009 AND 31 DECEMBER 2008

Sales

Group Overview

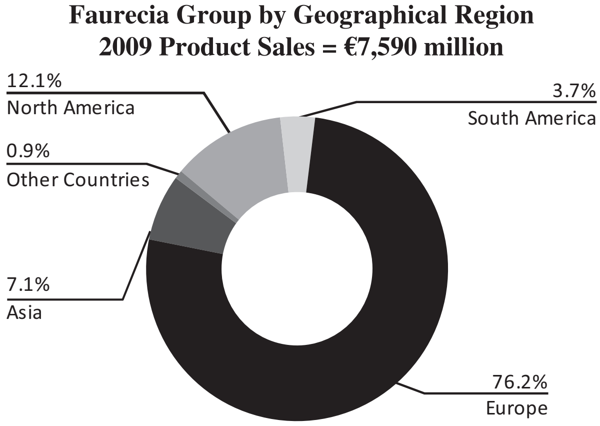
In 2009, our operations and sales were severely affected by the deep recession that hit the majority of the world's economies, with an unprecedented contraction in worldwide automobile production in the first half of the year followed by a gradual recovery in the second half. In the first half of 2009, we estimate that the European and North American markets lost 34% and 50% respectively, and only the Chinese market reported growth for the period. The economic policies put in place by governments, combined with the automotive sector's own initiatives, drove a gradual turnaround in the sector starting in the second quarter of the year. This recovery carried on into the third quarter and automobile production rose sharply in the fourth quarter, with growth coming in at around 13% for Europe and 1% for North America. Consequently the decline was curbed in the second half, with performance down by just 1% in Europe and 10% in North America.

Automobile production in the second half of 2009 was particularly buoyant in China, surging 80%, as well as in South America, which saw 10% growth, spurred by an upswing of over 40% in the fourth quarter. This gradual recovery in automobile production drove an increase in our sales, which rose in the fourth quarter on the back of the upturn in Europe and continued robust output in Asia.

In addition to these fluctuations in volumes, there were significant changes in product mix in Europe. The tax incentives to buy a new vehicle that were implemented in various European countries in 2009 favored the sale of entry-level vehicles. The negative impact of the gap between sales expressed in vehicles and the change in sales expressed in euros is estimated by the various consulting firms at between 5% and 10%. Our full-year consolidated sales came in at €9,292.2 million, compared with €12,010.7 million in 2008, down 22.6%, or 22.2% at constant exchange rates. After a sharp drop of 33.6% (32.6% at constant exchange rates) in the first half of 2009, the decline in the second half of the year slowed to 9.2% (8.3% at constant exchange rates). Product sales amounted to €7,590.3 million, down 19.8% on the 2008 figure of €9,574.0 million. The overall like-for-like falloff reflects a 32.8% drop in the first half followed by only a 2.1% contraction in the second half as a result of a 12.9% upturn during the fourth quarter. Sales of catalytic converter monoliths totalled €828.4 million, versus €1,475.9 million one year earlier, representing a 42.9% decrease at constant exchange rates for the year, and 50.9% and 32.2% for the first and second half of the year respectively. This decline was exacerbated by falling precious metals prices and a negative product mix effect. Excluding catalytic converter monoliths, sales for the year came to €8,463.9 million, down 19.3% at constant exchange rates. This year-on-year drop in sales breaks down as €3,980.1 million for the first half and €4,483.7 million for the second half of the year and represents a decrease at constant exchange rates of 29.9% and 5.1% respectively.

Sales of tooling, research and development and prototypes were 8.5% lower in 2009 than in 2008 at constant exchange rates, totalling €873.6 million compared with €960.8 million. Billings in the first half of 2009 amounted to €496.1 million, a 13.3% increase at constant exchange rates, and €377.5 million in the second six months, a 26.6% decrease.

Product Sales by Geographical Region in 2009

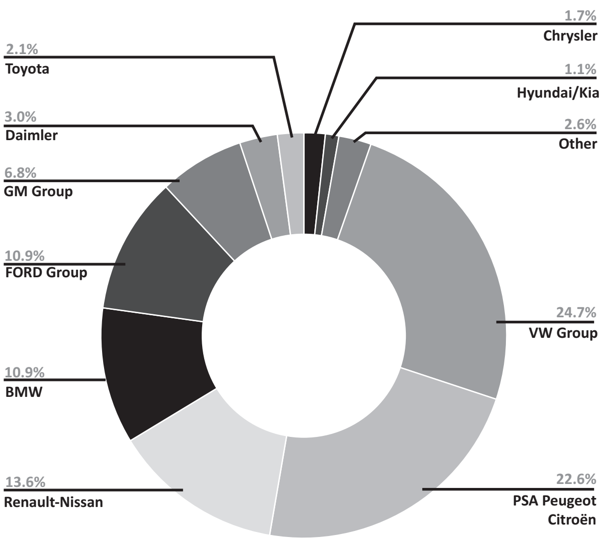


Product sales in 2009 break down as follows by geographic region:

- in Europe, they amounted to €5,787.3 million, against €7,288.8 million the previous year, down 19.1% like-for-like. Following a 33.6% contraction in the first half, business rallied in the second half, with product sales declining just 2.1% thanks to 12.9% growth in the fourth quarter;
- in North America, product sales came to €921.9 million versus €1,471.8 million for 2008, representing a year-on-year contraction of 38.1% at constant exchange rates. A recovery was noted in the second half when the decline was 18.2% compared with 52.8% in the first half of the year;
- South America's product sales totalled €281.6 million, up 6.2%. The full-year growth figure was led by a 71.5% leap in the fourth quarter which resulted in an overall 19.0% increase for the second half. In the first half of the year, sales declined 6.5%;
- in Asia, product sales climbed 16.3% to €537.3 million. After a 9.7% drop in the first half of the year, growth was particularly strong in the second half with sales surging 43.0% for the six months as a whole, propelled by a 56.5% jump in the fourth quarter powered mainly by growth in China. Product sales in China totalled €462.0 million, of which €264.6 million were generated in the second half. The country reported an overall year-on-year increase of 26%, jumping 53.2% in the second half after a 1.6% drop in the first half. South Korea posted product sales of €63.0 million, with 11.1% growth in the second half helping to compensate the 22.3% decline in the first half and contain the overall year-on-year decline to 7.3%;
- in the rest of the world, our product sales for the year – primarily generated in South Africa – amounted to €62.2 million, down 35.4% on 2008.

Product Sales by Customer in 2009

At €1,878.2 million in 2009, product sales with the Volkswagen/Audi Group fell 20.3% and represented 24.7% of Faurecia's total sales. In Europe, the decrease came to 22.8% but South America reported a 33.4% rise, spurred by the launch of the new Golf, and product sales with the Volkswagen/Audi Group in Asia were up 3.1% year-on-year. Sales with the PSA Peugeot Citroën Group decreased 22.5% to €1,718.0 million and accounted for 22.6% of the consolidated total. They fell 24.6% in Europe but were up 56.1% in Asia.



Product sales with the Renault-Nissan Group edged up 2.0% to €1,029.5 million, which represented 13.6% of our sales. This rise was fueled by the launch of the Mégane in Europe and the success of the Nissan Teana in China, as well as by sales of Dacia.

Product sales with the BMW Group were down 18.2% in 2009, coming in at €830.1 million and accounting for 10.9% of our total sales. A more subdued decrease of 12.0% in Europe helped contain the impact of a 29.5% drop in sales with this customer in North America. Sales with the Ford Group – representing 10.9% of Faurecia's total – amounted to €823.7 million, of which €533.5 million was generated in Europe and €155.3 million in North America. The overall year-on-year decrease in product sales with this customer was 9.1% , with Europe reporting a slight rise of 0.4% thanks to the new Ford Fiesta, but North America posting a drop of 34.8%. Sales with the General Motors Group slipped 23.8% to €517.2 million, accounting for 6.8% of our total. They decreased by 37.6% in North America to €292.7 million and by 11.2% to €167.9 million in Europe where product sales were bolstered by the new Opel Insigna. Sales with Daimler represented 3.0% of total consolidated sales. They slumped 50.2% during the year due to the fall in volumes of the Mercedes Class S, a new version of which was launched in early 2010. Product sales were also lower with Toyota, Chrysler and Hyundai/Kia, down 20.3%, 57.2% and 10.8% respectively.

Interior Modules

Total sales for the Interior Modules segment came to €6,602.6 million in 2009, down 20.2% at constant exchange rates. Currency effects had a negative 0.3% impact. After a 30.4% fall for the first half of the year, the decline for the second half was 6.2%. The segment's product sales amounted to €5,849.6 million versus €7,434.2 million in 2008, representing a like-for-like contraction of 20.5% for the year as a whole, and decreases of 33.6% in the first half of the year but just 2.1% for the second half.

Faurecia Automotive Seating

Sales	Product Sales	Headcount	Sites	Countries	R&D Centers
€3.991 million	€3,707.0 million	28,961	81	21	11

Faurecia Automotive Seating generated total sales of €3,990.9 million in 2009, down 20.2% year-on-year on a reported basis and 20.4% at constant exchange rates. Product sales for the business fell 19.9% like-for-like to €3,707.0 million. After a 33.2% fall in the first half of the year, product sales dropped by just 1.1% in the second half thanks to 15.7% growth registered in the last three months of 2009. In Europe, product sales contracted 19.4% year-on-year to €2,908.1 million corresponding to declines of 30.3% in the first half of the year and 2.4% in the second. China bucked the downward trend, reporting a 21.6% rise in sales to €244.3 million, in line with market growth. In North America product sales plunged 58.0% in the first six months of the year, but slowed their decline in the second half to 15.7%, bringing the overall year-on-year decrease to 37.5%. In South America product sales climbed 4.2% for 2009 and 24.5% in the second half following a first half year contraction of 14.6%.

The year-on-year decline in product sales concerned all of our customers but particularly Chrysler, with which business slumped by over 50%, and General Motors for which our sales figure was down almost 30% for the year as a whole but rose 5.2% in the fourth quarter. Renault- Nissan was the only customer with which Faurecia Automotive Seating reported an overall year-on-year increase in product sales, with growth coming in at 7.8% driven by the launch of the Renault Mégane platform in Europe and the success of the Nissan Teana in China – two vehicles for which we supply seats . During 2009, volume production started up for the Audi A5, Peugeot 308 CC, the Renault Mégane and the Volkswagen Polo – all vehicles for which we supply complete seat units.

The year also saw the worldwide rollout of three front seating frame platforms for Nissan, General Motors and Volkswagen/Audi with new applications in Russia, India, North America, South America, China and Japan. These new-generation standard frames – which are now fitted in more than 50 different vehicle models – have helped Faurecia bolster its leading position in the market for international seating platforms. Over the full twelve months of 2009, we managed more than 42 complete seat and seating frame programmes in total and delivered over 150 million seating components and sub-assemblies, including mechanisms, front and rear frames, covers, foam components and headrests, integrated into over five million complete seat units. Sales and marketing activities were strong in 2009, with a record number of new programme wins both for complete seat units and seating frames. Over 60% of this new business was won for new vehicles or following a bid process, which led to us capturing further market share.

In North America and China the main growth drivers were Volkswagen/Audi, BMW, Daimler and Nissan, enabling us to spread our sales more evenly between geographic regions in the medium term. The main contract renewals during the year concerned PSA Peugeot Citroën and Volkswagen/Audi in Europe for both complete seat units and seating frames. Our Automotive Seating business now ranks number three worldwide for complete seat units and number one for frames and mechanisms.

During the year we continued to streamline our manufacturing base, closing 4 facilities in Europe and significantly reducing our work force in order to adapt to the falloff in business. At end-2009 we had a total of 81 production facilities (including 32 just-in-time sites) located in 21 countries. In France, the process was launched in 2009 to transfer all of the seating mechanism production and research and development units from Flers to the new Caligny site.

One of our priorities in 2009 was to reorganise our research and development capabilities, which have now been structured around four units: innovations, programme acquisitions, generic products and applications. The European teams were grouped into a smaller number of excellence centers, which helped to adapt headcount to actual requirements. In parallel, we were able to substantially scale back its development costs by stepping up the use of (i) standardised products and (ii) research and development resources in low cost countries such as China and India. All of these reorganisation and restructuring measures enabled us in the latter part of the year to increase the rate of return on research and development activities to a more satisfactory level for the industry.

Innovation is still a key priority for Faurecia Automotive Seating, with a particular focus on premium solutions, lighter-weight products and standardisation. With this in mind, we created a new product line called "Comfort and Safety Modules" in order to develop innovative and value-creating technologies that the Automotive Seating business is gradually integrating into its offering.

Reducing the weight of products is a key requirement of automakers and has become an essential element of the product development process. we offer innovative solutions combining new materials with optimal design concepts that can lighten the weight of each seat unit by several kilograms.

Lastly, during the year, Faurecia Automotive Seating pursued its policy of extending standardised solutions to all non-visible seating components – including joints, seat rails, front and back frames, and headrests – enabling development and production costs to be scaled back.

Overall, the Automotive Seating business devoted 5.2% of its total sales figure to research and development and 76 new inventions were registered in 2009, representing a total of 98 patents and bringing the total number of active patents to over 2,000. Furthermore, some 20 events dedicated to informing customers about new solutions and concepts were organised worldwide.

Faurecia Interior Systems

Sales	Product Sales	Headcount	Sites	Countries	R&D Centers
€2.612 million	€2,142.6 million	18,446	66	18	5

Faurecia Interior Systems total sales equalled €2,611.7 million in 2009, down 21.0% on a reported basis and 19.9% at constant exchange rates. Product sales amounted to €2,142.6 million versus €2,769.1 million in 2008. After a first half year decline of 34.3%, the contraction in the second half was only 3.8% thanks to a 10.4% rise in product sales in the last three months of the year. For the year as a whole this represented a like-for-like decline of 21.6%

Product sales trended upwards towards the end of 2009 across the various geographic regions, with buoyant growth in China and South America. Overall product sales in Europe came to €1,621.3 million, down 21.5% year on year. The decline was 2.6% in the second half, with the region's fourth-quarter product sales climbing 11.1%. The year was marked by sharply lower business levels with French and German automakers, whereas product sales with Ford increased, thanks to the ramp-up of the Ford Fiesta which was launched towards the end of 2008. North America's product sales totalled €294.6 million, losing 30.7% for the full year but only 13.0% in the second half following a more contained decrease of just 2.3% in the fourth quarter. The falloff in product sales concerned all of our customers, but particularly Chrysler due to a collapse in business in the first half, which was partly offset by the rampup of General Motors' new SRX and Equinox programmes.

In Asia, the Interior Systems business continued along the growth path in China with product sales advancing 27.4% to €80.8 million. The region reported a 45.5% surge in product sales at constant exchange rates in the second half of the year, reflecting the combined impact of brisker sales momentum for the business as a whole and a robust performance from the Ford and Audi programmes. Product sales in South America climbed 4.2% to €109.2 million, with the region posting 13.7% growth at constant exchange rates for the second half thanks to Volkswagen Golf's strong performance 2009 was another eventful year in terms of production launches, with manufacturing start-ups in Europe for instrument panels for the Peugeot 3008/5008, the new Citroën C3, Renault Scenic, Landrover Freelander Samsung SM3 and Samsung SM5, mats and interior fittings for the Peugeot 3008/ 5008 and interior fittings for the Logan Duster, as well as the re-launch of production for the Ford Transit.

Production programmes were also launched in South America for the Nissan Platina, and instrument panels for the Volkswagen Fox GP and Chevrolet Viva. Meanwhile, new business gained in 2009, notably through orders placed by Daimler, Volkswagen, Audi, General Motors and Ford, bolstered our expansion and enabled us to retain our number one position in the instrument and door panel market both in Europe and worldwide. In 2009, our acquisition of Tata group's interest in Taco Faurecia Design Center (TFDC) resulted in TFDC becoming a wholly-owned subsidiary. Based in Pune in India, 160 km south of Mumbai, TFDC specialises in AD (Computer Aided Design) and simulation systems. Thanks to its new status as a wholly-owned company, TFDC will be able to further develop its capabilities and become a full-fledged development center.

The new Faurecia-ShinSung Masan plant in South Korea was officially inaugurated on 28 October 2009. This plant, in which we hold a 60% interest, marks a step forward in Faurecia Interior Systems' growth strategy for the Asia-Pacific region. Production of instrument panels and central consoles began at the plant in May and September respectively for the Renault- Samsung SM3 and SM5. The Interior Systems business also pursued its rollout of the Faurecia Excellence System (FES) in 2009, leading to a major shift in its manufacturing performance. This achievement has been lauded by several of our customers, including the Ford Motor Company which named Faurecia Interior Systems as one of its ABF (Aligned Business Framework) suppliers. This marks an important step for us as it has served to further bolster our long-term partnership with Ford and has given us the resources to achieve ever-higher levels of performance. The year was also fruitful in terms of innovation, with the business filing 89 patents. For example, the new "Biomaterials for Mass production" project promotes the use of biomaterials in the manufacture of instrument and door panels. The Smart Fortwo is already fitted with an instrument panel comprising a mix of linen fiber and traditional polymers. The Interior Systems' business has recognised expertise in incorporating wood into the production of door panels and is aiming to go even further by offering parts entirely made from biomaterials.

In addition, the SAS joint venture with Continental, which is specialised in just-in-time fitting and delivery of full cockpit modules with electronics and circuitry built into the instrument panel, enabled us to deliver 3.5 million modules – including a significant proportion of our products – to our customers in 2009. Further information on this company is provided in Note 13 to the 2009 consolidated financial statements.

Other modules

The Other Modules segment posted total sales of €2,689.6 million in 2009, down 27.3% on a reported basis, or 26.6% at constant exchange rates (excluding the negative 0.7 point currency impact). At €1,740.6 million, product sales for 2009 were down 18% year-on-year, corresponding to a 31.1% fall for the first half and 2.2% for the second half.

Faurecia Emissions Control Technologies

Sales (including catalytic converter monoliths)	Product Sales	Headcount	Sites	Countries	R&D Centers
€1.826 million	€950.1 million	7,115	38	15	9

Faurecia Emissions Control Technologies total sales amounted to €1,826.1 million in 2009, down 32.7% at constant exchange rates and 20.9% excluding catalytic converter monoliths. Product sales excluding catalytic converter monoliths fell to €950.1 million from €1,226.3 million in 2008, representing a like-for-like decrease of 21.4%. After a 36.6% decrease in the first half of the year, the decline was limited to 2.4% in the second half as the business delivered 9.1% growth in the last quarter.

By geographic region, product sales excluding catalytic converter monoliths retreated 20.1% in Europe and 45.3% in North America. Asia posted a 15.7% increase, however, led by the 33.8% growth reported by China. In South Korea, product sales dipped by 7.3%. South America experienced 15.7% growth in product sales during the year.

In the first half of 2009, the fall in product sales was 33.7% in Europe, 60.5% in North America, and 7.1% in Asia with China reporting a 6% rise. Product sales rose 12.9% in South America. In the second half of the year the decline in product sales was reduced to 0.8% in Europe and 28.3% in North America. At the same time, Asia reported brisk growth of 40.8% propelled by a 62.0% surge in China. South America posted an 18.0% rise.

The major underlying trends remained unchanged in 2009 for the emissions control market, whose value is growing due to ever-stricter anti-pollution standards being adopted in the world's major regions. For instance, the

Tier 2 Bin 5 standard entered application phase in the USA in 2008 and its European equivalent – the Euro 5 standard – came into effect on 1 September 2009. Similar standards are gradually being introduced in the world's other regions. To help automakers meet the requirements of these standards, we have expanded our product portfolio, adding innovations such as:

- Selective Catalytic Reduction (SCR), a technology that significantly reduces nitrogen oxide emissions (NOx) from the exhaust through the use of an SCR catalyst. These systems also require vehicles to be fitted with an Adblue tank containing an aqueous solution with a 30% urea content;
- NOx Trap, another technology that reduces nitrogen oxide emissions (NOx) from the exhaust. NOx trap catalysts look like normal catalytic converters but contain specific quantities of precious metals (platinum, palladium and rhodium);
- Low Pressure Exhaust Gas Recirculation (LP-EGR), a system that limits the production of NOx in the combustion chamber. The exhaust gases are recovered by a back pressure valve after passing through the particulate filter and are directed back to the engine intake. The recirculated exhaust gas reduces the engine combustion temperature, thus reducing NOx;

Fuel Vaporizer, a component for vaporizing diesel fuel directly in the exhaust line prior to the particulate filter. The fuel reacts chemically in the diesel catalyst to increase the temperature of exhaust gases and therefore enable the particulate filter to be more effectively regenerated in severe usage conditions such as low temperatures and city driving.

The strength of our Emissions Control Technologies business was recognised by Ford Motor Company in making us one of its Aligned Business Framework (ABF) suppliers. Ford's ABF network was created to build up longterm relationships and strengthen collaboration with suppliers. In joining this select group, we have therefore entered into a long-term partnership with Ford, which will enable the two groups to work more closely together on joint projects. Numerous shared prospects have been opened up for both partners, such as development projects in North America for the Ford Escape Fusion, Mercury Milan and Lincoln MKZ, the Ford Kuga and Flex, as well as for the Ford Focus and Taurus.

Also during the year, Faurecia Emissions Control Technologies won its first contract with Volkswagen/Audi in North America for its new saloon model, which will be manufactured at its Chattanooga plant in Tennessee. In Europe, the Emissions Control Technologies business has won contracts with the PSA Group to (i) manage the just-in-time facility at Aulnay for production programmes for the new Citroën C3, and (ii) set up a new just-in-time facility at Ottmarsheim near the Mulhouse plant for the upcoming launches of the Citroën C4 and the Peugeot 308 and 206+. Meanwhile, the Bragança plant in Portugal won the national prize for the best factory in its sector. During the year, Faurecia Emissions Control Technologies continued its international expansion drive, particularly in Asia, by (i) stepping up its presence with its long-standing customers through new production launches for PSA, Hyundai, Volkswagen/Audi and Renault Samsung, (ii) entering into partnerships with Chinese customers such as Chery and Dongfeng, and (iii) opening a new site at Busan in South Korea.

In addition, the Changchun plant was named best supplier by both FAW-WW and the FAW group, and the Wuhan plant in China was ranked among DPCA's three best suppliers in terms of logistics performance and among Dong Feng Motors' ten best suppliers for its own brand. A new site in Kaluga (200 km from Moscow) will deliver parts for Volkswagen/Audi as from 2010. In order to provide the effective support required for this growing number of production facilities, and in view of its commercial successes, we decided to provide Faurecia Emissions Control Technologies with a state-of-theart worldwide research and development center. Consequently, the Bavans site in France is currently being developed to become a worldwide excellence center aimed at spearheading activities relating to innovation, research, development and programme engineering. Faurecia Emissions Control Technologies ended the year on a high note in the form of an announcement of the acquisition of Emcon Technologies, a global leader in the sector. This business combination will enable Faurecia Emissions Control Technologies to become the world leader in emissions control technologies as well as regional leader in North America, Europe, Asia (excluding Japan) and South America. Emcon Technologies will also reinforce Faurecia Emissions Control Technologies' research and innovation capacities. The company's seven research and development centers, 810 engineers and technicians and annual research and development budget will enable Faurecia Emissions Control Technologies to cover the entire range of vehicles currently on the market, as well as to broaden its key skills (acoustics, particulate filters, thermal control, treatment of nitrogen oxides, product/process integration etc.) and to stay a length ahead in new technologies.

Through the acquisition of Emcon Technologies, we will be able to enter the commercial vehicles market, which represented approximately €7 billion in 2008. Emcon Technologies has major customers in this market and expertise in the key emissions control technologies required for these vehicles. The acquisition of Emcon technologies will also broaden Faurecia Emissions Control Technologies' customer base by strengthening relations with existing customers like Volkswagen/Audi, General Motors and Ford and bringing on board new customers such as Toyota, BMW, Honda and Fiat as well as customers from the commercial vehicles segment.

Faurecia Automotive Exteriors

Sales	Product Sales	Headcount	Sites	R&D Centers
€863 million	€790.5 million	2,423	13	4

Automotive Exteriors total sales slipped 8.8% to €863.5 million in 2009. Following an 18.7% decline in the first half of the year, sales rose 2.4% in the second half. Product sales came to €790.5 million, representing a like-for-like decrease of 13.5% for the full year, 23.5% for the first half and just 2.0% for the second half. The overall year-on-year total sales contraction was contained due to robust business levels with Audi, especially for the Audi A4 and A3.

During the year, Faurecia Automotive Exteriors launched production for several vehicles, including the Audi A8 and the BMW Z4 and X1, and renewed production programmes for a number of major vehicles, such as the new Audi A6 and the restyled version of the A4 for the Volkswagen/Audi Group. At the same time, it launched production of bumpers for the Citroën C3 and DS3 in Europe, the new C5 in China, the Peugeot 5008 and the new versions of Dacia vehicles in Russia. This business group continued its innovation drive in 2009, with the launch of the XRI hybrid front-end carrier, which we have patented. Based on a new metal-plastic hybrid injection process, XRI reduces the weight of components while increasing modular capacity at the front of the vehicle and complying with energy absorption requirements.

Thanks to its recognised expertise in vehicle architecture, Faurecia Automotive Exteriors can offer customers effective solutions in terms of structure, passive security, packaging and perceived quality, drawing on its 13 production sites based in France, Germany, Slovakia, Portugal and the USA. In 2009, it also continued to assist its customers' development through partner production sites, mainly in Spain, Romania, Russia and South Africa.

Over the year as a whole, all of the Automotive Exteriors business group's products and units either achieved or exceeded the quality objectives set with customers, which helped push up orders placed during the year to a level representing almost 150% of annual sales.

Operating Expenses

Our total operating expenses equalled €9,383.9 million in 2009, compared to €11,919.5 million in 2008. Cost of sales represented 94.2% of total expenses in 2009 and 94.7% in 2008. Our total operating expenses can be broken out by type of expense as follows:

	For the year ended 31 December	
(in € millions)	2008	2009
Purchases used in production	(8,196.8)	(6,049.0)
External expenses	(1,075.8)	(834.5)
Payroll costs	(2,257.5)	(1,922.3)
Taxes other than on income	(52.4)	(48.7)
Other income and expenses (1)	101.5	10.6
Depreciation, amortization and provisions for impairment in value of non-current assets	(467.1)	(487.0)
Charges to and reversals of other provisions	28.6	(53.1)
Total Operating Expenses	**(11,919.5)**	**(9,383.9)**
(1) Including production taken into inventory or capitalised production	126.3	78.7

Operating Income (Loss)

We reported an operating loss of €91.7 million (1.0% of total sales) in 2009, compared with operating income of €91.2 million for the previous year. In the second half of 2009 we turned in operating income of €95.6 million representing 1.9% of total sales (versus €0.9 million in the same period of 2008), enabling us to partially offset the €187.3 million loss recorded in the first half of the year. The first-half operating loss reflects the dramatic impact of the fall in business levels, particularly in the first quarter. To counter the effect of the slump in our customers' production levels, as of the end of 2008, we set up the Challenge 2009 plan with the following objectives:

- reduce costs by €600 million;
- lower the breakeven point by 15%;
- introduce a cash flow control plan for 2009;
- secure our financing.

During the year, the Challenge 2009 plan enabled us to reduce direct production costs by €234 million, purchasing costs by €146 million, and fixed production costs, research and development costs, and overheads by €283 million. Total cost savings achieved therefore came to €663 million, in line with the plan's targets. At the same time, by moving towards a more flexible structure for production costs, enhancing manufacturing performance through the rollout of the Faurecia Excellence System Acceleration Plan, and carefully negotiating commercial terms, we improved our variable cost margin quarter by quarter throughout the year. The figure went from 23.2% of product sales in the last quarter of 2008 to 25.4% for the same period of 2009. Based on annualised second-half performance, by the end of the year, all of the above measures had helped us to lower our breakeven point by 18%, outstripping the original target of 15% and enabling us to move back into positive territory and create a springboard for the future.

The aggregate €406 million in estimated cost savings generated by Challenge 2009 during the first half of the year enabled us to mitigate the impact of the sharp downswing of around €683 million in unit sales during the period. In the second half of 2009, despite a further negative impact of €162 million from continuing subdued business volumes, the additional €257 million in cost savings achieved fueled a €94.7 million increase in operating income against the corresponding prior-year period. Trends by business reflected those for the Group as a whole with both of our operating segments facing the same market context and cost-cutting measures.

The Interior Modules segment reported an operating loss of €130.3 million in 2009 (2.0% of sales) versus an operating loss of €24.6 million in 2008 (0.3% of sales). Interior Modules ended the second half of the year with operating income of €37.0 million (1.1% of sales), against an operating loss of €31.4 million in the same period of 2008.

The Other Modules segment posted operating income of €38.6 million in 2009 (1.4% of sales) compared with €115.8 million the previous year. Operating income for the second half of 2009 stood at €58.6 million, representing 4.1% of total sales, up from €32.3 million for the equivalent period of 2008. In view of the business context, gross research and development costs were reduced to €493.2 million in 2009, representing 5.3% of total sales, compared with €613.0 million in 2008 (5.1% of total sales). Excluding amounts billed to customers and capitalised development costs, research and development expense totalled €207.9 million, corresponding to 2.2% of total sales, versus €269.9 million and 2.2% of total sales in 2008. These costs reflect the research and development efforts required to ensure that we can renew our programmes. Selling and administrative expenses amounted to €335.9 million and represented 3.6% of total sales, against €352.8 million and 2.9% of total sales in 2008.

EBITDA stood at €395.3 million, representing 4.3% of total sales, versus €558.2 million (4.6% of total sales) in 2008. In the second half of the year, the EBITDA figure was €335.9 million (6.8% of total sales), up from the €236.8 million posted for the equivalent prior-year period.

Other Income Statement Items

Other non-operating income and expense represented a net expense of €134.1 million, breaking down as €68.8 million in the first half and €65.3 million in the second half. The fullyear net expense figure mainly includes €129.5 million in expenses recognised in respect of restructuring measures, which was below the amount forecast and broke down as follows: €41.8 million for France, €29.2 million for Germany, €21.5 million for North America, €14.1 million for Spain and €22.9 million for other countries. The restructuring measures corresponded to staff reduction plans affecting 4,282 employees implemented as a result of the sharp drop in business levels.

The remaining €4.6 million net expense recorded under this item mainly reflected the combined impact of a net €6.9 million gain on the disposal of non-operating assets and €7.6 million in costs incurred for the acquisitions of Emcon Technologies and Plastal. Net finance costs totalled €123.0 million, or 1.3% of sales, compared with €96.3 million in 2008. The higher figure for 2009 was notably due to the increase in the average interest rate on our borrowings from 4.08% in 2008 to 5.41% in 2009, as (i) the fall in market rates during the year only partly offset the effect of much wider spreads on bank loans and commercial paper programmes and (ii) the positive impact of the April 2009 rights issue was only felt from May onwards.

The terms of our main credit facility were renegotiated in 2009 following a breach, as of 30 June 2009 of the covenants contained in the related loan agreement, which specified that the debt/EBITDA ratio could not exceed 3.50 and the finance costs/EBITDA ratio could not fall below 4.50. As a result, borrowing costs on this credit facility rose by 340bp. Given that we complied with the covenants in our loan agreements at the end of 31 December 2009, the additional borrowing costs no longer applied after January 2010, which enabled us to reduce our annual finance costs by around €35 million in 2010 compared with 2009.

"Other financial income and expense" represented a net expense of €43.9 million (of which €34.6 million was incurred in the first half), and included the following:

- the impact of changes in fair value of interest rate hedges, representing a net expense of €6.0 million;
- a €4.6 million net expense relating to currency hedges, chiefly reflecting changes in the EUR/PLN exchange rate;
- a €14.8 million negative translation adjustment concerning borrowings of certain foreign subsidiaries, of which €13.7 million was recorded in the first half;
- a €10.5 million expense (€9.8 million in 2008) corresponding to the impact of discounting pension benefit obligations.

The tax charge for 2009 was €35.9 million, versus €28.7 million in 2008. No deferred tax assets are recognised for the majority of tax losses made by our subsidiaries. We ended the year with a consolidated net loss of €417.3 million.

Net Income (loss)

After minority interests of €16.3 million, the net attributable loss came to €433.6 million compared with €574.8 million one year earlier. In the second half of 2009, the net attributable loss totalled €69.1 million. The loss per share for 2009 was €6.85.

LIQUIDITY AND CAPITAL RESOURCES

The following table sets forth certain information derived from our consolidated cash flow statements for the periods indicated.

(in € millions)	For the year ended 31 December			For the six months ended 30 June	
	2008	2009	2010	2010	2011
				(unaudited)	
Operating Activities					
Consolidated net income (loss)	(569.3)	(417.3)	232.5	111.7	206.8
Cash flow from operations	174.8	98.8	637.7	292.0	466.1
(Increase) decrease in working capital requirements	273.8	(11.4)	86.4	36.9	(153.4)
Cash flows provided by operating activities	**448.6**	**87.4**	**724.1**	**328.9**	**312.7**
Investing Activities					
Cash flow provided by investing activities	**(473.1)**	**(309.2)**	**(394.0)**	**(125.7)**	**(329.6)**
Net cash (used) provided by operating and investing I + II	**(24.5)**	**(221.8)**	**330.1**	**203.2**	**(16.9)**
Financing Activities					
o/w Issue of debt and new financial liabilities	*1,142.3*	*214.4*	*77.6*	*38.1*	*224.4*
o/w Repayment of debt and other financial liabilities	*(1,209.6)*	*(502.7)*	*(188.0)*	*(110.1)*	*(18.9)*
Cash flow provided by (used in) financing activities	**(79.6)**	**171.8**	**(112.2)**	**(73.5)**	**165.6**
Other Changes In Cash And Cash Equivalents					
Impact of exchange rate changes on cash and cash equivalents	(13.7)	(17.9)	30.1	31.5	(19.0)
Net increase (decrease) in cash and cash equivalents	**(117.8)**	**(67.9)**	**248.0**	**161.2**	**129.7**
Cash and cash equivalents at beginning of year	543.5	425.7	357.8	357.8	605.8
Cash and cash equivalents at end of year [(1)]	425.7	357.8	605.8	519.0	735.5

(1) Including the other current financial assets included in net debt.

In addition to our consolidated cash flow statement, we analyse variations in cash flow by reference to changes in our net debt, excluding changes in net debt from acquisitions, variation in securitisation levels (which results in derecognition of receivables), the impact of foreign exchange variations on outstanding debt, and dividend payments. We refer to the remaining variation as our "net cash flow", a non-GAAP measure that we analyse in the discussion below.

We analyse the principal operational components of this net cash flow, which we use to determine objectives for our operational units. Those operational components include:

- EBITDA;
- Changes in working capital, net of receivables sold and derecognized in securitisation transactions;
- Cash flow used for restructuring, generally equal to restructuring costs as recorded in the income statement, adjusted for accruals of new restructuring reserves;
- Capital expenditures, net of changes in payables and receivables related to capital expenditures; and
- Changes in capitalised research and development costs.

In addition to these operational components, we analyse certain non-operational components at the Group level, including primarily cash net financial expense, and cash tax charges, generally equal to the current tax charge as indicated in the income statement adjusted for variations in tax reserves.

Financial structure and net debt at 30 June 2011

Net cash flow represented a net cash outflow of €5 million in the first half of 2011. The dividend paid to shareholders amounted to €27.6 million. The new businesses acquired (Madison, Angell-Demmel and others) had a €64 million effect on debt. Trade receivables sold and derecognised increased during the first half of 2011 by €9 million, from €378 million to €387 million. Debt decreased over the first six month of 2011 by €32 million due to exchange rate effects related to debt in non-euro currencies and other non-operating items. Together, these cash flows led to a change in net debt equal to €58 million, from €1,197 million at year-end 2010 to €1,255 million at 30 June 2011.

Cash flow from operations during the first half of 2011 amounted to €466.1 million, representing 5.7% of sales, compared to €292 million (4.3% of sales) during the first half of 2010. The change in working capital requirement needs including the outstanding amounts under receivables sales programmes corresponds to an increase of €69 million, due mainly to the increased inventory resulting from the increase in business. Capital expenditure (including change in investment-related receivables and payables) totalled €187.6 million and 2.3% of sales, versus €112.7 million (1.7% of sales) for the same period in 2010. Capitalised development costs totalled €94.6 million in the first half of 2011, versus €69.1 million for the same period in 2010.

Taking into account these items and net income recorded as of 30 June 2011, equity attributable to owners of the parent increased from €810.5 million as of 31 December 2010 to €955.5 million as of 30 June 2011.

Financial structure and net debt 2010

The 2010 financial year was characterised by a sharp recovery in our financial position.

Sources of Funds in 2010

Net cash flows (determined after adjusting for the change in net debt relating to the acquisition of Emcon Technologies and Plastal Germany and Spain) represented a net cash inflow of €222 million, made up of €137 million in the first half of the year and €85 million in the second half, compared with a net cash outflow of €168 million in 2009 and a neutral cash flow in the second half of 2009.

The net cash flow balance of €222 million over the year is attributable to the following:

- the EBITDA came to €941 million, showing a strong increase on 2009 when it amounted to €395 million;
- a stable working capital requirement which, restated for sales of derecognised trade receivables, fell by €1 million compared with a reduction of €122 million in 2009 in a context of reduced activity;
- restructuring represented cash outflows of €109 million, compared with €166 million in 2009;
- financial expenses represented cash outflows of €98 million, compared with €136 million in 2009;
- additions to property, plant and equipment represented cash outflows of €278 million, compared with €194 million in 2009;
- capitalised development costs represented cash outflows of €154 million, compared with €104 million in 2009;
- taxes represented cash outflows of €100 million, compared with €32 million in 2009;
- finally, other cash items represented a cash inflow of €22 million, compared with outflows of €53 million in 2009.

Uses of Funds in 2010

The acquisition of Emcon Technologies led to a net debt increase in 2010 of €41.2 million, representing the debt taken over on the acquisition date. The 2010 acquisition of Plastal Germany and Spain led to a net debt increase of €49.4 million, €26.4 million of which corresponds to the payment of assets and €23 million to the assumption of asset leasing debts. These two transactions therefore represented a total net debt increase of €90.6 million in 2010.

Changes in exchange rates for debt in foreign currencies had a negative impact in 2010 of €13.8 over the year. Over the second half of the year, there was a positive impact of €15 million. Trade receivables sold and derecognised rose over the year by €87.2 million in 2010, from €290.7 million in 2009 to €377.9 million. This increase was due mainly to the growth in sales in 2010. Receivables sold under these programmes increased by €61 million over the second half of 2010.

Net debt over 2010 fell by €204.4 million, from €1,401.2 million at the end of 2009 to €1,196.8 million at the end of 2010. Over the second half of 2010, net debt fell by €151.7 million. Our shareholders' equity rose sharply in 2010 owing to net income and the contribution from Emcon's business, increasing from €256.9 million at the end of 2009 to €810.5 million at the end of 2010.

Financial structure and net debt 2009

Sources of Funds in 2009

The Challenge 2009 plan included cash flow control measures aimed at offsetting the sharp negative impact on our financing requirements caused by the falloff in business volumes. Net cash flow, corresponding to changes in net debt excluding the impact of sales of trade receivables and the rights issue carried out during the period, represented a total net cash outflow of €168.1 million in 2009. Net cash flows improved fundamentally in the second half of the year, due to (i) our enhanced operating performance following the upswing in business levels and (ii) the lower cost base. Accordingly, the €168.4 million cash outflow in the first half was followed by a €0.3 million cash inflow in the second half. Cash flow from operations amounted to €98.8 million in 2009 representing 1.1% of sales, down €76.1 million on the €174.8 million figure recorded for 2008 (1.5% of sales). The change in working capital requirement including outstanding amounts under receivables sales programmes was a positive €87.4 million, mainly attributable to a reduction in inventories from €526.1 million to €438.6 million.

The Challenge 2009 plan also included a set of measures to improve our liquidity and strengthen our financial structure. In March 2009 we renegotiated the terms of our main credit facility in order to temporarily raise the ceiling on our debt/EBITDA ratio to 4.50 and lower the floor of our finance costs/EBITDA ratio to 4.00. This led to a 340bp increase in the related borrowing costs. Also during the year we obtained a further €213 million syndicated credit facility in order to finance the early redemption of our bonds issued in 2005 and maturing in 2010 in view of the fact that the bond covenants were breached and could not be renegotiated.

In April 2009 we carried out a €455 million rights issue (€446.1 million net of transaction costs), which was guaranteed by Peugeot S.A. The issue was well received by the market, and Peugeot S.A. only took up the amount of shares to which it was entitled under its pre-emptive subscription rights. The liquidity of our shares increased significantly, from a trading volume of 28,000 shares per day prior to the issue to a daily average trading volume of 500,000 shares after the issue. Our shares were once again included in the SBF 80 index (compartment A) from 18 December 2009. In November 2009 we issued €211 million worth of OCEANE bonds convertible into new shares or exchangeable for existing shares at any time as from their date of issue. The issue was carried out at a price of €18.69 per bond, representing a premium of 27%. The bonds bear annual interest of 4.5% and mature on 1 January 2015. The issue was favorably received by debt investors and enabled us to significantly extend the average maturity of our borrowings.

Uses of Funds in 2009

Capital expenditure totalled €169.1 million in 2009, representing 1.8% of sales. The significant decrease compared with the €328.7 million (2.7% of sales) recorded in 2008 resulted from the rollout of the Challenge 2009 plan. The negative change in working capital on investments was €24.9 million. Capitalised development costs were also lower in 2009, coming in at €104.4 million against €144.7 million one year earlier as a result of the acceleration of research and development billing to our customers as part of the Challenge 2009 plan and the overall decrease in research and development costs.

All of these measures, combined with tight control over operating cash flows, allowed us to bolster our financial position and reduce our debt figure from €1,604.8 million at 31 December 2008 to €1,401.2 million at end-2009. Taking into account (i) the €433.6 million net loss for the year, (ii) the €446.1 million net proceeds of the rights issue which were received in late May 2009, and (iii) the recognition in equity of €23.3 million representing the option component of the convertible bonds (OCEANE) issued in November 2009, equity attributable to owners of the parent stood at €256.9 million at 31 December 2009.

Contractual Commitments

The following tables set forth our outstanding off-balance sheet contractual commitments as of 31 December 2010, as well as the schedule of lease payments due as of each date.

(in € millions)	As at 31 December 2010
Future minimum lease payments under operating leases	232.6
Debt collateral:	
Mortgages	15.9
Other debt guarantees	55.0
Firm orders for property, plant and equipment and intangible assets	79.5
Other	1.3
Total	**384.3**

Future minimum lease payments under operating leases break down as follows:

(in € millions)	As at 31 December 2010
N+1	51.2
N+2	40.7
N+3	32.2
N+4	24.9
N+5 and above	83.6
Total	232.6

Capital Expenditure and Capitalised Development Costs

Our capital expenditure is incurred primarily in connection with the acquisition or construction of new plants, or with the acquisition of tooling and equipment for new or existing plants. We analyse our capital expenditure on a gross basis, and after adjusting for the change in investment-related receivables and payables.

We also incur development costs that are in the nature of investments, which we expect to recover through per-vehicle charges over the life of a car model as part of the purchase price of the equipment that we sell. See "– Significant Factors Affecting the Group's Results of Operations – Research and Development".

The following table sets forth our capital expenditure, on a gross basis and net of changes in investment-related payables and receivables, as well as our capitalised development costs, for the periods indicated.

	For the year ended 31 December			For the six months ended 30 June	
(in € millions)	**2008**	**2009**	**2010**	**2010**	**2011**
				(unaudited)	
Capital Expenditure (gross)	328.7	169.1[1]	304.3	123.9	176.8
Change in investment-related receivables and payables	(0.9)	24.8	(25.9)	(11.2)	10.8
Net capital expenditure	327.8	144.3	278.4	112.7	166.0
Capitalised development costs	144.7	104.4	154.3	69.1	94.6

(1) Excludes €21.0 million funded by an operating lease that was committed but had not yet commenced as of the balance sheet date.

Certain plant tooling and specific tooling is produced or purchased exclusively for the purpose of manufacturing parts or modules for customer orders. Such tools and equipment investments may be either not sold to the customer, or paid for by the customer incrementally on delivery of each part, without the customer guaranteeing full financing of the costs incurred. In accordance with IAS 16, this tooling is capitalised on the balance sheet as property, plant and equipment and is depreciated to match the quantities of parts delivered to the customer over a maximum of three years, in line with the rate at which models are replaced.

The sharp reduction in capital expenditure in 2009 resulted from the decline in customer orders in response to the global crisis. Capital expenditure grew in 2010 remained below 2008 levels despite the market rebound in

2010, as we were able to increase the utilisation of existing facilities for a portion of our 2010 growth. Nonetheless, the segment distribution of our capital expenditure shifted from Interior Modules to Other Modules, with our acquisitions of Emcon Technologies and Plastal. In 2010 and the first half of 2011, approximately 56.7% and 57.0%, respectively, of our gross capital expenditure was in the Interior Modules segment, compared to 67.8% in 2009 and 77.2% in 2008.

We expect that our continued growth over the next several years is likely to result in an increase in annual capital expenditure as we increase our production capacity, mainly outside Europe. We may incur capital expenditure in connection with the introduction of new technologies, although the level will depend on whether these technologies can be successfully developed and in what timeframe. The high level of new business awarded in 2010 and expected in 2011 will also require increased dedicated investment. We currently expect capital expenditure to be on the order of €450 million in 2011, and that it will remain at a similar level as a percentage of total sales during the next several years.

Working Capital

The trend in our working capital requirements over the past several years has largely reflected trends in our business. We analyse our working capital requirements after adjusting to take into account sales of derecognised trade receivables under our non-recourse securitisation programme.

	For the year ended 31 December			For the six months ended 30 June	
(in € millions)	**2008**	**2009**	**2010**	**2010**	**2011**
				(unaudited)	
Increase (decrease) in current provisions	21.2	(5.1)	(35.3)	(20.6)	(46.2)
Change in inventories	38.5	100.2	(80.7)	(63.0)	(123.7)
Change in trade accounts receivable	668.6	(66.8)	(33.6)	(336.6)	(546.6)
Change in trade payables	(423.5)	18.7	298.6	346.2	425.4
Change in other operating receivables and payables [(1)]	(83.6)	(14.2)	(47.8)	88.1	119.1
Change in other receivables and payables [(2)]	52.6	(44.2)	(14.8)	22.8	18.6
Change in working capital requirements	**273.8**	**(11.4)**	**86.4**	**36.9**	**(153.4)**

(1) Represents primarily the change in VAT and other tax receivables.

(2) Represents primarily the change in prepaid income and expenses, current taxes and amounts due to suppliers of non-current assets.

Short-term debt, net debt and cash

Our short-term debt and cash and cash equivalents include significant amounts of cash balances that we collect in respect of receivables that we have sold and derecognised under our non-recourse securitisation programme. Our obligation to deliver that cash to the owner of the receivables is treated as short-term debt. The proportion of our short-term debt represented by these amounts varies, and can typically represent between one third and one half of our total consolidated short-term debt. As of 30 June 2011, we had €733.9 million of short-term borrowings, including €286.2 million of commercial paper issued by Faurecia (the parent company). The remainder was at the level of our subsidiaries and included €155.3 million of factoring debt (not derecognised). Of the remaining short-term debt of €262.2 million, we believe that a significant portion was represented by obligations to remit cash collected in respect of derecognised receivables.

Our net debt as of 30 June 2011 was €1,255 million, reflecting total gross debt of €1,986.7 million and cash and cash equivalents of €731.5 million. Our gross debt included €1,348 million at the parent company level and €638.7 million at the subsidiary level. In addition to the cash balances held in respect of servicing of derecognised receivables (described above), our subsidiaries tend to hold significant amounts of cash that they intend to use to fund working capital requirements and capital expenditure, particularly in jurisdictions where it would be disadvantageous from a tax perspective to distribute the cash and subsequently to receive funding from the parent company. Because of the significant cash balances held by our subsidiaries, net debt at the subsidiary level (including gross long-term and short-term debt, less cash and cash equivalents) was €69 million at 30 June 2011.

Market Risk

Interest rate risk

Before taking into account the impact of interest rate hedges, 80.1% of our borrowings were at variable rates as of 31 December 2010, compared with 80.9% as of year-end 2009. Variable-rate debt mainly corresponds to our €1,170 million Existing Senior Credit Agreement and the €250 million PSA Loan from our majority shareholder, Peugeot S.A., which were both set up on 28 November 2008. The main component of our fixed-rate debt comes from the 2009 issue of OCEANE bonds convertible into and/or exchangeable for new or existing shares.

We engage in derivatives transactions in order to hedge against the impact of short-term rate changes on earnings, as the majority of our borrowings are at variable rates; these hedging transactions may entail counterparty risk. The hedges set up primarily comprise euro-and dollar-denominated caps and other option-based structures as well as, to a lesser extent, swaps. These hedges cover some of the borrowings due in 2011 and 2012 against a significant rise in rates. Our interest rate position with respect to the different types of instruments used is presented in Note 30.2 to our 2010 consolidated financial statements. In view of the short-term rates in 2010, despite a moderate increase in the second half of the year, a number of our option-based interest rate hedges are out of the money. A rise in short-term rates would therefore have an impact on financial expense. In addition, a fluctuation in interest rates would affect "Other financial income and expense" due to the resulting change in the fair value of derivatives set up to hedge interest payable in 2011 and 2012.

Currency risk

We are also exposed to risks arising from fluctuations in the exchange rates of certain currencies, particularly due to the location of some of our production sites as well as the fact that certain subsidiaries purchase raw materials and other supplies or sell their products in a currency other than their functional currency. The sensitivity of our income and equity as of 31 December 2010 to changes in exchange rates of transaction currencies used by our subsidiaries other than their functional currency (with all other variables remaining constant) are as follows:

Income Statement Sensitivity Analysis: Selected Exchange Rates

(in € millions)

Currency	**USD 1.34**	**CZK 25.06**	**CAD 1.33**	**MXN 16.55**	**GBP 0.86**	**PLN 3.98**	**ZAR 8.86**
Currency fluctuation scenario (depreciation of currency/ EUR)	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Exchange rate after currency depreciation	1.40	26.31	1.40	17.37	0.90	4.17	9.31
Impact on pre-tax income	(0.21)	(0.09)	(1.80)	(0.85)	0.02	0.51	(0.88)
Impact on equity	1.07	(1.24)	0.01	0.16	(0.10)	(3.12)	0.00

These impacts reflect (i) the effect on income of changes in exchange rates used for the year-end valuation of assets and liabilities denominated in a foreign currency, net of the impact of the change in fair value of existing hedging instruments; and (ii) the effect on equity of changes in the fair value of hedges of forecast transactions (cash flow hedges).

In addition, subsidiaries outside the euro zone are granted inter-company loans in their operating currencies. Although these loans are refinanced in euros and eliminated in consolidation, they contribute to the our overall currency risk exposure and are therefore hedged through swaps. Details of net balance sheet positions and a breakdown of hedges by currency are provided in Note 30-1 to our 2010 consolidated financial statements. Our hedging policy implemented may not prove effective in mitigating our foreign exchange risk and may create additional risks for the Group, such as counterparty risks.

OUTLOOK

Despite the recent economic slowdown in certain of our markets, particularly in Europe, other markets in which we are present continue to experience significant growth. To date, we have maintained our business activities at levels similar to those that we contemplated as we developed our financial targets for 2011. Against this backdrop, our 2011 financial targets are as follows:

- consolidated sales between €15,700 and €15,900 million;

- operating income between €620 and €650 million;
- capital expenditure budget increased to €450 million; and
- net cash flow of approximately €100 million.

Given the difficult current economic environment, there can be no assurance that the trends on which we based our 2011 financial targets will continue in the future. The foregoing targets are forward-looking statements that are by definition subject to significant uncertainty. See "Forward-Looking Statements" and "Risk Factors" for a discussion of certain factors that may affect our ability to realize our targets.

BUSINESS

Overview

We are one of the world's largest automotive equipment suppliers. We develop, manufacture and sell original equipment for vehicles, through our four main business lines: Automotive Seating, Interior Systems, Emissions Control Technologies and Automotive Exteriors. Our portfolio includes high quality, award winning, technologically advanced products based on proprietary expertise. We have close relationships with substantially all of the world's major automobile manufacturers, and we work closely with our customers to develop product designs and features that enhance our presence and leading market position.

In 2010, our total sales amounted to €13.8 billion, including €10.7 billion of product sales (deliveries of parts and components to automakers). Our total sales for the twelve-month period ended 30 June 2011 totalled €15.1 billion, with product sales equal to €11.67 billion over the same period. We generated EBITDA of €941.2 million in 2010, and €1,054.2 million in the twelve-month period ended 30 June 2011.

We operate through four main business lines: Automotive Seating, Interior Systems, Emission Control Technologies and Automotive Exteriors. As of the end of 2010, we estimate that approximately one in every four vehicles in service worldwide included as original equipment a product manufactured by one of our business groups.

Faurecia Automotive Seating: We are currently the world's number three automobile seat supplier, and number one in seat components (primarily frames and mechanisms). We design and manufacture complete seats, as well as every seat component: frames, adjustment mechanisms, runners, foam and covers. During the seat manufacturing process, we assemble different components to create a complete seat and provide just-in-time delivery to our customers' plants. We have extensive experience developing seat blueprints and designs, and we generate solutions emphasising safety, comfort, perceived quality, modularity and natural/recycled materials.

Faurecia Interior Systems: We are currently the world's number one supplier of automobile interior systems. We produce cockpit modules (dashboards and center consoles), doors (panels, modules and complete doors), and acoustic modules. With approximately seven million vehicles fitted per year, we are a leading global supplier of door panels and are ranked among the top five suppliers of acoustic modules in Europe.

Faurecia Emission Control Technologies: Following our February 2010 acquisition of Emcon Technologies, we are the global leader in the emission control market, developing and producing entire exhaust systems, from the manifold to the tail pipe. We are also jointly involved, with PSA Peugeot Citroën, in the development of the Diesel Particulate Filter, which is used in environmentally "clean" cars to treat pollutants and recover energy.

Faurecia Automotive Exteriors: We design three different exterior modules: front ends (including engine cooling systems), exterior systems (bumpers, tailgates) and shock absorption systems. With the recent acquisition of Plastal in Germany (April 2010) and Spain (October 2010), we have become the number one bumper supplier in Europe as we have broadened our client base and deepened our product range.

We support our automaker customers through an active joint development policy that entails our involvement at each stage of the equipment development process, from defining product requirements through initial marketing. We develop products specifically for new car models, and typically enter into contracts to supply those products for the initially anticipated life of the car model (generally 5 to 10 years). The quality of our products is renowned among automakers and draws strength from our Programme Management System (PMS), a rigorous series of project management procedures and methodologies, as well as from the expertise of our 4,500 engineers and technicians who design products and technological solutions.

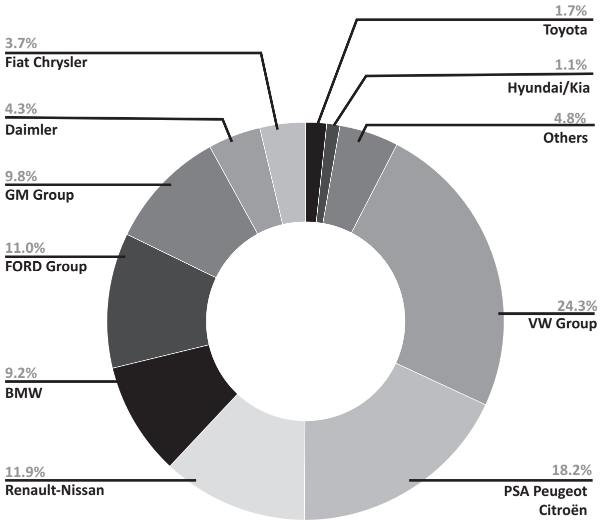
Geographical presence

Our four principal markets include Europe, North America, Asia and South America. Outside of these regions, our sales were mainly recorded in South Africa. The following table breaks down our total sales in 2010 by geographic region.

	2010 Total Sales by Region							
(in € millions)	**France**	**Germany**	**Other European countries**	**North America**	**South America**	**Asia**	**Other countries**	**Total**
Sales	2,214.5	3,294.1	3,426.8	2,496.9	636.6	1,407.7	319.3	13,795.9

Customers

Our customer portfolio includes nearly every large automaker in the world, including manufacturers in emerging economies, such as Brazil, China and South Korea. Volkswagen/Audi, PSA Peugeot Citroën, Renault-Nissan, Ford, General Motors and BMW each accounted for more than €1 billion in total sales in 2010. The table below shows 2010 product sales for each of the following customers:



Our Industry

We operate within the global automotive equipment sector and our business growth is entirely driven by the trends in the global automobile market. The global automobile market has undergone a period of significant change in recent years, with a correspondingly significant impact on the automotive equipment sector. During the period from 2008 through the first half of 2009, manufacturers were severely affected by the deep recession that hit the majority of the world's economies, with an unprecedented contraction in the auto industry worldwide.

Automobile sales in our principal markets were supported in 2009 and 2010 by a series of government measures. The "scrappage plan" (such as the *prime à la casse* in France) was the most common type of measure, involving government subsidies to customers who traded in older vehicles to purchase new, more energy efficient models. These initiatives, combined with the automotive sector's own initiatives, drove a gradual turnaround in the sector from the second half of 2009 through 2011. Annual global automotive production growth is estimated to have been 25% in 2010 over 2009 levels, with 39% growth in North America, 28% growth in Asia, and 15% growth in Europe. (Source: CSM, January 2011)

The impact of the global financial crisis on the automotive equipment sector also created opportunities for industry consolidation. We were able to take advantage of these opportunities to solidify our leading positions in our four business lines, in particular Emissions Control Technologies and Exteriors.

Since early 2010, our markets have experienced substantial growth, fueled by a rebound of sales in Europe and North America, as well as robust growth in China and other emerging markets. We expect this trend to continue in the coming years. We also expect companies such as ours will be particularly well positioned to take advantage of market growth in light of the following key industry trends.

Demand for increased safety: Automobile manufacturers continue to focus on improving occupant and pedestrian safety in order to meet increasingly stringent regulatory requirements in various markets. As a result, suppliers are focused on developing technologies aimed at protecting vehicle occupants when a crash occurs. To capitalise on this need, our research and development centers develop safety systems for each of our product lines. Our seat frames and complete seat products can satisfy diverse safety regulations while adapting to automobile manufacturer's cost concerns, while our front-end and bumper products improve pedestrian safety. In addition, automobile manufacturer's demands for improved seating and interior systems solutions continue to increase as consumers demand greater safety, personalisation, comfort, acoustic performance and convenience while driving. Our seats and interior systems can be adapted to optimise comfort and design, without sacrificing safety.

Demand for increased environmental performance: Automobile manufacturers are constantly working to produce cars that offer improved performance, with better fuel economy and fewer harmful emissions. In addition, increasingly strict environmental standards and customer demands are driving the development of clean cars. Government authorities in the European Union, the United States, China, India, Japan, Brazil, and South Korea have already instituted regulations requiring further reductions in emissions and/or increased fuel economy through 2014. As a result, automobile manufacturers demand that their suppliers work with them to design lighter products to allow their vehicle to meet fuel efficiency standards and our design teams consistently strive to provide lightweight seats, interiors, and front-ends. Increasingly stringent environmental regulation is an especially strong driver of growth for Faurecia Emission Control Technologies, which is a leader in the development of innovative emissions control products designed to address new regulatory requirements.

Standardisation of sourcing by automobile manufacturers: Many automobile manufacturers are adopting global vehicle platforms to harmonise quality, reduce per unit cost, increase capital efficiency and improve profitability. As a result, automobile manufacturers are selecting suppliers that have the capability to manufacture products on a worldwide basis as well as the flexibility to adapt to regional variations. Suppliers with global scale and strong design, engineering and manufacturing capabilities, are best positioned to benefit from this trend. Automobile manufacturers are also increasingly looking to their suppliers to simplify vehicle design and assembly processes to reduce costs. As a result, Tier I suppliers have assumed many of the design, engineering, research and development and assembly functions traditionally performed by vehicle manufacturers. Suppliers that can provide pre-packaged, modular solutions and pre-assembled combinations of components, through "just-in-time" assembly facilities located near customer facilities, are well-positioned to leverage the trend toward system sourcing.

History and Development

We have been a major automotive equipment manufacturer for many years. Our legacy companies trace their origins to the earliest periods of automobile production. We have grown in tandem with technological and industrial advancements to reach our current position as a market leader in our four product segments. The following are key milestones in our development.

1891. The first gasoline-powered automobiles are made. The first steel tubes follow, patented by Peugeot and made at sites including Audincourt, in the Doubs region of eastern France.

1914. At Levallois-Perret to the west of Paris, Bertrand Faure opens his first workshop, making seats for Paris trams and underground trains.

1929. Bertrand Faure acquires the patent for the Epeda process, enabling the company to fine-tune its seats for the automotive industry and develop a new product: the spring mattress. Both businesses meet with significant success after the Second World War. Bertrand Faure's clients include Renault, Peugeot, Citroën, Talbot, Panhard-Levassor, Berliet and Simca.

1950. Bernard Deconinck of the Allibert Company invests in a huge injection press, imported from the United States, to mould large plastic parts in a single piece. Manufacturing begins for automotive industry customers.

1955. The Frères Peugeot company starts production of automotive equipment, diversifying over time to make products such as seats, exhaust systems and steering columns. Operations extend outside France and some products are dropped to concentrate on new production lines.

1972. François Sommer merges his automotive floor coverings company with that of Bernard Deconinck's company, Allibert, to found the Sommer Allibert Group, combining know-how in textiles and plastics. In the early 1980s, Sommer Allibert invests heavily to meet the needs of the automotive industry and becomes a leading specialist in interior vehicle fittings for all of the major automakers. International expansion follows, with the acquisition of Spain-based Lignotock, and starting in 1993 an extended presence in Germany.

1987. Cycles Peugeot and Aciers & Outillages Peugeot are merged to form Ecia (Équipements et Composants pour l'Industrie Automobile), the PSA Peugeot Citroën Group's specialist automotive equipment subsidiary. Ecia then undergoes ten years of substantial industrial and geographical expansion.

1990. Epeda Bertrand Faure draws on its experience in manufacturing seating for transport vehicles – cars, trains, trams etc. – to gradually diversify into other business segments. It first branches out into bedding, through the Epeda and Mérinos brands, then luggage with Delsey in 1982 and finally the aeronautics sector through Ratier-Figeac in 1987, but with automotive seating components nevertheless remaining the core business and the French market still accounting for a significant portion of revenue. After carrying out acquisitions in Portugal, Spain and Canada starting in 1977, and gaining a modest foothold in Germany, the company's international expansion takes off, with the acquisition of Germany-based Rentrop. Epeda Bertrand Faure then becomes European leader in the automotive seating business. Throughout the 1990s, the company concentrates on its automotive equipment expertise, selling off its other businesses in bedding (Epeda and Mérinos), aeronautics (Ratier-Figeac) and luggage (Delsey).

1992. Ecia sells its bicycles business, followed by its tooling business in 1993, and makes significant acquisitions of exhaust systems specialists – including Tubauto and Eli Échappement in France, Leistritz Abgastechnik in Germany and Silenciadores PCG in Spain – to become the leading European supplier of exhaust systems. Its seating division joins forces with the Spanish automotive equipment supplier Irausa to form Ardasa. Clients for exhaust systems, seats, interior fittings and front ends include Volkswagen, Renault, Daimler Chrysler, Opel, Honda and Mitsubishi.

1997. Ecia launches a friendly bid for Bertrand Faure, bringing its direct and indirect stake in this group to 99%. The acquisition leads to our formation in 1998 with the underlying aim of focusing on the automotive equipment business. At the same time, Bertrand Faure sells its luggage business (Delsey) and aeronautics business (Ratier-Figeac) and Ecia sells its motorcycles business (Peugeot Motocycles) to the PSA Peugeot Citroën Group.

1999. Ecia and Bertrand Faure merge, resulting in the PSA Peugeot Citroën Group holding a 52.6% stake in our company by the end of 1999. We report sales of over €4 billion, with a workforce of 32,000. As well as boosting its size and helping it gain a worldwide position in automotive seating, Bertrand Faure gives Ecia a broader geographical and commercial reach, especially in Germany, where the company has strong links with manufacturers such as Volkswagen and BMW. We extend our exhaust systems coverage in North America with the acquisition of the US company AP Automotive Systems.

2000. We purchase Sommer Allibert. By financing this transaction, the PSA Peugeot Citroën Group raises its stake in our company to 71.5%. With good coverage of Germany and Spain, we enjoy high market share for vehicle interior fittings in Europe, especially for door and instrument panels and acoustic modules.

2001. The Sommer Allibert acquisition is finalised through a public offer to buy out Sommer Allibert's minority shareholders. The resulting group posts sales of €9.6 billion. We then buy out the remaining minority shares held by external shareholders in Sommer Allibert's German subsidiary SAI Automotive AG.

2002. We acquire a 49% stake in the South Korean catalytic converter maker Daeki Industrial, number two in its market. The same year, we form a joint venture with the Taiwanese automotive equipment company GSK, with a view to making seats at Wuhan, in China.

2003. We follow up these acquisitions by buying the South Korean exhaust systems company Chang Heung Precision, which holds market share of over 20%. This gives our Exhaust Systems business a manufacturing presence in all continents. In Europe, we finalise an agreement with Siemens-VDO to strengthen and extend the joint venture (SAS) that assembles cockpits for BMW, Daimler Chrysler, the Ford group, Renault-Nissan and the Volkswagen group.

2005. To strengthen our Korean operations, we raise our stake in Daeki (specializing in exhaust systems for Hyundai) to 100%, and set up a joint venture with the South Korean company Kwang Jin Sang Gong, to produce door modules for Hyundai Motors and Kia Motors.

2007. We take over the bumper operations of Cadence Innovation France, enabling us to strengthen our market position in this sector in France.

2009. We agree to acquire Emcon Technologies, becoming the world leader in the exhaust systems market. This business combination strengthens our position with automakers in Germany (as Arvin Industries acquired Zeuna Stärker in 1998), the USA (particularly Ford), South America, India and Thailand. It also enables us to enter the commercial vehicles market (trucks and off-road vehicles). Following completion of the all-equity deal, One Equity Partners (JP Morgan Chase & Co's private equity arm) takes a 17.3% stake in our company (fully divested in October 2010) and PSA Peugeot Citroën's interest is reduced to 57.4%. In India, we buy out joint venture partner Tata to become the sole owner of Taco Faurecia Design Center, which is renamed Faurecia Automotive Engineering India and becomes our development center in India.

2010. We become the European leader in automotive exterior parts by acquiring the German activities of Plastal, and subsequently Plastal Spain. Through these operations, our Automotive Exteriors division widens its client base, especially with Ford and the four "premium" German brands, enhances its product range and strengthens its industrial implantation as well as its research and development capabilities. This acquisition, combined with the joint company set up in China with Huaxiang, supplier of exterior parts to FAW-Volkswagen, has increased our capacity to develop internationally. In addition, we acquired an 18.75% stake in Xuyang Group in China, which enables us to widen the range of products and services we provide in the following strategic segments: whole seating systems, vehicle interior systems, acoustic modules and interior upholstery. A strategic alliance with the Geely and Limin groups in China marks a significant new development stage for our Interior Systems and Automotive Exteriors segments.

Products

Automotive Seating

As an automotive seating architect, we design and produce the complete seat and its main components: seat frames, tracks, adjustment systems, foam and trim covers, and safety and comfort features. In 2010, our Automotive Seating segment reported €4,571.3 million in total sales (or 33% of our total sales), with operations involving 28,587 employees working in 73 plants located in 26 countries. Automotive Seating supplied 22 car platforms in 2010, including premium platforms with Audi, BMW and Daimler.

The principal characteristics distinguishing our seating products are the following:

Safety. The seat is what connects the occupant to the vehicle. In case of a crash, it plays a key role in driver and passenger safety by being firmly anchored to the floor and holding the body in place. Over 90% of the seats that we produced are fitted in vehicles that have obtained a five-star rating in the Euro NCAP crash tests.

Comfort. We draw on our expertise in foam and covers, adjustment mechanisms, runners, headrests and armrests to provide motorists with superior comfort. We develop a vast array of built-in functions, such as shoulder adjustments, neck heating systems (Peugeot 308 CC) and various electric controls.

Perceived quality. We design seats to deliver maximum perceived quality and ensure that the level of finish is targeted towards each type of vehicle, creating optimised industrial products. This perceived quality process enables us to manufacture high-end seats, such as those present in the new Audi A8.

Modularity. We develop modular rear seating solutions that adapt the vehicle's interior to suit the number of passengers and the purpose of the journey. One such example is the latest generation Renault Grand Scénic. It features a third row of seats, which can be tucked fully away into the floor to maximise the size of the trunk. This feature is an ideal solution for family vehicles. We also offer other modular solutions, such as for the Ford S-Max, the Renault Twingo and the Peugeot 308SW.

Weight reduction. Seats account for 6% to 10% of the vehicle's weight. As part of the "Light Attitude" weight reduction programme, we use very high tensile steel offering superior resistance, while reducing volume and weight. We also use a laser beam welding process that does not require additional materials that would otherwise increase the vehicle's weight. We also have the requisite skills for incorporating biomaterials into seat foam and controlling the recycling process for certain materials used.

Automotive Seating Products

We supply complete seats, seat frames and seat components, such as head rests, covers, foam pads, backrest frames, cushion frames, recliners, tracks and height adjusters. In addition to the basic frame and seat supply, our Automotive Seating segment also supplies additional comfort options such as:

- Seat back width adjuster,
- Lumbar support,
- Seat belt reminders,

- Seat depth adjusters,
- Electrical headrest adjusters,
- Upper backrest adjusters,
- Massage functionality,
- Seat length adjusters, and
- Seat tilt adjusters.

In the seating frames market, we offer both worldwide platforms and generic solutions. In 2010, we manufactured over 5 million vehicles per platform in at least three regions. The generic front frames products include three models: Hera, Drago and Appollo. The Hera is a basic quality seat frame, targeted at emerging market auto production; it satisfies basic requirements and can be produced at low cost, but provides minimum safety. The Drago is targeted at low-end markets and can be adapted for base or premium solutions; it provides medium to high safety. The Appollo is a higher-end generic seat frame, marketed in Europe, North America and Japan, as a "value" or premium seat frame solution; this frame satisfies high safety requirements. Aside from these front frame generic seating solutions, we also offer a generic rear frame solution in the form of our modular rear seat structure, which is marketed in Europe, North America and Japan to premium car models; these frames satisfy high safety standards.

In addition to the generic models listed above, we had six platform frames in production in 2010: the Nissan B-Plat, the Volkswagen αß, the Volkswagen PQ 24, the General Motors Epsilon 2, the Chrysler SCS3, and the PSA Peugeot Citroën FTE. The Nissan B-Plat is used in four different car models. The Volkswagen αß was integrated into seven different car models, accounting for approximately 2.5 million vehicles sold in four different geographical regions in 2010. The Volkswagen PQ 24 is used in three different car models. The General Motors Epsilon 2 is used in 10 different car models sold in four geographical regions. The Chrysler SCS3 is used in 5 car models, all sold in the North America region. The PSA Peugeot Citroën FTE is a seat frame that is used in 7 different car models and was sold in five regions in 2010.

Interior Systems

We estimate that we are the world's number one supplier of vehicle interiors. We design and supply cockpits, doors and acoustic modules.

Cockpit. The three parts of the cockpit are the instrument panel, the cross-car beam, and center console. We are a global leader in designing and producing dashboards and center consoles. We can draw on our extensive experience to deliver high-quality products featuring an excellent cost/performance ratio for all market segments. We implement an extensive range of materials and finishes in compliance with high demands from manufacturers and drivers in terms of perceived quality, comfort and safety.

Doors. Present in over 20 countries, we produce panels, door modules and complete doors for the main automakers. With seven million vehicles fitted every year, we are a leading global supplier of door panels. Our ability to deliver highly integrated door modules and expertise in materials gives us a clear competitive advantage.

Acoustic Modules. We are rated among the top five suppliers of acoustic modules in Europe. In this market, we offer our customers acoustic solutions that optimise quality, cost and weight. We strive to optimise the trade-off between noise absorption, insulation and material diversity, which represents one of our key strengths in this particular field.

Cockpit

As a world leader in cockpits through SAS, our joint venture with Siemens-VDO, we have developed a unique expertise in providing automakers with high quality, cost-effective instrument panels in all market segments. We use virtual simulation and electronic technologies to produce a high quality finish in our interior systems.

Finish. We implement an end-to-end range of technologies to comply with ever higher demands from manufacturers and drivers for perceived quality, and offer upgrades for each segment. On entry-level and mid-range vehicles, the injection-molded dashboard can be given a grained effect, painted or covered with various types of skin for an eye-catching finish that is also perfect to the touch. Using such leading-edge technologies as laser cutting, passenger airbags blend seamlessly into all types of dashboard. Whether added post-production or fitted to the door during manufacturing the decoration personalises the vehicle's interior. Two-tone skins and skins showing the seams provide a unique and exclusive feel for high-end vehicles.

The advantages of virtual simulation. Powerful simulation tools and virtual reality are increasingly used when designing new instrument panels, thereby shortening the development cycles and enabling testing of the various functions, such as airbag deployment at different temperatures.

Electronic technologies: an indispensable tool. Through SAS, we supply turnkey cockpits featuring the latest electronic technologies. Cockpits are delivered on a just-in-time basis via assembly sites near to manufacturers' plants around the world. We optimise the vehicle architecture and simplify manufacturers' assembly lines and supply chain management systems. In this respect, center stacks become sub-modules with a flat appearance, integrating HMI functions (Human-Machine Interface), such as a touch screen, radio and temperature controls.

Instrument Panel. The overall quality impression of the cockpit is given by the instrument panel, which represents the structure of the cockpit module. Our engineers focus on optimizing the cost/perceived quality ratio.

Cross-Car Beam. The cross-car beam is the basic backbone of the cockpit to which other components are attached, and as such it provides rigidity to both the module and the car body. Our experts design it with the aim of providing not only the best weight/rigidity solution, but also the highest possible degree of function integration.

Center Console. The center console has become an increasingly complex part. Its design in terms of ergonomy, comfort and perceived quality plays a major role in the car interior. We have developed several innovative console features, such as movable consoles or storage areas combined with adjustable armrests.

Doors

With seven million vehicles fitted every year, we are a leading global supplier of door panels and modules. We offer our customers highly integrated door modules (HIM) that contain all the door's main functions (window winder, electrical/electronic components, speakers, locking system) mounted on a plastic load-bearing structure. With this approach, we can deliver complete and pre-tested door modules to the manufacturer, hence the increased quality and easy assembly. Modular integration also lightens the overall structure, thereby saving weight and reducing fuel consumption. We use a full range of synthetic and natural materials, including wood fibers, natural fibers and thermoplastic composites. The aim is to reduce product weight and therefore help to reduce CO_2 emissions.

The door plays a critical role in protecting occupants in the event of a head-on or side impact. We leverage our expertise in safety and material behavior to design unique solutions implementing energy-absorbing structures.

Door panels & Door modules. The door panel helps create a comfortable, high-quality environment within the vehicle by providing ergonomic armrests, controls for the window-lifts or mirrors, convenient storage space and good acoustic performance through the speakers. We used our skills in plastic composite technology to design the market's first door modules. These modules comprise the door panel and all the mechanical components, such as locks and window-lifts, plus the electric/electronic functions and connectivity. Modular solutions reduce costs for automakers and also allow them to make lighter cars and accelerate their production processes.

Acoustic Modules

We develop and produce acoustic modules that can be mounted directly on the assembly line, such as the parcel shelf, which contains speakers, brake lights, a rear seat locking system and seat belt retractors. We use the FACT concept (Faurecia Acoustic Triangle Concept) to strike the balance that manufacturers require between cost, weight and acoustic performance. A vehicle's acoustic module can also be optimised in terms of insulation and absorption without the automaker needing to create a prototype to evaluate performance.

We produce coverings and insulators, designed to soundproof the three main parts of the vehicle: the interior (floor carpets and dash insulators), the trunk (parcel shelves, side trims and trunk floor carpets) and the engine compartment (hood insulators and absorbers).

Our team of acoustics engineers can also optimise the vehicle's overall sound qualities. Our research centers in Mouzon, France, and Sassenburg, Germany, use some of the most sophisticated acoustic analysis and simulation tools in the world. Our acoustics experts have pioneered an "acoustic synthesis method" that reproduces the sound inside the vehicle with great accuracy. We can tailor our sound engineering services to suit specific needs. An automaker might, for example, pre-select the required insulating products. After the required sound spectrum has been specified for the interior, we will then fine-tune our product accordingly, while complying with cost and weight constraints.

Passenger Compartment. The acoustic solutions used in the passenger compartment minimise engine noise while also contributing to styling and passenger comfort. They include interior carpeting and undercarpet insulators. The materials used must meet strict performance criteria, acoustically and in terms of weight, cost, solidity, cleanability and environmental factors.

Trunk trim, Package tray & Acoustic Absorption parts. We develop multi-layer materials to achieve optimal acoustic performance and weight reduction. In particular, we supply interior acoustics products such as trunk compartment insulation, trunk trim and the "package tray", which sits below the back window. A variety of our trim parts contribute to the appearance, comfort and usability of the trunk compartment, where as the inner dash insulator blocks noise from the engine.

Other Modules

Emissions Control Technologies

Due in large part to our 2010 acquisition of Emcon Technologies (see "Management's Discussion of Financial Conditions and Results – Acquisitions"), in 2010 we had approximately 17,000 employees in the emissions control sector working at 69 production sites and 10 development centers worldwide. As a result of our increased size, in 2010 we made slightly less than half of our emission control sales in Europe.

We develop and produce entire exhaust systems, from the manifold to the tailpipe. One of the main opportunities for us to further increase our share in the market is the increasingly stringent environmental regulations being inposed worldwide, including in emerging markets. We are developing new technologies to reduce polluting emissions. In particular, the Euro 5 standard, which came into effect in Europe in 2010, lowers the threshold for soot particle emissions from diesel engines by 80%, which virtually requires the use of a particle reduction device, such as the Diesel Particulate Filter (DPF). We are the number one supplier in this market.

Moreover, lowering emissions of CO_2 greenhouse gases involves reducing fuel consumption and therefore lightening the exhaust system. Between 2005-2010, we reduced the average weight of the exhaust system by 20%, by redesigning the system's architecture and using new materials. In partnership with PSA Peugeot Citroën, our research and development centers also developed an exhaust heat recovery system that uses the heat from the engine to warm up the cabin in cars with traditional combustion engines. Energy recovery solutions are also being studied for hybrid cars. We also seek to enhance the durability of exhaust systems by improving the resistance to vibrations, thermo-mechanical shocks and internal and external corrosion. In addition, we provide solutions for vehicles' acoustic emissions by reducing noise levels and creating the "sound signature" sought by the manufacturer.

Emissions Control Technology Products

Our expertise covers the complete value chain of the exhaust system, for which we design and develop all parts, from the manifold to the noise reduction system. In particular, we produce complete lines, manifolds, monoliths, catalytic converters, mufflers and diesel particulate filters.

Our Emission Control Technology segment features the following innovative products:

Exhaust heat recovery for hybrid and plug-in electric vehicles. When a hybrid or plug-in hybrid starts up, it runs solely on its electric engine and no heat is generated or transferred. As a result, the internal-combustion engine must run longer to heat the cabin effectively. Our exhaust heat recovery system (EHRS) extracts heat quickly from the internal-combustion exhaust. This capability can reduce the amount of time that the engine must run to sufficiently heat the cabin by as much as 50%. The reduced running time for the engine leads to improved fuel economy and lower emissions. Fuel economy savings during winter-time operation can reach 10 percent, compared to a powertrain without an exhaust heat recovery system.

Our Adaptive Valve™ enables lighter mufflers while dampening noise pollution. Situated directly behind the front muffler in the middle of the car, Adaptive Valve™ responds to the amount of gas flowing through it. It helps control exhaust noise by adding acoustic dampening to the system and reducing the resonances that exhaust noise can create. Because it is so effective at acoustic dampening, the valve allows vehicles to be equipped with mufflers that are up to 35 percent lighter than conventional mufflers.

ActiveClean® Thermal Enhancer™ reduces diesel fuel needs. To respond to the needs of diesel trucks, we have advanced the ActiveClean® Thermal Enhancer.™ This device is a small combustion chamber where precisely measured quantities of diesel fuel are injected and burned in an optimised manner when not enough natural exhaust heat is available for regeneration and efficient catalytic operations. ActiveClean® operates at 80 to 90 percent efficiency, requiring much less extra fuel than conventional diesel heating methods.

Diesel fuel vaporizer. Another approach to supporting DPF regeneration is the diesel fuel vaporizer, a technology in which we have become the world leader. That leadership is manifested in our contributions to the Ford Transit, which incorporates our fuel vaporizer in its exhaust pipe. The diesel fuel vaporizer can be integrated in this standalone fashion or can be employed as a component within the ActiveClean® Thermal Enhancer.™

Selective Catalytic Reduction (SCR) removes NOx from emissions. Supported by the acquisition of Emcon Technologies and our expertise in diesel systems for passenger cars, we have become a major supplier of Selective Catalytic Reduction (SCR) technology for clean-diesel vehicles. The SCR, reduces NOx pollutants by using ammonia as a reductant that reacts with nitrogen oxides (NOx), which, as a result, is converted into harmless nitrogen, water and very small amounts of carbon dioxide (CO_2). Our SCR system can slash NOx emissions by 90 percent.

The Thermoelectric Generator (TEG). One of our devices under development is a thermoelectric generator (TEG) that will convert the otherwise wasted heat from exhaust gases into electricity to power vehicle systems. This additional electricity can reduce the demands on the alternator, resulting in less fuel usage and therefore a lower level of vehicle emissions.

Automotive Exteriors

We offer customers a range of solutions for front ends and exterior equipment. Our modular approach, just-in-time production process and close links to customers have allowed us to become one of the world's leading automotive exterior suppliers.

A modular approach. We design three different exterior modules: front ends (including engine cooling systems), exterior systems (including bumpers, design elements, etc.) and shock absorption systems. These products improve the vehicle's perceived quality, aerodynamic performance and safety. By adopting a modular approach, we can satisfy the increasingly sophisticated requirements of automakers for functional integration, weight reduction, quality management, reduced assembly times and costs.

Vehicle architecture expertise. The development of our front end business line is driven by our leadership in vehicle architecture. The experienced teams provide customers with effective solutions in terms of structure, passive safety and perceived quality, enhanced by the development of innovative technologies and processes, such as metal-plastic hybrid injection molding. We also research engine cooling, safety and perceived quality. For bumpers and front ends, we incorporate pedestrian safety, energy absorption and compliance with applicable standards at the earliest stages of the design cycle.

Optimizing the customer's assembly line. We assemble and deliver exterior systems on a just-in-time basis, allowing manufacturers to streamline their supply chain and obtain peak performance from their quality management system. The mEasy concept (for self-adjusting the front end to the bodywork) drastically reduces assembly times on the customer's production line while optimizing quality. We provide local service for manufacturers with 23 industrial sites in Europe and the United States and industrial partnerships in Spain, Romania and South Africa.

Exterior Systems Products

We produce front ends, exterior systems, and shock absorption systems.

Front end module. Our front end module approach is based on the integration of a front end carrier, an engine cooling fan system and a bumper. These modules could be assembled and delivered in just-in-time mode, allowing automakers to simplify their supply-chain, reduce assembly time and optimise quality management.

Front end carrier. The front end carrier is the underlying structure of the front end module as it offers both functional and assembly integration possibilities. The front end carrier is made of thermoplastic materials, composites or metal/plastic hybrids.

Bumper. The bumper plays a key role in the vehicle's design, appearance and safety. We produce bumpers and supply complete bumpers fitted with components such as bumper beams, fog lamps and parking assistance sensors. Our bumpers combine expertise in the design and production of plastic materials with the ability to integrate components, handle energy management and tackle safety and appearance issues.

Engine cooling system. We design and produce a wide range of engine cooling fan systems with power from 70 to 800 watts. Extensive research and development capabilities are used to improve air flow efficiency and minimise vibrations to enhance the acoustic comfort of the whole system. Recent innovations include a Pulse-width Modulation (PWM) electronic chopper motor with power from 200 to 500 watts. We are also developing brushless motors for engine cooling fans up to 700 watts.

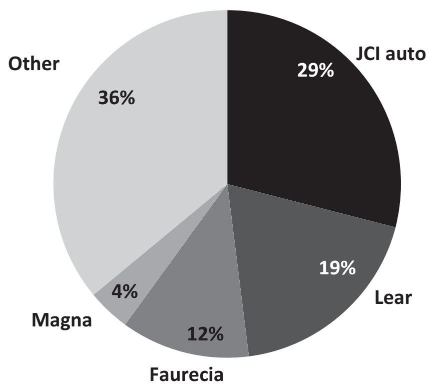
Competition

Based on 2010 automotive sales (including full year Emcon Technologies and Plastal sales), we are the sixth leading automotive parts supplier worldwide. We estimate that we hold the first, second or third largest supplier in terms of worldwide sales in every business in which we compete. Each of the segments in which we compete is projected to experience significant growth, not least due to increased car ownership in developing countries. Over the last three years, we have benefited from the significant consolidation in all markets in which we compete and have been able to acquire significant new technologies, markets and product lines.

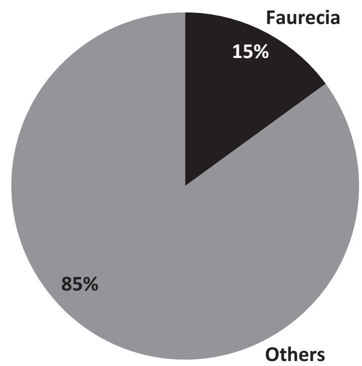
Automotive Seating

Our complete seats business generated sales of €4.6 billion in 2010. We estimate that we were the third largest supplier in the worldwide market for complete seats in 2010, which is estimated to have equalled approximately €33 billion in 2010. JCI Auto, Lear, and Magna had sales that constituted 29%, 19%, and 4% of that market, respectively. In the seat components segment, we are the number one worldwide supplier with 2010 sales totalling €2.2 billion. These sales constituted 15% of the global purchases in the seat components market.

Worldwide Complete Seat Market Shares 2010 (*)



Worldwide Seat Frames & Mechanisms Market Shares 2010

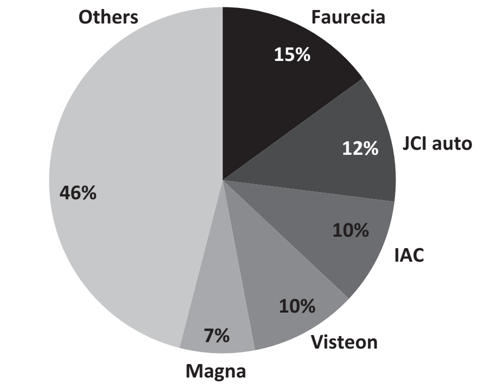


(*) Accessible market only (not including keiretsu or in-house seat assembly).

Interior Systems

We estimate that we are the number one worldwide supplier of interior systems with sales totalling €3.1 billion in 2010. According to our analysis, total worldwide sales in interior systems products were worth approximately €19 billion in 2010, of which our sales accounted for 15% of the total. Our competitors in this market include JCI Auto, IAC, Visteon, and Magna, which had sales that constituted 12%, 10%, 10%, and 7% of the worldwide market, respectively.

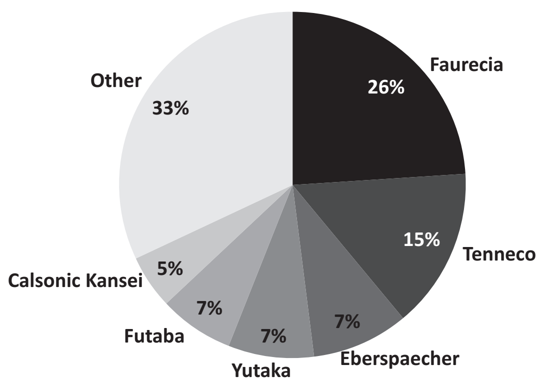
Worldwide Auto Interiors
Market Shares 2010



Emission Control Technologies

Our Emissions Control Technologies business generated total sales of €4.8 billion in 2010. These sales constituted 26% of worldwide emission control technology product sales in 2010, thereby making us the world leader. We estimate that the world market for exhaust systems is worth approximately €20 billion, of which product sales represent approximately €10 billion. Our main competitors include Tenneco (15% of worldwide product sales), Eberspaecher (9%), Yutaka (7%), Futaba (7%) and Calsonic Kansei (5%).

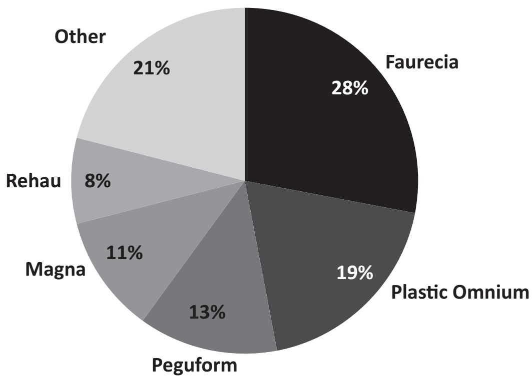
Worldwide Exhaust Systems
Market Shares 2010 (Product Sales)



Automotive Exteriors

We estimate that in 2010 we were the number two producer of bumpers worldwide and the number one producer in Europe, with 2010 bumper sales equalling €1.4 billion. We estimate the European bumper market to be worth €4 billion and that our automotive exterior sales accounted for 25% of that market in 2010. Competitors include Plastic Omnium (19%), Peguform (13%), Magna (11%), and Rehau (8%).

European Bumper Market Shares 2010



Manufacturing

With 238 production facilities in 33 countries, we can support automakers with on-the-ground service, especially in high-growth emerging markets. Focusing on innovation, project engineering and production, we play a role in shaping the automotive industry around the world.

We gear our global production system towards automakers' needs and expectations. Two thirds of our facilities producing components are specifically located near our customers' facilities in order to streamline industrial and supply chain costs. A third of our sites use a just-in-time business model, meaning that rather than stock-piling raw materials and finished products, components are produced based on the specifications communicated by the customer on the day of production. Located near automakers' assembly lines or even set up within their actual industrial parks, these sites are capable of delivering to customer production lines in less than three hours. For this reason, much of our property, plant and equipment is specifically dedicated to particular client programmes and utilization rates are dependant primarily on the activity level of the customers.

The just-in-time manufacturing system does not prevent us from winning new customers, as the product planning phase overlaps with the bid process for new business. The development and design phase for a new programme frequently lasts two years, starting with a development phase, followed by prototype production and testing before moving on the series production phase, which includes setting up new just-in-time facilities to service the programme. As our customers have expanded in new markets, we have constructed new production facilities to match those placed in production by our customers.

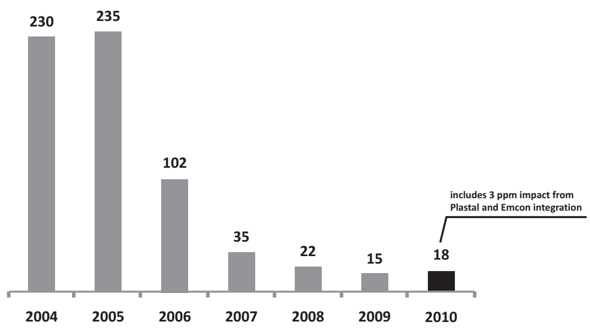
Most of our property, plant and equipment is comprised of machinery, specific tooling and new plant in the process of construction, as well as land and buildings involved in our production processes. The level of automation in our manufacturing facilities will depend on the local context and customers' needs; however, none of our plants are 100% automated and our workers remain key to maintaining quality.

We deploy the same approach for industrial efficiency, the Faurecia Excellence System (FES), at every production plant. The 114 "Faurecia Core Procedures" ensure that we produce the same standard and quality of work anywhere in the world. This unique system is known to automakers and our partner companies, and helps us maintain our focus on the best industrial practices.

Quality

We measure our quality performance as the average half-yearly rate of customer rejects per million parts delivered (ppm). This metric deteriorated slightly from 15 ppm to 18 ppm in 2011, primarily due to the integration of sites formerly belonging to Plastal and Emcon Technologies.

Rate of Customer Rejects in PPM



A plan for the accelerated and exceptional rollout of our Excellence System was implemented at the newly acquired Plastal and Emcon sites, with an emphasis on Safety and Quality. The strict application of the methodologies laid down in the Breakthrough Quality Plan allowed these sites to match our quality performance in the first quarter of 2011. Our major customers now acknowledge that we offer one of the highest levels of quality worldwide, as evidenced by numerous awards received from customers each year.

Detailed monitoring of specific performance with each customer has been introduced in order to ensure that corrective measures are taken immediately to address any quality issues at a given plant. Every major problem is addressed by means of systematic cross-functional action at the sites in question in order to prevent any recurrence. This methodology and the coordination system are now used by one of our major customers. Reducing quality performance differentials between sites remains an overriding goal, with 60% of sites having already reached single-digit customer rejects (up to or equal to 9 ppm), the highest level of excellence worldwide. The in-house parts scrappage rate stabilised in 2010, after a decrease of 30% in 2009.

Our culture of quality was reinforced in 2010 via major initiatives: QRQC Competition and Faurecia Excellence System (FES) audits. Quick Response on Quality Control (QRQC) is a management approach whereby all defects must be dealt with through corrective action immediately, or within 24 hours at the latest, working from an in-depth analysis to pinpoint the root causes of the problem and determine appropriate technical solutions that can be used across all of our businesses. The objective of the QRQC Competition is not only to select the best site or the best quality practice, but more importantly to train operations managers to steer the problem-solving process effectively. The problem-solving process is simple: each site manager submits a problem resolution to a committee of peers both locally and at regional levels, and to his or her operations manager, under a standard format. The assessment chart, which receives comments after each submission, allows analysis and the mainstreaming of corrective measures. This process, which originally targeted production quality problems in 2010, has been extended for 2011 to all problem categories: quality, environment, work safety, logistics, cost reductions, research and development. In addition, each research and development center will also submit its best subject.

The "Faurecia Excellence System" audit of plants and programmes continued in 2010. A total of 130 plants were audited, with 114 plants being audited for the second time, using the 2009 reference framework that provides for simple and structured self-assessment on 13 points. This is aimed at making it easier for individual sites to draw up progress plans. The A/B/C/D rating awarded after the audit is a tool used to motivate management and resulted in a 10-point improvement. An average grade of "B" was awarded in 2010. Each site that receives a "D" must submit an immediate adjustment plan to our Chairman. The audit programme is a component of the "Plan for the Acceleration of the Faurecia Excellence System," which aims to significantly improve our operational performance.

In 2010, all site managers received comprehensive training on lean manufacturing tools: Quality, Safety, Involvement of Staff, Logistics and Productivity. They have the support of a network of "FES Senior Specialist" operational experts. Management control (placement under management supervision) was strengthened and expanded in 2010 to ensure that each plant manager grasps at all times the operational priorities of the improvement plan, rolls out appropriate actions in plants, implements them and monitors their progress and results on a daily basis.

The verification of programmes under development as part of the FES audit continued in 2010, with audits of 86 programmes covering all phases, from the process of taking an order to its production. As is the case for production sites, an A/B/C/D rating can provide management with excellent visibility and help motivate programme teams as they progress. Applying rigorous and disciplined development methodologies has resulted in a significant improvement in ratings, with D-rated programmes almost completely eradicated, and an average score of "B" overall, with more than 56% of programmes rated "B" or "A".

Research and Development (R&D)

Research and development is a key strategic topic for us as it is the starting point for our innovative creations of products and processes and future customer applications. Research and development activities are structured around the following main engineering units:

- the Research and Innovation Unit, which covers upstream activities prior to programme acquisitions. This Unit allows us to provide an appealing and competitive product range, which it achieves by designing new products and processes, proposing innovative solutions and developing generic products and processes;
- the Programme Engineering Unit, which covers customer-specific vehicle programmes. This is a downstream unit responsible for ensuring that programmes are completed within the set timeframes and in compliance with the required cost and quality levels.

In all, 4,500 engineers and technicians based in our 38 research and development centers across the globe control an aggregate annual gross budget of more than €1 billion. Technological development and innovation are among the top priorities for us and we filed 300 patents in 2010. Technological development has been accelerated in two ways. First, we redeployed our internal innovation policy with a restructured innovation plan, increased involvement by management through regular "Technology Sessions", as well as with the promotion of technical experts now organised into networks. The first "Forum Experts", which brought our General Management and all of our technological experts together, was held at the beginning of 2011. Second, we decided to acquire or invest in high-tech companies, in sectors related to one of our four businesses. Three investments were made at the end of 2010 and in early 2011.

We acquired Angell-Demmel Europe, based in Lindau (Germany), a leader in metal interior trim parts, which has developed particularly advanced technologies for cutting metals such as aluminum to create premium trim parts. At the end of 2010, we also acquired the pneumatic systems business of Hörbiger, based in Schongau (Germany), which developed lumbar support and massage systems for premium car seats. Lastly, in early 2011, we acquired a 21% stake in Amminex, a Danish technology company which has developed technology for storing ammonia, the central molecule for systems for reducing nitrogen oxides (exhaust gases), the reduction of which is a key focus of future environmental regulations. This acquisition has strengthened our technical abilities in this key sector.

Market Expectations

Automakers are swiftly adapting their future product offerings in response to the difficult market conditions experienced in 2010. They continue previous trends by proposing enhanced downsized engine power, new forms of architecture, hybrid and electric solutions, and lighter-weight vehicles, as well as by speeding up the renewal of their entry-level offering. At the same time, they continue to research new functionalities to satisfy customers' increasing expectations, particularly in terms of comfort and perceived quality. Against this backdrop, we reaffirmed our competitiveness by creating new products to help lighten the weight of vehicles and reduce emissions as well as increasingly incorporating natural materials. The new demands from our automaker customers have not only affected the products themselves but also production technologies and the efficiency and duration of the development processes. Consequently, research and development is now an even more important element of our business, as it enables us to offer new products that are more competitive in terms of cost, weight and performance.

In 2010, we focused on the following key priorities:

- a competitive product offering, especially for entry-level vehicles or for the basic versions of more sophisticated models. This involves not only the products themselves but also production process such as lean manufacturing, which we apply through the Faurecia Excellence System;

- higher environmental performance, which has led to improved vehicle usage costs through reduced fuel consumption, lower emissions, better use of the energy consumed, lighter-weight parts, use of natural materials and new forms of engine such as hybrid and electric, which require changes to vehicle architecture;
- increased technological content in our premium vehicles, through the integration of new features, improvements to existing features or the use of different finishes;
- innovation and value creation as ways to enhance the product offering. This involves anticipating market demands and playing an active role in major societal and technological developments. We play a part by developing and integrating new technologies and by drawing on our pool of experts, which was strengthened in 2010;
- achieving economies of scale to offset the investments needed to develop new products, as required by current economic constraints. These economies are realised through the development of modular international seating platforms and through product and process standardisation for automobile seating frames;
- increasingly robust product/process design, which represents a main objective for autoparts suppliers.

This robustness, achieved through greater control over design and variability regardless of the sources of supply or production zone, is necessary to extend warranty coverage. We have structured our organisation in line with this objective and were one of the first to apply the "pilot line" across our various business lines.

The combination of these factors has led to tough market demands on equipment supplier performance. Nevertheless we regard these trends as a major opportunity to boost value in our markets and strengthen our long-term competitive standing. Few of our competitors can meet these intensifying demands, and we believe that we have the leading technology among the major market players. In order to meet these challenges while complying with tightly imposed budgets and deadlines, we have stepped up the pace of our product innovation plan and increased our engineering capacity.

Research and Innovation

Our innovation drive in 2010 revolved around products and technologies that boost our lead in two major areas: environmental performance and value creation. We approach the issue of environmental protection from many different, yet complementary, angles, including weight reduction, size reduction, pollution reduction, and increased energy efficiency.

Weight and size reduction

A multi-criteria approach is required to reach weight reduction targets, simultaneously addressing the performance of materials used, functional integration of products and the system in which they operate. We apply our weight-reduction strategies to all of our products so that we can surpass market objectives and offer products that provide a weight savings of about 70kg out of an average of 200kg of materials.

A combination of aluminum and fiberglass materials applied to front-end modules reduces weight by about 15% over previous technologies. Microcellular plastics using Microject technology (injection combining resin and an inflating agent or gas) and Lignolight technology, make it possible to reduce the density of molded parts without affecting performance, reducing weight by 20% and 40%, respectively, compared with the traditional injection system. The Ultima seat track made from ultra high strength steel (Dual Phase 1000) improves durability by 20% while reducing weight by 15%. Our approach to soundproofing also makes it possible to reduce the weight of materials by more than one third, a potential gain of over 10kg per vehicle.

Reducing product size maximises passenger room and helps reduce vehicle size. The goal is to provide the users of a certain vehicle class with the interior space of the next highest line. Development of new, lighter and more compact seat mechanisms and of composite backrests increases capacity by 15 to 20mm.

Pollution reduction

We develop technologies for reducing nitrogen-oxide and particulate emissions for off- and on-road passenger cars and commercial vehicles; these technologies either use systems for recirculating exhaust gas back to the engine intake or autonomous systems, in particular selective catalysis. In partnership with Amminex, we develop and industrialise the ASDS (Ammonia Storage and Delivery System) process which stores ammonia in a compact gaseous form, giving improved performance over a traditional liquid-form storage system. The first projects to use this technology have begun at a number of automakers.

Increased energy efficiency

We develop technologies for recycling the thermal energy available in exhaust systems, either directly to heat the vehicle's interior, for example, or by transforming the thermal energy into electricity to power accessories. Two technologies are considered for the latter application: thermoelectricity, which uses a semiconducting material crossed by a heat flow to generate electricity; or the generation of mechanical energy from the Rankine cycle, which uses fluid transformed into steam to power a turbine. This mechanical energy is then converted into electricity. These two principles reduce CO_2 emissions by 4 to 6 grams.

Standardisation

Equipment suppliers must standardise to reduce development time and investment, without decreasing the diversity of the product offer or the performance of individual applications. We standardise assembly technology and adapt the level of automation to the cost structure of the production country, so that the automaker has freedom when it comes to product design. This leads to a reduction in investment, a reduction in development time and costs, and the ability to supply a reliable, high-performance product under the best economic conditions. Restricting specifications are taken into account both in the part's design, which must adapt to the diversity of the components, and the production system able to create the desired composition in the time given. In the case of our customer Audi, effective use of standardisation results in five different vehicles offering five million different module combinations delivered at an average rate of 1,700 units per day.

Customisation

Decoration is a key element of customisation, and is one of our strategic focal points. The product offering for vehicle interior parts breaks down into two large families: add-on trim such as painted, filmed, aluminum or wood inserts, and integrated decoration such as DecoSkin (trim integrated into the surface of a part), or DecoStitch (stylish sewing lines). Processes can be used to enhance those surfaces, i.e. dual-colouring, metallic finish or mother-of-pearl instrument panels. We systematically search for the best balance between customisation and standardisation by optimising product and process architectures and thereby reducing the diversity of components.

Research and Development Investment

In 2010, our continuous innovation work resulted in 300 new patents. On par with previous years, this number demonstrates our commitment to innovation, despite heavy economic constraints. It should also be noted that these patents pertain to products, materials, and manufacturing processes, demonstrating our efforts to optimise the entire product value chain.

In 2010, our commitment to innovation was embodied by:

- the opening of the Worldwide Emissions Control Technology R&D and Innovation Center. This site, located in Bavans, France since April 2010, houses the innovation, research and development functions. A satellite site, opened in China in April 2011, handles projects specific to the Chinese market;
- the Caligny site (also in France), which focuses on seating mechanisms, opened our school of applied industrial mechanical engineering for metals and polymers less than a year after our own founding.

Engineering and Programme Management

As of today we operate 38 research and development centers around the world. Each Business Group's research and development is spread among our three main geographic areas (Europe, America and Asia) and is structured as a network, running worldwide programmes, committing as much of its resources as are needed, through its worldwide workforce, and engineering staff, particularly for vehicle innovation or application projects.

Vehicle application programmes follow a unique process, bringing together all the participants needed to develop and launch a new, mass-produced product. This process, known as PMS (Programme Management

System), describes all the deliverables to be produced at each phase of the programme. Every programme is given periodic interim reviews, first by specialists and then at the close of each phase by management, so that its progress can be seen. The PMS includes five phases: obtain and validate customer needs, develop the product, test the product and develop the manufacturing process, plan and validate productive machinery, and increase line speeds and launch mass production. We have introduced the idea of programme management excellence to track performance throughout the development process and steer us towards excellence. This new approach involves the foregoing elements plus system audits of the programme deliverables to vet the consistency of applications, and performance indicators, reviewed monthly, to signal future risks.

These various tools have made it possible to significantly improve such programmes' performance financially and in terms of quality, schedule and mass production launch. Over 400 programmes run by 280 Programme Managers are currently being applied. Some are of global scale, from first drawings to final manufacture.

Intellectual Property

In order to ensure that new and existing products, proprietary know-how and production processes are not compromised, we maintain issued and pending patents and other intellectual property, including trademarks relating to our business in France and other countries.

While our patent portfolio and other intellectual property rights including trademarks are of material importance to our business, we do not consider any one patent or group of patents that relates to any particular product or process as being of material importance in relation to the products we supply to any client or, for that matter, to our business as a whole. We are not currently engaged in any material intellectual property litigation, nor do we know of any material intellectual property claims outstanding.

Environment

Structured around environmental excellence centers and networks, our teams make every effort to reduce environmental impact throughout the product life cycle. While the regulations currently and soon to be in force have a direct impact on existing designs, automakers also sometimes strive to exceed these standards and set even more ambitious goals in terms of emissions reduction, the use of "green" materials (recycled or renewable materials) and automotive waste recovery. In such cases, suppliers have no choice but to go the extra mile and meet these objectives. We continued to follow the course set in 2009, devoting a significant portion of our research and development budget to reducing the environmental footprint of the auto industry.

Our Products and the Environment

Depending on the type of engine, decreasing the total weight of today's average vehicle by 100kg reduces emissions by 8-10g of CO_2 per kilometer driven. Since our products can account for up to 20% of a vehicle's total weight, we play a key role in making vehicles lighter and more fuel efficient, thereby reducing greenhouse gas emissions. Through our Emissions Control Technologies Business, we also make a significant contribution to lowering CO_2 emissions and reducing noise pollution.

This mission represents a major objective for all parties affected, including:

- customers, i.e., the automakers who rely on us to help differentiate their brands, by supplying products to make lighter vehicles with lower emissions that enable them to meet their objectives in this area;
- consumers, who reap the rewards of our efforts to make products safer, more comfortable, reliable and attractive and who are able to consume less;
- citizens, who depend on manufacturers to shrink their products' environmental footprint through emissions reduction, noise reduction, energy management and reduced consumption of non-renewable raw materials.

In order to grow and to make lighter, cleaner, safer, more spacious vehicles, we take environmental factors into account at all stages in the product life cycle, from product design to the environmental impact of our production sites, from supplier collaboration to product end-of-life.

Product Design

Our approach focuses on six key areas starting from the product design phase and including the technical expertise we provide to automakers:

- reducing the weight of components;
- reducing the space taken up by products, which helps to reduce vehicle size without affecting vehicle performance or capacity (or to increase capacity without affecting vehicle size);
- lowering emissions of greenhouse and other polluting gases;
- recycling, including anticipation of the end-of-life phase, optimisation of production waste recovery and the use of recycled materials;
- increasing the use of natural materials;
- reviewing and enhancing environmental performance based on life cycle analysis and assessment.

Reducing Product Weight

A number of countries, representing a considerable portion of the global automotive market, have regulatory frameworks for controlling carbon emissions. In order to reduce fuel consumption and consequently carbon emissions, reducing vehicle weight is a major imperative for automakers and is viewed as a significant means for automotive suppliers to stand out from the competition.

We are in a leading position to help automakers achieve this new objective, thanks to the diversity and size of the products that we supply as well as our high level of vertical integration. Obtaining optimal component weight is a complex balancing act requiring a broad spectrum of skills and approaches to support a wide variety of technological solutions. These approaches include:

- a continuous improvement strategy for existing components, which can achieve weight savings of 5% to 10% and can be applied to most of our products using conventional materials. Designing components in accordance with lean production principles forms part of this strategy;
- using rheological and mechanical calculation systems to optimise the design of parts such as by leveraging the positioning of ribbing and different thicknesses or by more closely monitoring the direction of glass fibers in thermoplastic matrices. By fine-tuning the design process and using specific materials we have been able to reduce the thickness of certain components and offer more lightweight front-end modules with weight savings of up to 10%;
- using new materials such as high-elastic-limit steel in order to achieve weight savings of around 10% on seating frames, or expanded polypropylene for rear seat cushions generating around a 40% reduction in weight;
- integrating new technologies for the shaping of parts (variable thickness panels, variable diameter tubing) which can achieve weight savings of around 15% for cross-car beams compared with traditional structures;
- developing a new manufacturing process for exhaust system parts to reduce the thickness of the steel tube;
- developing new high-performance composite materials such as “sandwich” frames and structural foam which can achieve weight savings of between 5% and 30% depending on the application concerned;
- developing new production processes to reduce the weight of current design elements by creating cavities in structural or semi-structural parts or by using micro-fillers for semi-structural parts and parts used in the finish of a vehicle;
- developing new assembly processes that make is possible to reduce part thicknesses without affecting overall performance (through the use of laser welding or bonding) or to combine different types of materials (multi-material assemblies).

Emissions Reduction Initiatives

The majority of industrialised countries regulate the pollution generated by the exhaust emissions of private and commercial vehicles to some degree, although the scope and stringency of these regulations vary from country to country. Following the widespread introduction of catalytic converters for gasoline-powered vehicles, it is now diesel vehicles and utility vehicles that are increasingly subject to regulatory constraints.

Europe is the leading worldwide market for diesel-run vehicles and has established strict regulations on two major pollutants – NOx and particulate matter (PM). Emissions are currently governed by the Euro 5 standard and will be governed by the Euro 6 standard beginning in 2014. The PM emissions threshold under the Euro 5 standard – which came into force in September 2009 – is five times lower than in Euro 4, which means that diesel vehicles need to use particulate filters. Beginning in September 2010, all diesel vehicles sold must be equipped with such a filter. Within the space of five years, the majority of the world's vehicle producing countries will have adopted comparable standards. South Korea was the first in 2010, and it will be followed by India in 2012 and then China in 2014. For us, this requirement for particulate filters means an increase in the average value of the lines delivered to customers. In 2014, the Euro 6 standard will cut the limit for nitrogen oxide emissions (NOx) to a third of its current value (0.08g/km).

New regulations relative to NOx and PM, applicable to utility vehicles, have required that emissions be reduced by more than 90% over the last decade in Europe, the United States and Japan. Brazil, China and India will soon follow the same path. Beginning in 2011, similar standards will apply to "off-highway" vehicles. These emissions standards will require the development of new post-treatment solutions for the exhaust line that are able to reduce NOx emissions. Several technologies are under development:

- selective catalytic reduction (SCR) using an external tank that contains AdBlue® to reduce emissions;
- low pressure exhaust gas recirculation (LP-EGR), which requires the exhaust line to be fitted with an electric valve;
- The Lean NOx Trap (LNT).

These technologies are already being used in European and North American utility vehicles. Particulate filters and SCR are required in commercial vehicles that operate in areas subject to strict regulations. In addition, some applications require innovations like the Thermal Regenerator™. These NOx treatment technologies have already been incorporated into our product offering and are already included in several models that are looking ahead to the Euro 6 standard or similar regulations. Such vehicles include the BMW 5 Series 5 3.0l, which offers LNT as an option; the Audi Q7; the Volkswagen Touareg 3.0l V6 TDI; or the new Mercedes S350 V6, each equipped with its own type of SCR system.

Our latest developments and newest concepts include:

- exhaust-heat recovery technology for conventional and hybrid vehicles that extracts heat from the exhaust gases to reduce the amount of time that engines must run to warm up and sufficiently heat the cabin of the car;
- a thermoelectric generator which converts the exhaust gas heat into electric energy supplied to the on-board electronics;
- the Rankine system converts the exhaust thermal energy into mechanical or electrical energy.

This trend towards stricter emissions standards requires exhaust systems to be fitted with highly specific equipment, and as such represents a significant growth opportunity for us in all of our markets.

Recycling Initiatives: Preparing for the End-of-Life Phase

In view of the increasingly strict regulations in this area, automakers are making ever more stringent demands on their equipment suppliers in terms of recycling end-of-life products. All of our businesses are affected by these obligations and, depending on the characteristics of the component in question, have implemented plans and solutions to ensure that end-of-life products will be processed as efficiently as possible in the future.

The Automotive Seating Business, for instance, conducted a product/process LCA (life cycle analysis) on an innovative front seat, comparing it to the current model, with a view to improve its performance and to reduce its environmental footprint. The initial results of this study indicate a potential reduction in CO2 equivalent emissions of approximately 10% for some of the key components of this seat.

In 2009, the Interior Systems Business kicked off a project, in conjunction with the French government's Energy and Environmental Agency (ADEME), promoting the recycling of complex interior components with a heterogeneous chemical makeup (instrument panels, door panels, etc.) by dismantling, crushing and separating the materials. Recyclability studies and tests have also been launched with certain car shredding establishments in relation to current products and materials being developed.

In a similar vein, in 2009 the Automotive Exteriors Business is finalising a project launched in 2008 in conjunction with the ADEME to optimise the treatment of materials from end-of-life vehicles and produce cradle-to-cradle designs. Specific extrusion processes and chemical treatments have been developed in order to enhance the quality of materials and thereby optimise their performance.

The outcome of our work in this area should enable us to draw up financial and technical models tailored to our business operations. We are studying all possibilities for recovering materials at the end-of-life phase with a view to integrating best-in-class solutions right from the design stage; reducing the environmental impact of our products, and taking into account all stages of the vehicle's life cycle. We also use life cycle analyses to "eco-design" our products, integrating all of the above criteria as early as possible into the innovation and development processes.

Use of Recycled Materials: recycled plastic parts.

In the Automotive Seating Business, depending on the type and category of vehicle, various components are now partly made of recycled polypropylene. Taking these components together, recycled plastics can now account for 15-20% of the materials comprising seats that we manufacture. In the Interior Systems Business, various tests and projects are currently underway in collaboration with industrial partners in the European automotive recycling industry. In addition, we maximise the incorporation of recycled natural fibers (mainly cotton) in our vehicle soundproofing systems.

The Automotive Exteriors Business offers a wide range of applications that can use recycled plastics, particularly non-visible applications such as energy absorbers and bumper frames or spoilers. Thanks to recent research work we can now offer the option of incorporating recycled materials into decorative parts, such as bumper surfaces, for upcoming vehicle models. Lastly, we are also looking into new sources of materials from end-of-life products in order to enlarge the range of available second-life materials.

Life cycle analyses show that the use of recycled materials can reduce the environmental impact of manufactured products. We, like our automaker customers, have considerably extended our panel of suppliers of recycled materials with a view to integrating recycled parts into increasingly technical applications.

Use of Natural Materials

Bio-based materials and natural fiber composites are forming an ever-larger part of new car models. We offer customers a wide array of lower cost alternatives to petroleum-based products, a market in which we have a high degree of involvement and one that we have pioneered.

Natural fibers and composites

In particular, our Interior Systems division designs and manufactures door panels using composite materials that combine wood fibers and resins. Natural fibers account for between 50% and 88% of the materials developed for this application. We also manufacture instrument panels that combine a polypropylene matrix with linen fibers, comprising between 40% and 60% fibers, depending on the mechanical properties required.

We have also developed a number of injection-based applications which we are currently proposing to customers for future projects. These composite materials made from natural fibers can be used to replace current materials and are 25% lighter.

The Automotive Exteriors business has approved the use of compounds based on polyolefin and fibers such as hemp and sisal for making semi-structural parts to replace glass fibers in order to offer customers solutions that are competitive in terms of weight and cost. Natural fibers used as reinforcement in plastic parts generate weight savings of up to 20%.

The use of these materials also makes us less dependent on oil prices and allows us to reduce our overall environmental footprint. Wood, linen, hemp and sisal are entirely renewable materials, are locally available, and require much less start-up energy than traditional solutions such as glass fibers.

We have developed all these materials to enhance processing methods by increasing resistance and improving technical performance and esthetic appeal. The materials are used in both premium vehicles such as the Audi A4, Volvo C70 Coupé and Citroën C6 and volume-production models including the Citroën C4, Toyota Corolla and Avensis, Ford C-Max and Nissan Qashqai (wood fibers), and the Opel Astra and Zafira and the SmartForTwo (linen).

Biomaterials

In 2007, we launched a research project called Biomat aimed at replacing fossil-based materials with materials derived from fully renewable resources, through our Interior Systems Segment.

Our objective is to develop a biopolymer for vehicle interior applications. These are technical materials, which meet the strict requirements of the automotive industry in terms of safety, regulatory compliance, heat resistance, dynamic fatigue, odors, VOC (volatile organic compound) emissions, etc. They can be processed using traditional, low-investment processes, and the price per kilogram is competitive compared to more conventional materials used for vehicle interiors. This research should eventually result in an industrial application with high volumes of materials derived from renewable and non-food resources.

At the same time, the Automotive Exteriors business is in the process of testing biopolymer compounds for semi-structural applications, and the Seating and Acoustics businesses have joined forces to carry out a research project with the aim of being able to use plant-based polyols in foam for seating and acoustic components by 2011. Biomass would make up around 5% of this foam.

Life cycle analyses

We are increasingly using life cycle analyses at various levels to steer our strategic decisions and those of automakers. These analyses are carried out on our products, on the entire vehicle, from the extraction of materials to delivery to automakers, and to the entire life cycle of the car (including customer use and recycling).

Framed by international standards SO 14040 and ISO 14044, this methodology consists of assessing the environmental impact of products that we designed and manufactured for use in automobiles. It involves the fullest possible impact assessment, including global warming (including CO_2), the consumption of non-renewable resources (oil and coal) and eutrophication.

These life cycle analyses allow us, as well as the automakers, to:

- make the right design choices for current vehicles (with gasoline or diesel internal combustion engines) and for those of the future using alternative fuels and with more environmentally-friendly emission control systems;
- assess and avoid impact transfer by focusing on alternative solutions (e.g. by developing a lighter but non-recyclable product).

Supplier management

Our components purchasing policy factors in environmental protection at every step in the product supply chain. Since 1 July 2007, we have asked our main suppliers to comply with our corporate social responsibility and environmental requirements. These requirements mainly concern compliance with various regulations, including those on occupational health and safety, certification of the environmental management system (e.g., ISO 14001), the development of eco-friendly products and not using prohibited products and substances. It is a request that follows on from the initiative started in 2006, concerning ISO 14001 certification for our 400 largest external suppliers in terms of revenues.

Specific measures have also been undertaken with all of our suppliers with respect to implementing the REACH directive on the production and use of chemical substances. In accordance with the recommendations of the various automotive industry committees and working groups of which we are a member, we ensure that suppliers are aware of and comply with the Directive's requirements in terms of registration, evaluation and authorisation of chemical substances for the European market, and, where applicable, take steps to initiate the withdrawal of certain substances from the market.

Insurance and Health

As we do not have any captive insurance entities our system for safeguarding assets is based on the implementation and ongoing adaptation of our risk prevention policy as well as our strategy of transferring our principal risks to the insurance market.

Industrial risk prevention

Our industrial risk prevention policy aims to reduce accidents caused by fire and to encourage our sites to achieve excellence in fire safety by obtaining the HPR (Highly Protected Risk) label from our insurer.

The HPR policy is based on the following priorities:

- regular fire safety audits carried out by our insurer. A total of 119 sites were audited in 2010 including almost all of the former Emcon sites and the former Plastal sites in Germany. Approximately 50% of our sites are classified as HPR or pre-HPR. Nine new sites received HPR certification in 2010;
- incorporating fire safety factors into the early stages of any plant design or major refurbishing of existing sites, through fire partitioning and ensuring that adequate fire safety equipment is available;
- experience feedback: fire incidents are systematically analysed and the findings circulated throughout the HSE network;
- an intranet-based fire safety management system, through which the HPR policy is relayed to the entire Group; including audit results, technical specifications, experience-based information and best practices.

No significant fires occurred in 2010. A few natural events (hail, lightning) caused limited damage. There was one major fire in 2009 – at the offices of the Neuburg research and development unit – which caused €0.4 million in damage. In 2008 a fire broke out at the Olmedo plant in Spain, which resulted in some €8 million worth of damage, and in 2007 there was a fire in the stock rooms at the Mlada-Boleslav plant in the Czech Republic which caused around €7 million worth of damage. These two incidents were covered by insurance (less the deductible). A sprinkler maintenance and inspection programme has been carried out continuously since its introduction in 2008.

Fire, property, damage and business interruption insurance

We have set up a fire, property damage and business interruption insurance policy with a number of leading insurers. The increased premiums due to high claims in 2007 and 2008 were wiped out with the renewal of the policy in July 2010, which brought premiums to a reasonable level. In addition, the limit of liability under the policy was increased from €275 million to €400 million. In 2010, we paid approximately €7.5 million for property and casualty and business interruption insurance.

The coverage for buildings and equipment is based on replacement value. Coverage is organised around a Master policy, which includes direct coverage for the freedom of services area, with local policies for subsidiaries in countries located outside this area. Special coverage has been set up to cover specific risks in certain countries.

Since July 2010, the premiums applicable to the capital at risk (direct loss and annual gross margin) are directly dependent on the HPR classification given to the site following an audit by the insurance company.

Liability insurance

We renewed our liability insurance policy on 1 January 2011. The new policy includes a slight increase in premiums to cover Emcon Technologies and to extend operating liability coverage to the second line. In 2010, we paid €4.2 million in premiums for liability coverage, including product liability insurance applicable after delivery to customers. Liability insurance covers operating liability, product liability after delivery and environmental liability. Liability insurance takes the form of a "Master" policy combined with local policies taken out in countries where our subsidiaries are located.

Our various acquisitions in 2010 (mainly Emcon Technologies and Plastal) are now covered by our insurance plans, including both property damage and business interruption insurance as well as liability insurance.

Employees

Our total number of employees increased by 17,262, or 29.6%, to approximately 75,676 as of 31 December 2010. Excluding acquisitions, total employees increased by 6,300, or 10.8%. The proportion of staff employed under open-ended contracts (as opposed to temporary workers on fixed-term contracts) decreased from 81.6% to 77.1%. The proportion of staff on fixed-term contracts was on par with 2009, increasing slightly from 7.5% to 7.7%, and the proportion of temporary staff rose from 10.9% to 15.2%.

Total employment grew in all geographic regions in 2010. This increase was particularly marked in North and South America. This is mainly due to the acquisitions made in 2010 (Emcon Technologies, Plastal Germany, Plastal Spain). We gained nearly 9,400 new employees as a result of these acquisitions, including 5,500 in Europe, 2,250 in North America, 815 in South America and 800 in Asia and in other countries. On a like-for-like basis, the number of registered headcount increased by 2,756 (5.4%). This reflects our business growth, especially in North America, in Asia and in other countries. The number of temporary employees increased by 5,139 (81.0%) in 2010. Excluding acquisitions, the number of temporary employees increased by 3,544, or 55.8%. As of 31 December 2010, the proportion of temporary employees to total employees was 15.2%, which is comparable to pre-crisis levels.

The following table provides a breakdown of permanent employees by region and by function:

	31 December 2010			
	Operators and Workers	**Technicians, foremen and administrative staff**	**Managers and professionals**	**Total**
Europe	26,979	7,781	6,935	41,695
North America	8,172	838	1,965	10,975
South America	3,043	1,122	335	4,500
Asia	1,801	664	1,250	3,715
Other	2,606	440	258	3,304
FAURECIA	42,601	10,845	10,743	64,189

In addition to the above employees, we employed 11,487 total temporary employees throughout all of our sites.

The registered headcount increased by 23.3% in 2010. On a like-for-like basis, the registered headcount increased by 5.4%.

- In Europe, the total registered headcount increased by 11.3%, with operators & workers increasing by 10.5%, technicians, foremen & administrative staff increasing by 18.0%, and managers & professionals increasing by 7.6%. This increase stems from the addition of 5,500 people who joined our Group as the result of the acquisition of Emcon Technologies, Plastal Germany, Plastal Spain and Visteon France. On a like-for-like basis, the registered headcount fell by 3.4% due to the finalisation of the restructuring plans launched in this region during the crisis.
- In North America, the total registered headcount increased by 54.3%, with operators & workers increasing by 57.8%, technicians, foremen & administrative staff increasing by 47.0%, and managers & professionals increasing by 43.8%. These figures are directly impacted by the addition of 2,250 employees as a result of the acquisition of Emcon Technologies. On a like-for-like basis, the registered headcount increased by 22.7% due to increased production volumes, mainly in Mexico.
- South America experienced a 73.8% increase in employment. 815 employees joined our Group in Brazil and Argentina as a result of the acquisition of Emcon Technologies. Even on a like-for-like basis, employment growth remains high at 41.0%, driven by strong business activity in this region.
- In Asia, 421 people joined our Group as a result of the acquisitions in 2010. The registered headcount in this region thus increased by 35.6% in total and by 20.2% on a like-for-like basis, largely influenced by sustained production levels, especially in China.
- Other countries posted a 52.3% increase in the registered headcount; this includes the new employees in South Africa resulting from the acquisition of Emcon Technologies, as well as those in Russia.

Our employees are covered variously by stock option programmes, employees saving plans and other incentive-based pay depending on their level and the country in which they work.

Litigation

Except as disclosed in this Offering Circular, we are not involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which we are aware) which may have, or have had in the recent past, a significant impact on our financial position or profitability.

Faurecia Systèmes d'Échappement, which has long-standing expertise in conventional impregnated ceramic-based filtration technology, is subject to a claim concerning electrostatic filtration that has been brought before the courts following its unsuccessful cooperation with a service provider. This case is continuing before the Paris Court of Appeal (*Cour d'Appel*). We consider that the residual risks and impact of these proceedings are not material. Provisions have also been established for a claim concerning the repair of Blackpool (formerly Emcon) buildings at end of lease. We have also received a claim from Suzuki that is the subject of a request for arbitration.

MANAGEMENT

We are a limited liability company (*société anonyme*) with a Board of Directors. The business address of our Board of Directors is 2, rue Hennape, 92000 Nanterre, Cedex, France.

Our Board of Directors determines our overall business, financial and economic strategies and also oversees their implementation. Subject to the powers expressly granted by the shareholders meetings and subject to the company's by-laws, the Board of Directors deals with all matters concerning our affairs. The Board of Directors is consulted with respect to all of our strategic decisions at the initiative of our chairman.

Our day-to-day activities are overseen by an executive committee. Our Executive Committee meets once a month in order to review the principal questions relating to our general organisation. We discuss and prepare direction on major operations-related issues concerning the company and our subsidiaries, which are then implemented by each of the Executive Committee's members in line with their functions.

Board of Directors

In accordance with the provisions of our by-laws (article 11 of the by-laws), the Board of Directors is made up of a minimum of three members and a maximum of fifteen members. In 2010, the number of members of the Board of Directors was increased from 9 to 12. Its members are appointed by the ordinary shareholders' meeting for a term of office of five years, reduced from the previous term of office of six years, as decided by the first resolution of the general shareholders meeting held on 26 May 2011.

Members of the Board of Directors

The Board of Directors currently consists of twelve members, six of whom are independent directors under French corporate governance guidelines issued by the AFEP/MEDEF corporate governance code: Éric Bourdais de Charbonnière, Jean-Pierre Clamadieu, Lee Gardner, Linda Hasenfratz, Hans-Georg Härter and Ross McInnes. Lee Gardner, appointed to the Board after the acquisition of the Emcon Group, holds positions at One Equity Partners (JP Morgan Chase group), and only became independent when One Equity Partners disposed of its 13% holding in our capital in October 2010. Five directors hold executive management or supervisory positions within the PSA Peugeot Citroën Group, our majority shareholder: Jean-Claude Hanus, Robert Peugeot, Thierry Peugeot, Frédéric Saint-Geours and Philippe Varin. Yann Delabrière has been our Chairman and Chief Executive Officer since 16 February 2007.

Name	Age	Position	Initially Appointed
Mr. Yann Delabrière	60	Chairman and CEO	16 February 2007
Mr. Éric Bourdais de Charbonnière	71	Director	8 February 2010
Mr. Jean-Pierre Clamadieu	52	Director	29 May 2007
Mr. Lee Gardner	64	Director	8 February 2010
Mr. Jean-Claude Hanus	64	Director	21 February 2000
Mr. Hans-Georg Härter	65	Director	26 May 2010
Mr. Frédéric Saint-Geours	60	Director	20 July 2009
Mr. Ross McInnes	57	Director	29 May 2007
Mr. Robert Peugeot	60	Director	29 May 2007
Mr. Thierry Peugeot	56	Director	17 April 2003
Ms. Linda Hasenfratz	44	Director	26 May 2011
Mr. Philippe Varin	58	Director	9 April 2009

The members of the Board of Directors bring together a range of premier quality managerial, industrial and financial skills. Our directors come from a broad spectrum of professional backgrounds, including not only the automotive industry but also various other business sectors. They enhance the work and discussions of the Board of Directors and its committees through their diverse capabilities and the expert input they can give both from an international perspective as well as in terms of their specific experience in finance, manufacturing and management. They act in the best interests of all shareholders and are fully involved in defining our corporate strategy so that they can actively contribute to and support the decisions of the Board of Directors.

We have no employee-elected or non-voting directors. Each member of the Board of Directors must hold at least 20 shares or stock in our company throughout his or her term of office. Apart from the Chairman and Chief Executive Officer, no member of the Board of Directors holds an executive management or other salaried position within a Group company. The only directors with a family connection are Thierry Peugeot and Robert Peugeot. There are no other family relationships between our other corporate officers.

Yann Delabrière – Chairman of the Board of Directors. Yann Delabrière, 60, has been our Chairman and Chief Executive Officer of our Board of Directors since 16 February 2007. His term of office will expire at the Annual Shareholders' Meeting to be held in 2012. Yann Delabrière has been a director since 18 November 1996. He occupied various positions within the finance departments of major manufacturing groups before joining the PSA Peugeot Citroën Group in 1990 where he held the position of Chief Financial Officer and member of the Executive Committee from 1998 to 2007.

Jean-Pierre Clamadieu. Jean-Pierre Clamadieu, 52, has been a member of our Board of Directors since 29 May 2007. His term of office will expire at the Annual Shareholders' Meeting to be held in 2012. Jean-Pierre Clamadieu was appointed Chief Executive Officer of Rhodia in October 2003 and has been Chairman and Chief Executive Officer since March 2008, having previously held various divisional executive positions.

Frédéric Saint-Geours. Frédéric Saint-Geours, 59, has been a member of our Board of Directors since 20 July 2009. His term of office will expire at the Annual Shareholders' Meeting to be held in 2012. Frédéric Saint-Geours has held various positions within the PSA Peugeot Citroën Group, including Group Finance Director and Senior Vice-President of Automobiles Peugeot. From July 1998 to the end of December 2007 he was Chief Executive Officer of Automobiles Peugeot and a member of the Managing Board. Following this, he has been Adviser to the Chairman and a member of the Managing Board of the PSA Peugeot Citroën Group.

Linda Hasenfratz. Linda Hasenfratz, 44, has been a member of our Board of Directors since 26 May 2011. Her term of office will expire at the Annual Shareholders' Meeting to be held in 2016. Linda Hasenfratz is Chief Executive Officer of Linamar Corporation since August 2002. She had been President of Linamar Corporation from April 1999 to August 2004. From September 1997 to September 1999 Ms. Hasenfratz was also Chief Operating Officer of the Company. Ms. Hasenfratz has been a director of Linamar Corporation since 1998.

Ross McInnes. Ross McInnes, 56, has been a member of our Board of Directors since 29 May 2007. His term of office will expire at the Annual Shareholders' Meeting to be held in 2012. Ross McInnes held the position of Chief Financial Officer of Eridania Beghin-Say from 1991 to 2000, and became a director in 1999. He joined Thomson-CSF (Thales) in 2000 as Senior Vice-President and Chief Financial Officer before joining the PPR group in 2005 as Senior Vice-President Finance and Strategy. From 2007 to 2009 he held the position of Vice Chairman of Macquarie Capital Europe. Ross McInnes has been the Executive Vice-President responsible for Economic and Financial Affairs of Safran group since 28 May 2009.

Éric Bourdais de Charbonnière. Éric Bourdais de Charbonnière, 71, has been a member of our Board of Directors since 8 February 2010. His term of office will expire at the Annual Shareholders' Meeting to be held in 2015. Éric Bourdais de Charbonnière joined JP Morgan in 1965 and went on to hold various positions in the bank. From 1987 to 1990 he was the Executive Vice-President, Head of Europe. In 1990, he joined Michelin as Chief Financial Officer, and later became member of the Group Executive Council. He has been Chairman of the Supervisory Board since September 2000.

Robert Peugeot. Robert Peugeot, 59, has been a member of our Board of Directors since 29 May 2007. His term of office will expire at the Annual Shareholders' Meeting to be held in 2012. Robert Peugeot is a member of the Supervisory Board of Peugeot S.A. He has held a number of executive positions, primarily in the PSA Peugeot Citroën Group. He was previously a member of the Executive Committee of PSA Peugeot Citroën and held the position of Vice-President, Innovation and Quality between 1998 and 2007. He has also been Chairman and Chief Executive Officer of Société Foncière, Financière et de Participations (FFP) since 2002.

Jean-Claude Hanus. Jean-Claude Hanus, 63, has been a member of our Board of Directors since 21 February 2000. His term of office will expire at the Annual Shareholders' Meeting to be held in 2016. Jean-Claude Hanus has spent his entire career with the PSA Peugeot Citroën Group and is currently Director of Legal Affairs, Institutional Relations and Internal Audit of Peugeot S.A.

Thierry Peugeot. Thierry Peugeot, 52, has been a member of our Board of Directors since 17 April 2003. His term of office will expire at the Annual Shareholders' Meeting to be held in 2016. Thierry Peugeot has been Chairman of the Supervisory Board of Peugeot S.A. since the end of 2002. Thierry Peugeot previously held executive positions within the PSA Peugeot Citroën Group in Europe and South America.

Lee Gardner. Lee Gardner, 62, has been a member of our Board of Directors since 8 February 2010. His term of office will expire at the Annual Shareholders' Meeting to be held in 2015. Lee Gardner joined One Equity Partners as a Partner. In 2008, he became Chairman and Chief Executive Officer of Emcon Technologies. He is currently the Chairman and Chief Executive Officer of OEP Emission Holdings Ltd. and a Partner of One Equity Partners.

Philippe Varin. Philippe Varin, 57, has been a member of our Board of Directors since 9 April 2009. His term of office will expire at the Annual Shareholders' Meeting to be held in 2016. Philippe Varin held different positions of responsibility within Pechiney group prior to his appointment as Director of the Rhenalu Division in 1995 and then as Director of the Aluminium Sector and member of the Executive Board in 1999. He was appointed as Chief Executive of the Anglo-Dutch steel group Corus in 2003. He has been the Chairman of the Managing Board of Peugeot S.A. since 1 June 2009.

Hans-Georg Härter. Mr. Hans-Georg Härter, 65, has been a member of our Board of Directors since 26 May 2010. His term of office will expire at the Annual Shareholders' Meeting to be held in 2015. Mr. Härter is CEO of ZF Friedrichshafen AG and has spent his whole career within the ZF Group, which he joined in 1973. He was appointed Chief Executive Officer of ZF Friedrichshafen AG in January 2007, which had €9.4 billion in 2009 sales and is one of the world's leading automotive industry suppliers specializing in driveline and chassis technologies.

Responsibilities of the Board of Directors

The internal rules of the Board of Directors, which may be consulted by shareholders at our headquarters or on our corporate website at www.faurecia.com, govern how the work of the Board of Directors is organised. They describe the modus operandi of the Board of Directors and its role in the management of the company as carried out in accordance with the law and the company's bylaws. They also specify the rights and responsibilities of members of the Board of Directors, particularly regarding the prevention of conflicts of interest, the holding of multiple directorships and the need for strict confidentiality as well as diligence in taking part in the work of the Board of Directors. In addition they set out rules governing transactions involving shares in the company, as recommended by the *Autorité des marchés financiers*.

The Board of Directors decides which type of management structure the company applies. This management structure may be placed under the responsibility of either the Chairman of the Board of Directors or another person appointed by the Board of Directors who holds the title of Chief Executive Officer. Since the Board of Directors meeting of 8 September 2006, the positions of Chairman and Chief Executive Officer have been combined. The Board of Directors confirmed this management structure at its meeting of 16 February 2007.

Committees of the Board of Directors

The Audit Committee

The Audit Committee currently has three members, Éric Bourdais de Charbonnière, Ross McInnes and Fréderic Saint-Geours. It is chaired by Ross McInnes. The Audit Committee includes two independent directors, one of whom is its Chairman. The number of independent directors is therefore two-thirds of the total number of Audit Committee members as recommended in the Corporate Governance Code.

The Audit Committee is governed by its internal rules which provide that Audit Committee members are all directors and that they may not use proxies. The term of office of Audit Committee members is the same as that of their directorships. All Audit Committee members must be members of the company's Board of Directors, excluding those in executive management positions. Audit Committee members must show evidence of specific skills in the area of finance or accounting.

The general remit of the Audit Committee is to assist the Board of Directors in monitoring issues relating to the preparation and verification of accounting and financial information. More specifically, its role is to conduct an in-depth review of the interim and annual financial statements, our most significant financial transactions and its reporting schedules. It also monitors off-balance sheet commitments and factors that enable our risks to be assessed. In particular, the Audit Committee is responsible for preparing the Board of Directors Meetings held to review the interim and annual financial statements and for informing the Board of Directors on these subjects. As part of its internal control remit, the Audit Committee also monitors the effectiveness of internal control systems and is given a presentation by the Head of Internal Audit once a year on this issue.

Strategy Committee

Following our announcement on 2 November 2009 concerning the acquisition of Emcon Technologies, the Board of Directors decided to set up a Strategy Committee on 15 October 2009. The internal rules of this new Strategy Committee were adopted by the Board of Directors on 17 December 2009.

The Strategy Committee currently has four members, who are all directors, Yann Delabrière, Lee Gardner, Hans-Georg Härter and Philippe Varin, and is chaired by Philippe Varin. The term of office of Strategy Committee members is the same as that of their directorships. The internal rules of the Strategy Committee stipulate a minimum of three members. The Chairman of the Board of Directors is automatically a member of the Strategy Committee as is the Chief Executive Officer, provided he is a director. The Board of Directors appoints a Strategy Committee Chairman from among its members for a term identical to that of his directorship. At least one Strategy Committee member must be independent as defined in the Corporate Governance Code.

As part of its general remit to analyse our overall strategic vision, the Strategy Committee prepares the matters to be discussed by the Board of Directors. To this end, it issues proposals, opinions and recommendations on our strategic and medium-term plans, plans to acquire new businesses, including acquisitions of both assets and companies, plans to dispose of assets, companies or our equity interests and plans to set up joint ventures with partners.

Appointments and Compensation Committee

The Appointments and Compensation Committee has three members, Jean-Pierre Clamadieu, Chairman of the Appointments and Compensation Committee, Jean-Claude Hanus and Linda Hasenfratz. The members of the Appointments and Compensation Committee all sit on our Board of Directors. They are appointed in a personal capacity and may not use proxies. They are appointed for the term of their directorships.

The composition of the Appointments and Compensation Committee may be changed at any time as decided by the Board.

The role of the Appointments and Compensation Committee is to prepare matters for the Board's discussion, notably regarding: the selection and appointment of new directors, corporate officers' compensation, setting the terms and performance conditions applicable to stock option and share grant plans for corporate officers, and the periodic review of directors' compensation.

Conflicts of interest

As provided for in the Board of Directors' internal rules, each director must disclose to the Board of Directors any conflicts of interest (including any potential conflicts of interest) relating to issues on the agenda of Board of Directors meetings and must refrain from taking part in the vote on the matters in question. No such situations arose in 2010. Aside from regulated agreements which are the subject of a report to the Shareholders' Meeting, we have not entered into any service agreements, either directly or indirectly through one of our subsidiaries, with any member of our Board of Directors.

The Board of Directors strengthened its rules relating to conflicts of interest by adopting a procedure regarding the use of insider information. This procedure provides that no transactions may be carried out involving the company's shares until the related information has been made public. Directors and certain categories of personnel, who are all included in a regularly updated list, must disclose any trades they carry out in our shares to us, and we will then inform the markets.

Executive Committee

Our executive management function is performed under the responsibility of the Chairman and Chief Executive Officer by the Group Executive Committee that meets every month to review our results and consider general matters concerning our Group. Its members are as follows:

Name	Age	Position	Initially Appointed
Mr. Yann Delabrière	60	Chairman and CEO	2007
Mr. Jean-Marc Hannequin	61	Executive Vice-President, Emissions Control Technologies	2002
Mr. Frank Imbert	60	Chief Financial Officer	2005
Mr. Patrick Koller	52	Executive Vice-President, Automotive Seating	2006
Mr. Thierry Lemâne	61	Executive Vice-President, Group Communications	2002
Mr. Jacques Mauge	56	Executive Vice-President, Automotive Exteriors	2008
Mr. Bruno Montmerle	61	Executive Vice-President, Group Strategy	2004
Mr. Christophe Schmitt	52	Executive Vice-President, Interior Systems	2006
Mr. Jean-Pierre Sounillac	48	Executive Vice-President, Group Human Resources	2004

Senior Management

Each of the four core businesses is organised into geographic divisions – Europe, divided when appropriate into Northern and Southern Europe, North America, South America, and Asia (China) – which manage operations in their region and also coordinate operations with customers headquartered in their region.

The four businesses also have central staff that handle the main operating functions (sales and marketing, programmes, manufacturing support, purchasing, human relations and finance). These functions are also managed within the geographic divisions by equivalent teams. Additionally, some specialised areas are managed by worldwide product lines within the four businesses, such as seat mechanisms, acoustic treatments and interior decorative trim.

Our Senior Management consists of all the aforementioned management teams along with the Executive Committee and the key headquarters managers of the manufacturing and quality staff, the Human Relations department and the Financial department.

Our Senior Management at 31 December 2010 included 246 members. This is our operational management, responsible for the company's operations, growth and performance. As such, the members of this team are linked with short term results through a system of variable bonuses based 80% on operating income and cash generation within their direct scope of authority and 20% on the scope immediately above them.

The members of this team also benefit from a restricted stock plan instituted by the Board of Directors, which voted two initial rounds of awards at its meetings of 23 June 2010 and 21 July 2010 and a further round at its meeting of 25 July 2011.

Compensation of the Executive Committee

The total compensation paid or allocated to members of the Executive Committee for 2010 amounted to €6,080,592. The compensation of the Executive Committee includes a variable bonus. Performing on target can result in a bonus worth between 35% or 45% of the base salary. Should objectives be exceeded, this percentage can rise to 70% or 90%, respectively, of base salary. 80% of the bonus depends on collective objectives for operating income and cash generation within the scope of responsibility, and 20% on the same objectives measured group-wide.

If the employment contract of an Executive Committee member is terminated, he or she may receive contractual severance pay of up to 12 months' compensation, depending on their position. This amount is not payable in the event of gross or willful misconduct.

PRINCIPAL SHAREHOLDERS

Principal shareholders

As of 30 June 2011, our share capital amounted to €772,567,721, divided into 110,368,103 fully paid-up shares with a par value of €7, all in the same class. These shares represent 161,830,717 voting rights.

Based on information taken from shareholder accounts, our ownership structure and voting rights as of 30 June 2011 were as follows:

Shareholder	Shares Owned	Per cent of shares outstanding	Double voting rights	Single voting rights	Total voting rights	Per cent of voting rights
Peugeot S.A.	63,380,509	57.43%	51,287,589	12,092,920	114,668,098	70.86%
Faurecia Actionnariat corporate mutual fund	172,650	0.16%	93,340	79,310	265,990	0.16%
Treasury stock (*)	25,750	0.02%	51,500	0	51,500	0.03%
Other	46,789,194	42.39%	55,935	46,733,259	46,845,129	28.95%
TOTAL	**110,368,103**	**100%**	**51,488,364**	**58,905,489**	**161,830,717**	**100%**

(*) Voting rights in Treasury stock are theoretical and cannot be exercised by the Company.

The company's Directors hold approximately 0.04% of the company's capital and voting rights.

Bonds convertible into new shares and/or exchangeable for new or existing shares

In November 2009, we issued 11,306,058 convertible / exchangeable bonds (known by their French acronym as "OCEANE") totalling €211.3 million principal amount, payable on 1 January 2015. Each bond has a nominal value of €18.69. The bonds will mature on 1 January 2015. They are convertible into and/or exchangeable for new or existing shares in our company on a one-for-one basis, subject to antidilution adjustments. We have the right to redeem the bonds in advance, provided certain conditions are met. None of these bonds had been converted or redeemed as of 31 December 2010.

Transactions with majority shareholder

We are managed independently and transactions with the PSA Peugeot Citroën Group are conducted on arm's length terms. These transactions (including with companies accounted for by the equity method by the PSA Peugeot Citroën Group) are recognised as follows in our consolidated financial statements:

(in € millions)	For the year ended 31 December			For the six-months ended 30 June	
	2008	2009	2010	2010	2011
				(unaudited)	
Sales	2,733.9	2,049.4	2,300.9	1,187.7	1,345.0
Purchases of products, services and materials	20.9	10.6	10.2	5.3	6.1
Receivables (*)	488.6	447.7	457.6	490.5	568.9
Payables (**)	265.5	154.5	170.1	150.2	177.4
(*) after no-recourse sales of receivables in the amounting to:	*300.9*	*192.4*	*197.2*	*164.8*	*214.3*
(**) o/w borrowings amounting to:	*194.0*	*128.0*	*142.0*	*125.0*	*152.0*

DESCRIPTION OF OTHER INDEBTEDNESS

Our outstanding debt currently includes primarily our Existing Senior Credit Agreement, the PSA Loan, an outstanding convertible bond (known by its French acronym as an "OCEANE") and various short-term borrowings. As of 30 June 2011, our outstanding consolidated net debt was €1,255 million, including €1,186 million of net debt at the parent company level and €69 million of net debt at the operating subsidiary level.

The issuance of the Notes in this offering is part of an overall refinancing intended to extend our debt maturity profile and strengthen our balance sheet. In addition to the offering of the Notes, we have signed a commitment letter with a bank syndicate for a New Senior Credit Agreement, comprised of two multi-currency revolving credit facilities in an expected amount of €1,150 million, the full amount of which has been firmly committed (subject to definitive documentation and customary closing conditions). The proceeds of the Notes will be used to repay a portion of the amounts outstanding under the Existing Senior Credit Facilities and the PSA Loan. See "Use of Proceeds". Assuming that we finalise the New Senior Credit Agreement, we will use it to repay the remainder of the amounts outstanding under the Existing Senior Credit Agreement and the PSA Loan.

Debt Summary

The following table sets forth a summary of our outstanding debt as of the dates indicated:

	As of 31 December			As of 30 June
(in € millions)	2008	2009	2010	2011
Bonds (2)	300.0	183.7	191.8	193.5
Bank borrowings	956.4	869.1	726.1	803.1
PSA loan	194.0	128.0	142.0	152.0
Other borrowings	8.5	6.3	5.7	5.5
Obligations under finance leases	17.0	29.4	37.0	31.5
Non-current derivatives	15.8	15.7	12.3	7.2
Subtotal – Non-Current Financial Liabilities	**1,491.7**	**1,232.2**	**1,114.9**	**1,192.8**
Current portion of long-term debt	31.4	36.2	78.7	62.1
Short-term borrowings (1)	509.9	486.6	608.0	733.9
Payments issued (3)	0.0		0.4	0.0
Current derivatives	4.9	5.4	0.6	1.9
Subtotal – Current Financial Liabilities	**546.2**	**528.2**	**687.7**	**797.9**
TOTAL	**2,037.9**	**1,760.4**	**1,802.6**	**1,990.7**

(1) Including bank overdrafts amounting to: *112.5* *128.0* *162.7* *208.8*

(2) For 2009 and 2010, this amount includes the component of the OCEANE recorded as debt in accordance with IFRS, and for 2008, this amount includes a bond issued in 2005 that was fully redeemed by October 2010.

(3) Payments awaiting clearance by the bank as they fall due on a non-banking day. The contra-entry is an increase in cash and equivalents under assets.

Our net debt as of 30 June 2011 was €1,255 million, reflecting total gross debt of €1,990.7 million and cash and cash equivalents (including other current financial assets included in net debt) of €735.5 million. Our gross debt included €1,348 million at the parent company level and €638.7 million at the subsidiary level. Our subsidiaries hold significant cash balances from their servicing of derecognised receivables (described above), which is included in our short-term debt. In addition, our subsidiaries tend to hold significant amounts of cash that they intend to use to fund working capital requirements and capital expenditure, particularly in jurisdictions where it would be disadvantageous from a tax perspective to distribute the cash and subsequently to receive funding from the parent company. Because of the significant cash balances held by our subsidiaries (as described above), net debt at the subsidiary level was €69 million at 30 June 2011.

For the first half of 2011, the weighted average interest rate on our outstanding debt was 3.78%. After giving *pro forma* effect to the issuance of the Notes and the application of the net proceeds thereof to repay a portion of the amounts outstanding under the Existing Senior Credit Facilities and the PSA Loan, as if such events had occurred on 1 January 2011, the weighted average interest rate on our outstanding debt would have been 4.98% in the first half of 2011.

Maturities of Long-term Debt

The following table sets forth the maturity schedule of our outstanding debt, set forth by category, in each case as of 31 December 2010.

(in € millions)	2012	2013	2014	2015	2016 and beyond	Total
OCEANE (convertible bonds)	0.0	0.0	0.0	191.8	0.0	191.8
Bank borrowings	24.9	667.6	4.5	2.6	26.5	726.1
PSA loan	0.0	142.0	0.0	0.0	0.0	142.0
Other borrowings	1.2	2.3	1.4	0.8	0.0	5.7
Obligations under finance leases	26.5	4.6	1.7	1.4	2.8	37.0
TOTAL AS OF 31 DECEMBER 2010	**52.6**	**816.5**	**7.6**	**196.6**	**29.3**	**1,102.6**

Existing Senior Credit Facilities and PSA Loan

Since 28 November 2008, we have had access to €1,420 million under two principal credit agreements, including the Existing Senior Credit Facilities amounting to €1,170 million and the €250 million PSA Loan from our majority shareholder Peugeot S.A. The two loans are correlated so that any drawdowns made on the PSA Loan are proportionate to those made on the Existing Senior Credit Facilities, based on the same interest rates and payment periods.

The total amounts under the Existing Senior Credit Facilities and the PSA Loan are divided into a €710 million tranche expiring in November 2013, a €20 million tranche expiring in November 2011 and a €690 million tranche expiring in November 2013 following the option taken by the banks and PSA to extend a tranche originally expiring in November 2011 to November 2013.

As of 30 June 2011, the undrawn portion of the Existing Senior Credit Facilities and the PSA Loan amounted to €556 million. The agreements relating to the Existing Senior Credit Facilities and the PSA Loan include covenants, notably a change of control clause relating to Peugeot S.A. and provisions concerning compliance with consolidated financial ratios. In addition, the agreements stipulate that any asset disposal representing over 15% of our total consolidated assets requires the prior approval of banks representing two-thirds of the Existing Senior Bank Facilities.

In March 2009, all the participating banks signed an addendum to the Existing Senior Bank Facilities providing for temporary amendments to the financial covenants from 30 June 2009 through 31 December 2010. We obtained a similar agreement from our majority shareholder, Peugeot S.A., providing for the same amendments to the financial covenants contained in the PSA Loan. These agreements include the new ratios indicated below as well as our commitment to maintain total net debt below €1,800,000,000. The ratios applicable under the amended financial covenants are as follows:

	Adjusted net debt(*)/ EBITDA(**) Ceiling	EBITDA(**)/ Net interest Floor
31 December 2010	**4 : 1**	**4.25 : 1**
30 June 2011 and subsequent six-month periods	**3.5 : 1**	**4.50 : 1**

(*) Adjusted net debt = consolidated net debt + adjustments for certain obligations undertaken, based on definitions provided in the credit facility agreement (e.g. mortgages or collateralised liabilities).

(**) Operating income plus depreciation, amortisation and funding of provisions for impairment of property, plant and equipment and intangible assets, corresponding to the past twelve months.

Furthermore, any asset disposal representing over 15% of our total consolidated assets requires the prior approval of banks representing two-thirds of the syndicate.

New Senior Credit Facilities

In connection with refinancing our Existing Senior Credit Facilities and the PSA Loan, we signed a mandate letter on 26 October 2011 with BNP Paribas, Crédit Agricole Corporate and Investment Bank, Natixis and Société Générale to establish a new €1,150 million syndicated multi-currency revolving credit facility under the New Senior Credit Agreement with those banks and other participating banks. The banks that have signed the mandate letter have committed to lend the full €1,150 million under the New Senior Credit Agreement, subject to execution of definitive documentation and satisfaction of customary conditions precedent to funding. We expect the syndication process to take place in the fourth quarter of 2011, shortly after the completion of the offering of the Notes made hereby.

Based on the terms in the mandate letter, the New Senior Credit Agreement will be divided into a €690 million tranche expiring three years from the signing date, with the possibility of certain extensions, and a €460 million tranche expiring in five years from the signing date.

Amounts drawn will bear interest at a rate determined in reference to (i) the EURIBOR rate when funds are made available in Euro, or the LIBOR rate when funds are made available in currencies other than the Euro, (ii) the applicable margin and (iii) the cost relating to lending banks' reserve requirements and fee payments, if any.

The applicable margin will be determined in accordance with the leverage ratio (defined as the ratio of total net debt to EBITDA, in each case as such terms are defined under the New Senior Credit Agreement) set out in the leverage grid with pricing levels between 2.50% and 3.00% under current conditions

The New Senior Credit Agreement is expected to include covenants, notably a change of control clause and provisions concerning compliance with consolidated financial ratios. The Guarantors of the Notes are also expected to be guarantors of the New Senior Credit Facilities. The ratios applicable under the financial covenants are expected to be as follows:

	Adjusted net debt(*)/ EBITDA(**) Ceiling	**EBITDA(**)/ Net interest Floor**
31 December 2011 and subsequent six-month periods	**2.5 : 1**	**4.50 : 1**

(*) Adjusted net debt = consolidated net debt + adjustments for certain obligations undertaken, based on definitions provided in the credit facility agreement (e.g. mortgages or collateralised liabilities).
(**) Operating income plus depreciation, amortisation and funding of provisions for impairment of property, plant and equipment and intangible assets, corresponding to the past twelve months.

Furthermore, any asset disposal representing over 15% of our total consolidated assets requires the prior approval of banks representing two-thirds of the syndicate.

Commercial Paper Programme

We have a commercial paper programme on the French domestic market amounting to €850 million, of which €252 million had been used at 31 December 2010 and €286 million has been used as of 30 June 2011. The liquidity of this programme is ensured through our Existing Senior Credit Facilities.

OCEANE and other Bond Debt

On 26 November 2009, we issued a total of 11,306,058 OCEANE bonds convertible into or exchangeable for new or existing shares, worth €211.3 million principal amount, payable on 1 January 2015. At 31 December 2010, €189.2 million is recorded as debt in accordance with IFRS, and the remainder reflects a deemed option premium that is recorded in equity. Each bond has a nominal value of €18.69. The bonds bear annual interest of 4.50% (€0.841 per bond) payable on 1 January of each year, as from 1 January 2011. The bonds mature on 1 January 2015. They are convertible into and/or exchangeable for new or existing shares in the company on a one-for-one basis, subject to antidilution adjustments. Subject to certain conditions, we may redeem the bonds early, at any time beginning on 15 January 2013, at a price equal to their par value plus accrued interest, provided that all of the outstanding bonds are redeemed. The bonds can be converted by their holders at any time as from their date of issue. The bonds include a compulsory early redemption provision triggered by a change of control relating to PSA. None of these bonds had been converted or redeemed as of 31 December 2010.

Schuldschein Loan

We signed Schuldschein loan agreements on 21 October 2011 with WestLB AG, as agent, in a total amount of €58 million. There are several tranches under the loan, each with a maturity from three to seven years. The loan is expected to be disbursed in the fourth quarter of 2011 on customary terms, including a financial covenant (net debt to EBITDA ratio of less than or equal to 2.50:1) and change of control, *pari passu*, cross default, negative pledge and event of default provisions, among others.

Factoring Programmes

We have several factoring programmes, which enable us to obtain financing at a lower cost than issuing bonds or bank loans. Part of our financing requirements is met through receivables sale programmes (see Note 18 to the 2010 consolidated financial statements contained herein), under which the receivables are derecognised and not included as assets in our consolidated balance sheet.

As of 30 June 2011, financing under these programmes – corresponding to the cash received as consideration for the receivables sold – totalled €541.8 million, versus €524.5 million as of 31 December 2010.

	As of 31 December			As of 30 June
(in € millions)	**2008**	**2009**	**2010**	**2011**
				(unaudited)
Financing	626.6	481.5	566.8	587.8
Guarantee reserve deducted from borrowings	(22.1)	(40.7)	(42.3)	(46.0)
Cash received as consideration for receivables sold	604.5	440.8	524.5	541.8
Receivables sold and derecognised	(388.5)	(290.7)	(377.9)	(386.5)

TERMS AND CONDITIONS OF THE NOTES

The €350.0 million 9.375% senior notes due 2016 (the "**Notes**", and each, a "**Note**", which expression includes any further notes issued pursuant to Condition 2.2 and forming a single series therewith) of Faurecia, a *société anonyme* incorporated under the laws of the Republic of France (the "**Issuer**"), are constituted by a trust deed dated the Issue Date (the "**Trust Deed**") made between the Issuer, the Initial Guarantors and Citibank, N.A., London Branch (the "**Trustee**"), which term shall include any trustee or trustees appointed pursuant to the Trust Deed.

The Issuer and the Initial Guarantors have entered into an agency agreement (the "**Agency Agreement**") dated the Issue Date with Citibank, N.A., London Branch, as registrar and principal paying agent and the Trustee. The registrar and the principal paying agent for the time being are referred to in these terms and conditions (the "**Conditions**"), respectively, as the "**Registrar**" and the "**Principal Paying Agent**" and, together with any other paying agents as may be appointed under the Agency Agreement from time to time, the "**Paying Agents**" and the Paying Agents together with the Registrar, the "**Agents**". Pursuant to the terms of the Agency Agreement, the Agents have agreed to act and perform services on behalf of the Issuer with respect to these Conditions.

The statements in these Conditions include summaries of, and are subject to the detailed provisions of, the Trust Deed, which includes the form of the Notes. The holders of the Notes are entitled to the benefit of the Trust Deed and are bound by and are deemed to have notice of all the provisions of the Trust Deed and those applicable to them of the Agency Agreement. Copies of the Trust Deed and the Agency Agreement are available for inspection by holders of the Notes during normal business hours at the specified office of the Trustee for the time being, being at the date hereof at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, United Kingdom, and at the specified office of the Principal Paying Agent. As used herein, references to the Trust Deed include the Conditions set forth herein.

1. STATUS AND FORM

The Notes constitute senior unsecured obligations of the Issuer and rank *pari passu* among themselves and in right of payment to all existing and future unsecured Indebtedness of the Issuer, effectively junior to secured Indebtedness of the Issuer (to the extent of the value of the assets securing such Indebtedness) and senior in right of payment to any existing or future Subordinated Indebtedness of the Issuer. The Notes are guaranteed on a senior unsecured basis by the Guarantors as described in Condition 6. Each Guarantee ranks *pari passu* in right of payment to all existing and future unsecured Indebtedness of the relevant Guarantor, effectively junior to secured Indebtedness of such Guarantor (to the extent of the value of the assets securing such Indebtedness) and senior in right of payment to any existing or future Guarantor Subordinated Obligations.

The Notes will be issued in registered form and transferable only upon the surrender of the Notes being transferred for registration of transfer. The Issuer may require payment of a sum sufficient to pay any tax, assessment or other governmental charge payable in connection with certain transfers and exchanges.

2. PRINCIPAL, MATURITY, INTEREST AND FURTHER ISSUES

2.1 The Notes are issued initially in a maximum aggregate principal amount of €350.0 million and are issued in denominations of €100,000 and integral multiples of €1,000 in excess thereof. The Notes will mature on 15 December 2016 (the "**Maturity Date**"). If redeemed on the Maturity Date, the Notes will be redeemed at par on such date.

2.2 Subject to compliance of the Issuer with Condition 7.1, the Issuer is permitted, from time to time, without notice to or the consent of the holders of the Notes to create and issue further notes having the same terms and conditions as the Notes in all respects (or in all respects except for the date of and amount of the first payment of interest), in accordance with the Trust Deed (the "**Additional Notes**"). The Additional Notes, if any, will be consolidated and form a single series with the Notes. The Additional Notes and the Notes shall be treated as a single class for all purposes of the Trust Deed, including waivers, amendments, redemptions and offers to purchase. Unless the context otherwise requires, for the purposes of the Trust Deed and these Conditions, references to the Notes include any Additional Notes actually issued. The Issuer may from time to time, with the consent of the Trustee, create and issue other series of notes having the benefit of the Trust Deed.

2.3 *Interest*

(a) Interest on the Notes will accrue at the rate of 9.375% per annum and will be payable semi-annually in arrears on 15 June and 15 December, commencing on 15 June 2012. The Issuer will make each interest payment to the holders of record of these Notes on the immediately preceding 1 June and 1 December. The Issuer will pay interest on overdue principal at 1% per annum in excess of the above rate compounded semi-annually and will pay interest on overdue instalments of interest at such higher rate compounded semi-annually to the extent lawful.

(b) Interest on the Notes will accrue (in the case of Notes issued on the Issue Date) from the Issue Date and (in the case of any Additional Notes) from the date of issuance of such Additional Notes. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months and, in the case of an incomplete month, on the basis of number of actual days elapsed.

(c) Interest on the Notes will cease to accrue on and from their due date for redemption or repayment unless payment of the redemption monies and/or accrued interest (if any) is improperly withheld or delayed in which event interest will continue to accrue as provided in the Trust Deed.

2.4 *Payment*

(a) Payment of principal and interest will be made by the Principal Paying Agent in euro by wire transfer in same day funds to the registered account of each Noteholder or by euro cheque drawn on a bank that processes payments in euro mailed to the registered address of the Noteholder if it does not have a registered account. Payment of principal and premium (if any) will only be made against surrender of the relevant Note at the specified office of any of the Paying Agents.

(b) Without prejudice to the rights of any holder of the Notes to (i) receive payment of principal of and interest on such holder's Notes on or after the due dates therefor as set forth in these Conditions and the Trust Deed or (ii) institute suit for the enforcement of any payment on or with respect to such holder's Notes, payments in respect of Notes are subject in all cases to any fiscal or other laws and regulations applicable in the place of payment, but without prejudice to the provisions of Condition 4 (*Taxation*).

(c) Where payment is to be made by transfer to a registered account, payment instructions (for value the due date or, if that date is not a Business Day, for value the first following day which is a Business Day) will be initiated and, where payment is to be made by cheque, the cheque will be mailed, in each case by the Paying Agent on the due date for payment or, in the case of a payment of principal, if later, on the Business Day on which the relevant Note is surrendered at the specified office of a Paying Agent.

Noteholders will not be entitled to any additional interest or other payment for any delay after the due date in receiving the amount due if the due date is not a Business Day or if the relevant Noteholder is late in surrendering its Note (if required to do so). If the amount of principal or interest is not paid in full when due, the Registrar will annotate the relevant Register with a record of the amount actually paid.

3. OPTIONAL REDEMPTION

3.1 *Optional Redemption prior to the Maturity Date*

At any time prior to the Maturity Date the Issuer is entitled, at its option, to redeem the Notes, in whole or in part, upon not less than 30 nor more than 60 days prior notice to the holders of the Notes at a redemption price equal to 100% of the principal amount of such Notes plus the Applicable Premium as of, and accrued and unpaid interest to, the redemption date (subject to the right of holders of the Notes of record on the relevant record date to receive interest due on the relevant interest payment date).

For purposes of this Condition 3.1:

(a) "**Applicable Premium**" means, with respect to a Note on any redemption date, the greater of (i) 1.00% of the principal amount of such Note, and (ii) the excess of (to the extent positive): (A) the present value at such redemption date of (x) 100% of the principal amount of the Notes to be redeemed plus (y) all required remaining interest payments due on such Note to and including the Maturity Date (excluding any accrued but unpaid interest to such redemption date), computed using a discount rate equal to the Bund Rate at such redemption date plus 50 basis points, over (B) the outstanding principal amount of such Note on such date of redemption, as calculated by the Issuer or on behalf of the Issuer by such Person as the Issuer shall designate, *provided* that the calculation shall not be a duty or obligation of the Trustee.

(b) "**Bund Rate**" means, with respect to any redemption date, the rate per annum equal to the semi-annual equivalent yield to maturity as of such date of the Comparable German Bund Issue, assuming a price for the Comparable German Bund Issue (expressed as a percentage of its principal amount) equal to the Comparable German Bund Price for such redemption date, where: (i) "**Comparable German Bund Issue**" means the German Bundesanleihe security selected by any Reference German Bund Dealer as having a fixed maturity most nearly equal to the period from such redemption date to the Maturity Date and that would be utilised at the time of selection, and in accordance with customary financial practice, in pricing new issues of euro-denominated corporate debt securities in a principal amount approximately equal to the then outstanding principal amount of the Notes and of a maturity most nearly equal to the Maturity Date; *provided*, *however*, that if the period from such redemption date to the Maturity Date is not equal to the fixed maturity of the German Bundesanleihe security selected by such Reference German Bund Dealer, the Bund Rate shall be determined by linear interpolation (calculated to the nearest one-twelfth of a year) from the yields of German Bundesanleihe securities for which such yields are given, except that if the period from such redemption date to the Maturity Date is less than one year, a fixed maturity of one year shall be used; (ii) "**Comparable German Bund Price**" means, with respect to any redemption date, the average of all Reference German Bund Dealer Quotations for such date (which, in any event, must include at least two such quotations), after excluding the highest and lowest such Reference German Bund Dealer Quotations, or if the Issuer obtains fewer than four such Reference German Bund Dealer Quotations, the average of all such quotations; (iii) "**Reference German Bund Dealer**" means any dealer of German Bundesanleihe securities appointed by the Issuer in good faith; and (iv) "**Reference German Bund Dealer Quotations**" means, with respect to each Reference German Bund Dealer and any redemption date, the average as determined by the Issuer in good faith of the bid and offered prices for the Comparable German Bund Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Issuer by such Reference German Bund Dealer at 3:30 p.m. Frankfurt, Germany, time on the third business day in Germany preceding the redemption date.

3.2 ***Optional Redemption upon an Equity Offering***

At any time prior to the Maturity Date, upon not less than 30 nor more than 60 days' notice, the Issuer may, at its option, on any one or more occasions redeem up to 35% of the aggregate principal amount of Notes (including any Additional Notes) issued under the Trust Deed at a redemption price equal to 109.375% of the principal amount of such Notes to be redeemed, plus accrued and unpaid interest, if any, to the redemption date (subject to the rights of holders of Notes of record on the relevant record date to receive interest due on the relevant interest payment date), with an amount equal to all or part of the net proceeds received by the Issuer from one or more Equity Offerings; *provided*, *however*, that:

(a) at least 65% of the aggregate principal amount of Notes (including any Additional Notes) issued under the Trust Deed would remain outstanding immediately after the occurrence of such redemption; and

(b) the redemption occurs within 90 days of the closing of such Equity Offering.

3.3 ***Selection; Notice***

If less than all of the Notes are to be redeemed at any time, the Notes will be redeemed on a *pro rata* basis (or, in the case of Notes issued in global form, based on a method that most nearly approximates a *pro rata* selection as the Trustee deems fair and appropriate) unless otherwise required by law or by a relevant clearing system or by an applicable stock exchange or depositary requirements. No Note of €100,000 in aggregate principal amount or less will be redeemed in part. If the Issuer redeems any Notes in part only, the notice of redemption relating to such Notes shall state the portion of the principal amount thereof to be redeemed. In case of any certificated Notes, a new Note in principal amount equal to the unredeemed portion thereof will be issued in the name of the Noteholder thereof upon cancellation of the original Note. In case of a global Note, an appropriate notation will be made on such Note to decrease the principal amount thereof to an amount equal to the unredeemed portion thereof. Once notice of redemption is sent to the holders, Notes or portions thereof called for redemption become due and payable at the redemption price on the redemption date (subject to the satisfaction of any conditions precedent set forth in the redemption notice), and, commencing on the redemption date, interest will cease to accrue on Notes or portions thereof called for redemption unless payment of the redemption monies and/or accrued interest (if any) is improperly withheld or refused, in which case interest will continue to accrue as provided in the Trust Deed.

Any redemption notice given under this Condition 3 may, at the Issuer's discretion, be subject to the satisfaction of one or more conditions, including in the case of a redemption pursuant to Condition 3.2, the completion of the related Equity Offering.

4. TAXATION

4.1 ***Additional Amounts***

(a) All payments under or with respect to the Notes will be made free and clear of, and without withholding or deduction for or on account of, any present or future tax, duty, levy, impost, assessment or other governmental charge (including penalties, interest and other additions related thereto) (hereinafter "**Taxes**") imposed or levied by or on behalf of the Republic of France, a Guarantor's jurisdiction of organization (in the case of a payment by a Guarantor), any jurisdiction from or through which payment is made and (if different) any jurisdiction to which the payment is effectively connected and in which the payor has a permanent establishment or is resident for tax purposes, and any political subdivision or taxing authority thereof or therein (each a "**Relevant Taxing Jurisdiction**"), unless such withholding or deduction is required by law.

(b) If any amounts are required to be withheld or deducted for or on account of Taxes imposed by a Relevant Taxing Jurisdiction from any payment made under or with respect to the Notes or a Guarantee, the Issuer or the Guarantor, to the fullest extent then permitted by law, will be required to pay such additional amounts ("**Additional Amounts**") as may be necessary so that the net amount received by holders or beneficial owners of the Notes (including Additional Amounts) after such withholding or deduction will not be less than the amount such holder or beneficial owner of the Notes would have received if such Taxes had not been withheld or deducted; *provided*, *however*, that the foregoing obligation to pay Additional Amounts shall not apply to:

(i) any Taxes that would not have been so imposed but for the existence of any present or former connection between the relevant holder or beneficial owner of a Note (or between a fiduciary, settlor, beneficiary, member or shareholder of, or possessor of power over, the relevant holder, if the relevant holder is an estate, trust, partnership or corporation) and the Relevant Taxing Jurisdiction but excluding any connection arising from the ownership or holding of such Note, the enforcement of rights under such Note following an Event of Default or the receipt of payment in respect of such Note;

(ii) estate, inheritance, gift, sales, excise, transfer, personal property or similar Taxes;

(iii) any Taxes that would not have been imposed but for the presentation of the Note by the holder for payment (where presentation is required in order to receive payment) more than 30 days after the date on which such payment on such Note became due and payable or the date on which payment thereof is duly provided for, whichever is later (except to the extent that the holder would have been entitled to Additional Amounts had the Note been presented on the last day of such 30-day period);

(iv) any withholding or deduction that is required to be made pursuant to Council Directive 2003/48/EC or any other Directive on the taxation of savings income implementing the conclusion of the ECOFIN council meeting of November 26-27, 2000 or any subsequent meeting of the ECOFIN council, or any law implementing or complying with, or introduced in order to conform to, such Directives;

(v) any Taxes imposed on or with respect to any payment by the Issuer or a Guarantor to the holder on the sole basis that such holder is a fiduciary or partnership or any person other than the beneficial owner of such payment or to the extent that a beneficiary or settlor with respect of such fiduciary, a member of such a partnership or the beneficial owner of such payment would not have been entitled to the Additional Amounts had such beneficiary, settlor, member or beneficial owner been the actual holder of such Note;

(vi) any Taxes that would have been avoided if the payments were made by another Paying Agent in a Member State of the European Union;

(vii) any withholding or deduction imposed as a result of the failure of the holder or beneficial owner of the Notes to comply with any reasonable written request, made to that holder or beneficial owner in writing at least 30 days before any such withholding or deduction would be payable, by the Issuer or any of the Guarantors to provide timely and accurate information concerning the nationality, residence or identity of such holder or beneficial owner of the Notes or to make any valid and timely declaration or similar claim or satisfy any certification information or other reporting requirement, which is required or imposed by a statute, treaty, regulation or administrative practice of the Relevant Taxing Jurisdiction as a precondition to exemption from or reduction in all or part of such withholding or deduction; or

(viii) any combination of the above.

(c) The Issuer will make all required withholdings and deductions and will remit the full amount required to be deducted or withheld to the Relevant Taxing Jurisdiction in accordance with applicable law.

(d) Whenever in the Trust Deed or the Conditions there is mentioned, in any context (i) the payment of principal; (ii) purchase prices in connection with a purchase of Notes; (iii) interest; or (iv) any other amount payable on or with respect to any of the Notes, such reference shall be deemed to include payment of Additional Amounts as described under this heading to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

(e) The Issuer will pay any present or future stamp, transfer or documentary taxes or any other excise or property taxes, charges or similar levies, and any penalties, additions to tax or interest due with respect thereto, that may be imposed in a Relevant Taxing Jurisdiction in connection with the execution, delivery or registration of the Notes, the Trust Deed or any other document or instrument referred to therein, or in any relevant jurisdiction in connection with any enforcement action following an Event of Default.

(f) The obligations described under this heading will survive any termination or discharge of the Notes and the Trust Deed and will apply *mutatis mutandis* to any jurisdiction in which any successor person to the Issuer or a Guarantor is organised or any political subdivision or taxing authority or agency thereof or therein.

4.2 ***Supply of Information***

Each Noteholder shall be responsible upon reasonable written request for supplying to the relevant Paying Agent, in a timely manner, any information as may be required by applicable laws in order for the Paying Agent to comply with the identification and reporting obligations imposed on it by the Council Directive 2003/48/EC or any Directive implementing the conclusions of the ECOFIN Council Meeting of November 26-27, 2000 or any subsequent meeting of the ECOFIN Council Meeting on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to such Directives.

4.3 ***Redemption for Changes in Withholding Taxes***

(a) The Issuer may redeem the Notes, at its option, at any time as a whole but not in part, upon not less than 30 nor more than 60 days' notice, at 100% of the principal amount thereof, plus accrued and unpaid interest (if any) to the date of redemption (subject to the right of holders of Notes of record on the relevant record date to receive interest due on the relevant interest payment date), in the event the Issuer or a Guarantor has become or would become obligated to pay, on the next date on which any amount would be payable with respect to the Notes or the relevant Guarantee, any Additional Amounts as a result of:

(i) a change in or an amendment to the laws (including any regulations or rulings promulgated thereunder) of, or any treaties applicable to, any Relevant Taxing Jurisdiction (or any political subdivision or taxing authority thereof or therein); or

(ii) any change in or amendment to any official position regarding the application or interpretation of such laws, treaties, regulations or rulings (including a judgment by a court of competent jurisdiction)

which change or amendment is announced or becomes effective on or after the Issue Date (or, if the Relevant Taxing Jurisdiction became a Relevant Taxing Jurisdiction after the Issue Date, the date on which such Relevant Taxing Jurisdiction became a Relevant Taxing Jurisdiction) (but, in the case of such Guarantor, only if such amount cannot be paid by the Issuer or another Guarantor that can pay such amount without the obligation to pay Additional Amounts) and the Issuer or such Guarantors, as the case may be, cannot avoid such obligation by taking reasonable measures available to it.

(b) Before the Issuer notifies the holders of the Notes of a redemption of the Notes as described above, the Issuer will deliver to the Trustee an Officers' Certificate to the effect that the Issuer and the Guarantors cannot avoid the obligation to pay Additional Amounts by taking reasonable measures available to them. The Issuer will also deliver an opinion of independent legal counsel of recognised standing and an Officers' Certificate, each stating that the Issuer or the relevant Guarantor would be obligated to pay Additional Amounts as a result of a change in laws, treaties, regulations or rulings or the application or interpretation of such laws, treaties, regulations or rulings. The Trustee shall accept the Officers' Certificates and such opinion as sufficient evidence of the satisfaction of the conditions precedent described above without further liability to holders in respect thereof.

5. CHANGE OF CONTROL

5.1 Upon the occurrence after the Issue Date of a Change of Control (as defined below), each holder of the Notes will have the right to require that the Issuer purchase all or any part (equal to €100,000 or any integral multiple of €1,000 in excess thereof) of such holder's Notes at a purchase price in cash equal to 101% of the principal amount thereof on the date of purchase plus accrued and unpaid interest, if any, to the date of purchase (subject to the right of holders of the Notes of record on the relevant record date to receive interest due on the relevant interest payment date).

5.2 For purposes of these Conditions, a "**Change of Control**" occurs:

(a) if any "person" or "group" (as such terms are used in Section 13(d)(3) of the Exchange Act), other than any person that owns more than 50% of the Voting Stock of the Issuer as of the Issue Date (a) becomes the owner, directly or indirectly, of more than 50% of the Voting Stock of the Issuer; (b) becomes the owner, directly or indirectly, of more than 40% of the Voting Stock of the Issuer, and no other person or group owns, directly or indirectly, a higher percentage of the Voting Stock of the Issuer than the specified person or group; (c) becomes able to use the voting rights attributable to its Voting Stock to determine in fact the decisions made at the Issuer's general shareholders' meetings; or (d) owns Voting Stock of the Issuer and gains the power to appoint or dismiss the majority of the members of the Issuer's Board of Directors; or

(b) upon the direct or indirect sale, lease, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the properties or assets of Issuer and its Subsidiaries taken as a whole to any Person (including any "person" (as that term is defined above)) other than any person that owns more than 50% of the Voting Stock of the Issuer as of the Issue Date.

5.3 Within 30 days following any Change of Control, the Issuer will notify each holder of the Notes in accordance with Condition 17 with a copy to the Trustee (the "**Change of Control Offer**") stating:

(a) that a Change of Control has occurred and that such holder has the right to require the Issuer to purchase such holder's Notes at a purchase price in cash equal to 101% of the principal amount thereof on the date of purchase, plus accrued and unpaid interest, if any, to the date of purchase (subject to the right of holders of the Notes of record on the relevant record date to receive interest on the relevant interest payment date);

(b) the circumstances and relevant facts regarding such Change of Control;

(c) the purchase date (which shall be no earlier than 30 days nor later than 60 days from the date such notice is given); and

(d) the instructions, as determined by the Issuer, consistent with this Condition 5, that a holder must follow in order to have its Notes purchased.

5.4 The Issuer will not be required to make a Change of Control Offer following a Change of Control if (i) a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in these Conditions applicable to a Change of Control Offer made by the Issuer and purchases all Notes validly tendered and not withdrawn under such Change of Control Offer or (ii) a notice of redemption for the redemption of the Notes in whole but not in part has previously been given pursuant to Condition 3, unless there has been a Default in payment of the applicable redemption price.

5.5 The Issuer will comply with the requirements of applicable securities laws or regulations in connection with the purchase of Notes as a result of a Change of Control. To the extent that the provisions of any applicable securities laws or regulations conflict with the provisions of this Condition 5, the Issuer will comply with the applicable securities laws and regulations and shall not be deemed to have breached its obligations under this Condition 5 by virtue of its compliance with such securities laws or regulations.

5.6 The provisions of this Condition 5 relative to the obligations of the Issuer to make an offer to purchase the Notes as a result of a Change of Control may be waived or modified with the written consent of, or extraordinary resolution approved by, the holders of a majority in principal amount of the Notes for the time being outstanding.

6. GUARANTEES

6.1 *Guarantee*

(a) The Guarantors, in Guarantees contained in the Trust Deed, will jointly and severally guarantee (subject to the provisions of Condition 6.1(g)), on a senior basis, the Issuer's obligations under the Trust Deed and the Notes.

(b) A Guarantor may not in a single transaction or through a series of transactions consolidate with or merge with or into any other Person, or sell, assign, convey, transfer, lease or otherwise dispose of all or substantially all of such Guarantor's properties and assets to any other Person or Persons (other than the Issuer or another Guarantor).

(c) Clause (b) will not apply if:

(i) (x) either at the time and immediately after giving effect to any such consolidation or merger, such Guarantor shall be the continuing Person or (y) the Person formed by or surviving any such consolidation or merger or to which such sale, assignment, conveyance, transfer, lease or other disposition of all or substantially all of such Guarantor's properties has been made expressly assumes the obligations of such Guarantor under its Guarantee, pursuant to a supplemental Trust Deed, in form and substance reasonably satisfactory to the Trustee, and the Notes and the Trust Deed remain in full force and effect as so supplemented; or

(ii) the Net Available Cash of such sale or other disposition is applied in accordance with Condition 7.3.

(d) The Guarantee of a Guarantor will be released:

(i) upon the full and final payment and performance of all obligations of the Issuer under the Trust Deed and the Notes;

(ii) in connection with any sale or other disposition of all or substantially all of the assets of such Guarantor (including by way of merger, consolidation, amalgamation or combination) to a Person that is not (either before or after giving effect to such transaction) the Issuer or a Restricted Subsidiary, if the sale or other disposition does not violate Condition 7.3;

(iii) in connection with any sale or other disposition of Capital Stock of such Guarantor (or Capital Stock of any direct or indirect parent entity of such Guarantor (other than the Issuer)) to a Person that is not (either before or after giving effect to such transaction) the Issuer or a Restricted Subsidiary, if the sale or other disposition does not violate Condition 7.3 and the Guarantor ceases to be a Restricted Subsidiary as a result of the sale or other disposition;

(iv) if the Issuer designates any Restricted Subsidiary that is a Subsidiary Guarantor to be an Unrestricted Subsidiary in accordance with the applicable provisions of the Trust Deed; or

(v) in the case of a Guarantee by an Optional Guarantor, if the Issuer releases such Guarantor from its Guarantee in accordance with Condition 6.1(f); or

(vi) upon release of the guarantee or Indebtedness that resulted in the creation of the Guarantee pursuant to Condition 7.6 so long as no Event of Default would arise as a result and no other Indebtedness of the Issuer or another Guarantor is at that time guaranteed by the relevant Guarantor in circumstances that would require such Guarantor to guarantee the Notes pursuant to Condition 7.6.

(e) Upon any occurrence giving rise to a release of a Guarantee, as specified above, the Trustee, subject to receipt of an Officer's Certificate certifying the provisions and circumstances pursuant to which the release of the relevant Guarantee is taking place (on which the Trustee shall be entitled to rely absolutely) from the Issuer and/or Guarantor, will, at the Issuer's request and expense, execute any documents reasonably required in order to evidence or effect such release, discharge and termination in respect of such Guarantee. Neither the Issuer, the Trustee nor any Guarantor will be required to make a notation on the Notes to reflect any such release, discharge or termination.

(f) The Issuer will be permitted after the Issue Date to cause additional Restricted Subsidiaries to become Guarantors under the Trust Deed even if such Restricted Subsidiaries are not required at such time to become Guarantors pursuant to Condition 7.6 (such Guarantors, "**Optional Guarantors**"). The Issuer will be entitled to release any such Optional Guarantor from its Guarantee obligations hereunder provided (x) no Event of Default would result from such release and (y) such Optional Guarantor is not at the time of the proposed release otherwise required to be a Guarantor pursuant to Condition 7.6. The Issuer will also be required under Condition 7.12 to cause certain additional Restricted Subsidiaries to become Guarantors.

(g) The obligations of each Guarantor under its Guarantee will be limited under the Trust Deed to recognise certain defences generally available to guarantors (including those that relate to fraudulent conveyance or transfer, voidable preference, financial assistance, corporate purpose, capital maintenance or similar laws, regulations or defences affecting the rights of creditors generally) or other considerations under applicable law. To ensure compliance with the applicable laws of the jurisdiction of incorporation or establishment of the Initial Guarantors, the Guarantees of such Guarantors will be subject to substantially the following limitation language, as applicable, pursuant to the Trust Deed. Any Guarantees granted after the Issue Date will be limited in compliance with Condition 7.6.

(1) **France**. The obligations and liabilities of any Guarantor which is incorporated or established in France (a "**French Guarantor**") in respect of its Guarantee shall not include any obligation which if incurred would constitute a violation of (i) the provisions on financial assistance as defined by article L.225-216 of the French Commercial Code or (ii) principles relating to majority shareholding misuse or the provisions on the misuse of corporate assets, credit or powers of such French Guarantor as defined in article L.242-6 3 and 4 or L.241-3 4 and 5 of the French Commercial Code, or any other regulation to the same effect as interpreted from time to time by French courts, it being agreed that the obligations and liabilities of any French Guarantor shall, in any case, be limited to a guarantee of the obligations of the Issuer in respect of the Notes and the Trust Deed, up to an amount equal to the proceeds from the issuance and sale of the Notes to the extent on-lent (directly or indirectly) on or after the Issue Date to such French Guarantor or such French Guarantor's Subsidiaries by the Issuer, in each case which remain outstanding at the time of enforcement of its Guarantee (the "**Outstanding On-lent Amount**"); *provided* that any payment made by a French Guarantor under its Guarantee or by any Subsidiary of such French Guarantor in its capacity as Guarantor shall reduce in an equal amount the Outstanding On-lent Amount.

(2) **Germany**.

(i) The following restrictions shall apply to any Guarantee granted by a Guarantor incorporated under the laws of Germany as a limited liability company ("**GmbH**") (a "**German Guarantor**") to secure liabilities of its direct or indirect shareholder(s) (upstream) or an entity affiliated with such shareholder (*verbundenes Unternehmen*) within the meaning of Section 15 of the German Stock Corporation Act (*Aktiengesetz*) (cross-stream) (excluding, for clarification purposes any direct or indirect Subsidiary of such Guarantor), and shall apply *mutatis mutandis* to any indemnities granted by a German Guarantor.

The restrictions in this clause 2 shall not apply to the extent the German Guarantor secures any Indebtedness under the Notes and the proceeds from the Notes have been on-lent or otherwise (directly or indirectly) passed on to the relevant German Guarantor or its subsidiaries and such amount on-lent or otherwise passed on is not repaid.

(ii) *Restrictions on Payment*

(A) If payment under a Guarantee of a German Guarantor would cause the amount of the relevant German Guarantor's net assets, as calculated pursuant to sub-clause (iii) (*Net Assets*) of this clause 2 below, to fall below the amount of its registered share capital (*Stammkapital; Unterbilanz*) or increase an existing shortage of its registered share capital (*Vertiefung einer Unterbilanz*) in each case in violation of Section 30 (as in force and effect from time to time) of the German Limited Liability Companies Act (*Gesetz betreffend die Gesellschaften mit beschränkter Haftung*) ("**GmbHG**") (such event is hereinafter referred to as a "**Capital Impairment**"), then the Trustee and the Noteholders shall, subject to paragraphs (B) to (C) below, demand payment under this Guarantee of such German Guarantor only to the extent such Capital Impairment would not occur.

(B) If the relevant German Guarantor does not notify the Trustee in writing (the "**Management Notification**") within ten (10) Business Days after a demand for payment under its Guarantee has been made that a Capital Impairment would occur (setting out in reasonable detail to what extent a Capital Impairment would occur and providing an up-to-date pro forma balance sheet), then the restrictions set out in paragraph (A) of sub-clause (ii) of this clause 2 shall not apply.

(C) If the relevant German Guarantor does not provide an Auditors' Determination (as defined in sub-clause (v) (*Auditors' Determination*) of this clause 2 below) within thirty-five (35) Business Days from the date on which the Trustee received the Management Notification then the restrictions set out in paragraph (A) of this sub-clause (ii) of clause 2 shall not apply.

(iii) *Net Assets*

The calculation of net assets (the "**Net Assets**") shall be determined in accordance with the provisions of the German Commercial Code (*Handelsgesetzbuch*) ("**HGB**") consistently applied by the German Guarantor in preparing its unconsolidated balance sheets (*Jahresabschluss*) according to Section 42 of the GmbHG, Sections 242, 264 of the HGB in the previous years, save that the following balance sheet items shall be adjusted as follows:

(A) the amount of any increase from retained earnings (*Kapitalerhöhung aus Gesellschaftsmitteln*) in the registered share capital of the relevant German Guarantor which was carried out after such German Guarantor became a party to the Trust Deed and without the prior written consent of the Trustee, such written consent to have been given after having been so directed by an extraordinary resolution of the holders of the Notes or so requested in writing by the holders of at least 25% in principal amount of the Notes then outstanding, shall be deducted from the amount of the registered share capital of such German Guarantor;

(B) loans provided to the German Guarantor by a member of the Group shall be disregarded, if and to the extent that such loans are subordinated or are considered subordinated by law or by contract at least to the rank pursuant to Section 39 (1) Nr. 5 of the German Insolvency Code (*Insolvenzordnung*);

(C) loans or other contractual liabilities incurred by the relevant German Guarantor in breach of the Notes, the Trust Deed or the Agency Agreement shall not be taken into account as liabilities, if and to the extent such violation is attributable to the wilful misconduct or gross negligence of the managing directors of the relevant German Guarantors; and

(D) the value of any assets which are not available for distribution to shareholders according to Section 268(8) of the HGB shall be disregarded.

(iv) *Mitigation*

The relevant German Guarantor shall

(A) realise, to the extent legally permitted and commercially justifiable in a situation where it does not have sufficient Net Assets to maintain its registered share capital, any and all of its assets that are shown in the balance sheet with a book value (*Buchwert*) that is significantly lower than the market value of the assets if the relevant asset is not necessary for such German Guarantor's business (*betriebsnotwendig*); and

(B) take measures to the extent legally permitted (including, without limitation, setting-off claims or dissolution of hidden reserves) to increase the amount of Net Assets provided that it is commercially justifiable to take such measures.

(v) *Auditors' Determination*

(A) If the relevant German Guarantor claims that a Capital Impairment would occur on payment under its Guarantee, such German Guarantor may (at its own cost and expense) arrange for the preparation of a balance sheet as of the date on which the payment under its Guarantee is sought (*Stichtagsbilanz*) by a firm of recognised auditors (the "**Auditors**") in order to have such Auditors determine whether (and if so, to what extent) any payment under its Guarantee would cause a Capital Impairment (the "**Auditors' Determination**") and whether (and if so, to what extent) a realisation or other measures undertaken in accordance with the mitigation provisions set out in sub-clause (iv) (*Mitigation*) of this clause 2 would not prevent such Capital Impairment).

(B) The Auditors' Determination shall be prepared, taking into account the adjustments set out in sub-clause (iii) (*Net Assets*) of this clause 2, by applying the generally accepted accounting principles applicable from time to time in Germany (*Grundsätze ordnungsmäßiger Buchführung*) based on the same principles and evaluation methods as constantly applied by the relevant German Guarantor in the preparation of its financial statements, in particular in the preparation of its most recent annual balance sheet, and taking into consideration applicable court rulings of German courts. Subject to sub-clause (vii) (*No waiver*) of this clause 2, such Auditors' Determination shall be binding on the relevant German Guarantor and the Trustee except in case of manifest error.

(C) Even if the relevant German Guarantor arranges for the preparation of an Auditors' Determination, such German Guarantor's obligations under the mitigation provisions set out in sub-clause (iv) (*Mitigation*) of this clause 2 above shall continue to exist.

(vi) *Improvement of Financial Condition*

If, after the Trustee has been provided with an Auditors' Determination which prevented it from demanding full payment or enabled it to demand only partial payment under the Guarantee of a German Guarantor, and the Trustee has been so directed by an extraordinary resolution of the holders of the Notes or so requested in writing by the holders of at least 25% in principal amount of the Notes then outstanding (in each case provided the Trustee shall have been indemnified and/or secured and/or prefunded to its satisfaction), the Trustee may, at any time and at such German Guarantor's cost and expense, direct the German Guarantor to arrange for the preparation of an updated balance sheet of such German Guarantor (by applying the same principles that were used for the preparation of the Auditors' Determination) by the Auditors who prepared the Auditors' Determination pursuant to paragraph (b)(v)(A) above in order for such Auditors to determine whether (and, if so, to what extent) the Capital Impairment has been cured as a result of the improvement of the financial condition of such German Guarantor. The Trustee or the Noteholders may demand payment under this Guarantee to the extent that the Auditors determine that the Capital Impairment has been cured.

(vii) *No waiver*

Nothing in this clause 2 shall limit the enforceability (other than as specifically set out in these Conditions or the Trust Deed), legality or validity of the Guarantee of a German Guarantor or prevent the Trustee or the Noteholders from claiming in court that the provision of such Guarantee and/or making payments under such Guarantee by the relevant German Guarantor does not fall within the scope of Section 30 of the GmbHG. The agreement of the Trustee and the Noteholders to refrain from demanding any or part of the payment under the Guarantee of a relevant German Guarantor in accordance with the provisions of this sub-clause (vii) of this clause 2 shall not constitute a waiver (*Verzicht*) of any right granted under the Notes or the Trust Deed to the Trustee or the Noteholders.

(viii) *GmbH & Co KG.*

In the case of a limited partnership with a limited liability company as its general partner (GmbH & Co. KG) payment under this Guarantee may be demanded up to an amount which does not cause such German Guarantor to be over-indebted. For any further demand under this Guarantee against such German Guarantor the aforementioned provisions shall apply *mutatis mutandis* and all references to net assets shall be construed as a reference to the net assets of the general partner of such German Guarantor.

(3) **Poland**. The obligations and liabilities of any Guarantor which is incorporated or established in Poland (a "**Polish Guarantor**") will be limited to the extent required so that such obligations do not and cannot result in:

(i) a reduction of the assets required for the coverage of the total nominal share capital as defined in, or a repayment of a capital as prohibited under, Article 189 (in case of a limited liability company) or by Article 344 (in case of a joint-stock company) of the Commercial Companies Code; and

(ii) insolvency as defined by Article 11 §2 of the Polish Insolvency and Restructuring Act of 28 February 2003, as amended (the "**Polish Insolvency and Restructuring Act**").

The limitation in sub-clause (ii) of clause 3 above will not apply if one or more of the following circumstances occurs:

(i) any Event of Default is continuing, irrespective of whether such Event of Default occurs before or after the relevant Polish Guarantor becomes insolvent within the meaning of Article 11 §2 of the Polish Insolvency and Restructuring Act;

(ii) the liabilities of any Polish Guarantor result in its insolvency within the meaning of Article 11 §2 of the Polish Insolvency and Restructuring Act; or

(iii) Polish law is amended in such a manner that over-indebtedness (*stan nadmiernego zadłużenia*) as provided for in Article 11 §2 of the Polish Insolvency and Restructuring Act no longer gives grounds for bankruptcy or obliges the representatives of any Polish Guarantor to file for bankruptcy.

(4) **Spain**. The obligations of any Guarantor which is incorporated or established in Spain (a "**Spanish Guarantor**") shall not be affected by any benefit (*beneficio*) under Spanish law, including but not limited to, benefits of prior exhaustion of the main debtor's assets (*excusión*), division (*división*) and order (*orden*), which shall not in any event apply.

The obligations of any Spanish Guarantor:

(i) shall not extend to any use of the proceeds of the Notes for the purpose of:

(A) acquiring shares (*acciones*) representing the share capital of such Spanish Guarantor or shares representing the share capital of its holding company; or

(B) refinancing a previous debt incurred for the acquisition of shares (*acciones*) representing the share capital of such Spanish Guarantor or shares representing the share capital of its holding company; and

(ii) shall be deemed not to be undertaken or incurred by the Spanish Guarantor to the extent that the same would constitute unlawful financial assistance within the meaning of Article 150 of the Spanish Companies Act, and, in that case, all provisions of such Guarantee shall be construed accordingly in the sense that, in no case, can any Guarantee given by the Spanish Guarantor secure repayment of the above mentioned funds.

For the purposes of sub-clause (i) above, a reference to a "holding company" of the Spanish Guarantor shall mean the company which, directly or indirectly, owns the majority of the voting rights of such Spanish Guarantor or that may have a dominant influence on such Spanish Guarantor. It shall be presumed that one company has a dominant influence on another company when:

(i) any of the scenarios set out in Section 1 of Article 42 of the Spanish Commercial Code (*Código de Comercio*) are met; or

(ii) at least half plus one of the members of the managing body of the Spanish Guarantor are also members of the managing body or top managers (*altos directivos*) of the dominant company or of another company controlled by such dominant company.

Any payment by any Spanish Guarantor shall reduce pro tanto the outstanding amount of the intercompany loans (if any) due by such Spanish Guarantor under intercompany loan arrangements (including, for the avoidance of doubt, any cash-pooling arrangements).

(5) **England and Wales**. The Guarantee of each Guarantor incorporated or established in England and Wales (an "**English Guarantor**") does not apply to any liability to the extent that it would result in the Guarantee constituting unlawful financial assistance within the meaning of Sections 678 or 679 of the Companies Act 2006 of England and Wales (or any successor provision).

(6) **Brazil**. Each Guarantor which is incorporated or established in Brazil (a "**Brazilian Guarantor**") will expressly waive in the Trust Deed the benefits of Articles 366, 821, 827, and 834 to 839 of the Brazilian Civil Code in relation to the provision of its Guarantee.

(7) **Mexico**. Each Guarantor which is incorporated or established in Mexico (a "**Mexican Guarantor**") will expressly waive in the Trust Deed, irrevocably and unconditionally:

(i) any right to require the Trustee or the Noteholders to first proceed against, initiate any actions before a court or any other judge or authority, or enforce any other rights or security or claim payment from the Issuer, any other Guarantor or any other person, before claiming any amounts due from any Mexican Guarantor under its Guarantee;

(ii) any right to which it may be entitled to have the assets of the Issuer or any other person first be used, applied or depleted as payment of the Issuer's obligations hereunder, prior to any amount being claimed from or paid by any Mexican Guarantor under its Guarantee;

(iii) any right to which it may be entitled to have claims against it or assets to be used or applied and payment divided among different Guarantors; and

(iv) the benefits of *orden*, *excusión*, *division*, *quita* and *espera* and any right specified in Articles 2814, 2815, 2817, 2818, 2819, 2820, 2821, 2822, 2823, 2826, 2827, 2829, 2837, 2840, 2845, 2846, 2847 and any other related or applicable Articles that are not explicitly set forth herein because of each Mexican Guarantor's knowledge thereof, of the *Código Civil Federal* of Mexico and the *Código Civil* of each State of the Méxican Republic and the Federal District of Mexico.

The obligations of each Mexican Guarantor pursuant to the Trust Deed shall be limited to the maximum amount as shall, after giving effect to all other contingent and fixed liabilities of such Mexican Guarantor, result in the obligations of such Mexican Guarantor not constituting a fraudulent conveyance, fraudulent transfer or similar illegal transfer under applicable law.

(8) **United States**. For purposes of this clause 8 regarding the obligations and liabilities of any Guarantor which is incorporated or organised under the laws of the United States of America or any State of the United States of America (including the District of Columbia) or that has a place of business or property in the United States of America (a "**US Guarantor**") and notwithstanding any term or provision of this Condition 6 or any other term in the Trust Deed, the maximum aggregate amount of the Guarantee for which any US Guarantor shall be liable hereunder shall, in no event, exceed an amount equal to the largest amount that would not render such Guarantee hereunder subject to avoidance under applicable United States federal or state fraudulent conveyance or fraudulent transfer laws.

7. COVENANTS

7.1 *Limitation on Indebtedness*

(a) The Issuer will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, Incur any Indebtedness (including Acquired Debt), and the Issuer will not issue any Disqualified Stock and will not permit any of its Restricted Subsidiaries to issue any shares of Preferred Stock; *provided, however*, that the Issuer may Incur Indebtedness (including Acquired Debt) or issue Disqualified Stock and the Restricted Subsidiaries may Incur Indebtedness (including Acquired Debt) or issue Preferred Stock, in each case, if the Fixed Charge Coverage Ratio for the Issuer's most recently ended two fiscal half-years for which internal financial statements are available immediately preceding the date on which such Indebtedness is incurred or such Disqualified Stock or Preferred Stock is issued, as the case may be, would have exceeded 2.5 to 1.0, in each case determined on a *pro forma* basis (including a *pro forma* application of the net proceeds therefrom), as if such Indebtedness had been incurred or such Disqualified Stock or Preferred Stock had been issued, as the case may be, and the application of proceeds therefrom had occurred at the beginning of such two-half-year period.

(b) Condition 7.1(a) will not prohibit the Incurrence of any of the following items of Indebtedness ("**Permitted Indebtedness**"):

(i) Indebtedness Incurred by the Issuer and the Guarantors pursuant to Credit Facilities in an aggregate principal amount outstanding at any time not exceeding the greater of (x) €1,170.0 million and (y) 15% of Consolidated Total Assets, in each case, *less* the aggregate amount of all Net Available Cash from Asset Dispositions applied by the Issuer or any Restricted Subsidiary since the Issue Date to repay any Indebtedness under a Credit Facility and effect a corresponding commitment reduction thereunder pursuant to Condition 7.3;

(ii) Indebtedness owed to and held by the Issuer or a Restricted Subsidiary; *provided, however*, that any subsequent issuance or transfer of any Capital Stock which results in any such Restricted Subsidiary (to which such Indebtedness is owed) ceasing to be a Restricted Subsidiary or any redesignation of such Restricted Subsidiary as an Unrestricted Subsidiary or any subsequent disposition, pledge or transfer of such Indebtedness (other than to the Issuer or a Restricted Subsidiary) shall be deemed, in each case, to constitute the Incurrence of such Indebtedness by the obligor thereon not permitted by this sub-clause (ii); and provided *further* that in the case of any such Indebtedness owed by the Issuer or a Guarantor to a Restricted Subsidiary that is not a Guarantor, such Indebtedness shall (if and to the extent legally permitted) by its terms be Subordinated Indebtedness or Guarantor Subordinated Obligations, as applicable;

(iii) Indebtedness represented by the Notes (other than any Additional Notes) and the Guarantees;

(iv) Indebtedness of the Issuer or any Restricted Subsidiary outstanding on the Issue Date (other than Indebtedness specified in sub-clauses (i), (iii) and (xi) of this Condition 7.1(b));

(v) Indebtedness of any Person that is assumed by the Issuer or any Restricted Subsidiary in connection with its acquisition of assets from such Person or any Affiliate thereof or is issued and outstanding on or prior to the date on which such Person was acquired by the Issuer or any Restricted Subsidiary or merged or consolidated with or into the Issuer or any Restricted Subsidiary (other than Indebtedness Incurred to finance, or otherwise Incurred in connection with, or in contemplation of, such acquisition, merger or consolidation), *provided* that on the date of such acquisition, merger or consolidation, after giving *pro forma* effect thereto, the Issuer could incur at least €1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio in sub-clause (a) above or the Fixed Charge Coverage Ratio is equal to or greater than the Fixed Charge Coverage Ratio immediately prior to giving such *pro forma* effect thereto;

(vi) the Incurrence of Refinancing Indebtedness by the Issuer or any Restricted Subsidiary in exchange for or the net proceeds of which are used to refund, replace, defease or refinance Indebtedness Incurred by the Issuer or any Restricted Subsidiary pursuant to clause (a) of this Condition 7.1 or sub-clause (iii), (iv) or (v) or this sub-clause (vi) of this Condition 7.1(b);

(vii) Hedging Obligations of the Issuer or any Restricted Subsidiary Incurred in the ordinary course of business and not for speculative purposes;

(viii) Obligations in respect of worker's compensation claims, health, disability or other employee benefits or property, casualty or liability insurance, self-insurance obligations, performance, bid, stay, customs, appeal, surety bonds and similar bonds and completion guarantees provided by the Issuer or any Restricted Subsidiary in the ordinary course of business;

(ix) Indebtedness arising from agreements of the Issuer or a Restricted Subsidiary providing for indemnification, adjustment of purchase price, earn-out or similar Obligations, in each case, Incurred or assumed in connection with the acquisition or disposition of any business, assets or Capital Stock of the Issuer or any Restricted Subsidiary; *provided* that such Indebtedness is not reflected on the balance sheet of the Issuer or any Restricted Subsidiary (it being understood that contingent Obligations referred to in a footnote to financial statements and not otherwise reflected on such balance sheet shall not be deemed to be reflected on such balance sheet for purposes of this sub-clause);

(x) Indebtedness of the Issuer or any Restricted Subsidiary in respect of (A) letters of credit, bankers' acceptances, bank guarantees (*cautions bancaires*) or other similar instruments or obligations issued, or relating to liabilities or obligations Incurred, in the ordinary course of business and not in connection with the borrowing of money (including those issued to governmental entities in connection with self-insurance under applicable workers' compensation statutes), or (B) decrees, attachments or awards or completion guarantees, surety, judgment, appeal or performance bonds, or other similar bonds, instruments or obligations or take-or-pay obligations contained in supply agreements, provided, or relating to liabilities or obligations Incurred, in the ordinary course of business; *provided* that, with respect to the drawing of letters of credit, such Indebtedness is reimbursed within 30 days following such drawing;

(xi) Purchase Money Indebtedness and Capital Lease Obligations incurred by the Issuer or any Restricted Subsidiary for the purpose of financing all or any part of the purchase price or cost of design, construction, installation or improvement of property, plant or equipment used in the business of the Issuer or any of its Restricted Subsidiaries (including any reasonable fees and expenses Incurred in connection with such purchase, design, construction, installation or improvement), and any Refinancing Indebtedness with respect thereto, in an aggregate principal amount at any time outstanding not exceeding the greater of €400.0 million and 5.0% of Consolidated Total Assets;

(xii) the Incurrence by the Issuer or any of its Restricted Subsidiaries of Indebtedness arising from the honouring by a bank or other financial institution of a check, draft or similar instrument inadvertently drawn against insufficient funds, so long as such Indebtedness is covered within ten Business Days;

(xiii) customer deposits and advance payments (not in connection with the borrowing of money) received from customers for goods or services purchased in the ordinary course of business;

(xiv) Indebtedness of the Issuer or a Restricted Subsidiary owing to the World Bank, the European Bank for Reconstruction and Development, the European Investment Bank, Fonds Industriel de Modernisation, Fond de Développement Economique et Social or any multilateral, governmental or European Union-controlled financial institution in an aggregate principal amount at any time outstanding not to exceed €150.0 million;

(xv) any guarantee (A) by the Issuer or a Restricted Subsidiary of Indebtedness of the Issuer or any Guarantor permitted to be incurred by another provision of this Condition 7.1; *provided* that any such guarantee by a Restricted Subsidiary is made in compliance with Condition 7.6 or (B) by a Restricted Subsidiary that is not a Guarantor of Indebtedness of a Restricted Subsidiary that is not a Guarantor that was permitted to be incurred by any other provision of this Condition 7.1;

(xvi) Indebtedness of the Issuer or any Restricted Subsidiary arising as a result of implementing composite accounting or other cash pooling arrangements, treasury or cash management arrangements or netting or setting off arrangements involving solely the Issuer and other members of the Group or solely among the members of the Group; and

(xvii) Indebtedness of the Issuer or any Guarantor (other than and in addition to Indebtedness permitted under sub-clauses (i) through (xvi) of this Condition 7.1(b)) in an aggregate principal amount at any time outstanding not to exceed €50.0 million.

(c) Notwithstanding the foregoing clauses (a) and (b), the aggregate principal amount of Indebtedness at any time outstanding Incurred pursuant to Condition 7.1(a) and sub-clauses (iv), (xi) and (xiv) of Condition 7.1(b) by Restricted Subsidiaries of the Issuer (other than Guarantors), including all Refinancing Indebtedness Incurred by such Restricted Subsidiaries in exchange for, or the net proceeds of which were used to renew, refund, refinance, replace, defease or discharge any such Indebtedness Incurred pursuant to Condition 7.1(a) or sub-clause (iv) of Condition 7.1(b), shall not exceed €800.0 million.

(d) For purposes of determining compliance with, and the outstanding principal amount of any particular Indebtedness Incurred pursuant to and in compliance with this Condition 7.1:

(i) (x) any Indebtedness outstanding on the Issue Date under the Existing Credit Facility will be treated as Incurred under clause (b)(i) above and may not be reclassified and (y) any Indebtedness Incurred under the Schuldschein Loan shall be treated as Incurred under clause (b)(iv) above and may not be reclassified;

(ii) subject to sub-clause (i) above, (x) in the event that an item of Indebtedness (or any portion thereof) meets the criteria of more than one of the types of Indebtedness described above, the Issuer, in its sole discretion, will classify such item of Indebtedness (or any portion thereof) at the time of Incurrence and may include the amount and type of such Indebtedness in one or more of the above clauses (including in part under one clause and in part under another such clause) and (y) the Issuer will be entitled to divide and re-classify an item of Indebtedness in more than one of the types of Indebtedness described above;

(iii) any other obligation of the obligor on such Indebtedness (or of any other Person who could have Incurred such Indebtedness under this Condition 7.1) arising under any guarantee, Lien, letter of credit, bankers' acceptance or other similar instrument or obligation securing or supporting such Indebtedness (other than such guarantee, Lien, letter of credit, bankers' acceptance or other similar instrument issued by the Issuer or a Guarantor and securing or supporting Indebtedness of a Restricted Subsidiary that is not a Guarantor) shall be disregarded to the extent that such guarantee, Lien, letter of credit, bankers' acceptance or other similar instrument or obligation secures or supports such Indebtedness; and

(iv) the amount of Indebtedness issued at a price that is less than the principal amount thereof shall be equal to the amount of the liability in respect thereof determined in accordance with IFRS.

(e) For purposes of determining compliance with this Condition 7.1, the Euro Equivalent of the principal amount of Indebtedness denominated in another currency shall be calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was Incurred, in the case of term Indebtedness, or first drawn, in the case of Indebtedness Incurred under a revolving credit facility; *provided* that (i) if such Indebtedness is Incurred to refinance other Indebtedness denominated in a currency other than euro, and such refinancing would cause the applicable euro-denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such euro-denominated restriction shall be deemed not to have been exceeded so long as the principal amount of such refinancing Indebtedness does not exceed the principal amount of such Indebtedness being refinanced; (ii) the Euro Equivalent of the principal amount of any such Indebtedness outstanding on the Issue Date shall be calculated based on the relevant currency exchange rate in effect on the Issue Date; and (iii) if any such Indebtedness is subject to a Currency Agreement with respect to the currency in which such Indebtedness is denominated covering principal, premium, if any, and interest on such Indebtedness, the amount of such Indebtedness and such interest and premium, if any, shall be determined after giving effect to all payments in respect thereof under such Currency Agreement. Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness that the Issuer and the Restricted Subsidiaries may Incur pursuant to this covenant shall not be deemed to be exceeded, with respect to any outstanding Indebtedness, solely as a result of fluctuations in the exchange rate of currencies.

7.2 *Limitation on Restricted Payments*

(a) The Issuer will not, and will not permit any Restricted Subsidiary, directly or indirectly, to make a Restricted Payment if at the time the Issuer or such Restricted Subsidiary makes such Restricted Payment:

(i) a Default or Event of Default shall have occurred and be continuing (or would result therefrom);

(ii) the Issuer is not entitled to Incur an additional €1.00 of Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in clause (a) of Condition 7.1; or

(iii) the aggregate amount of such Restricted Payment and all other Restricted Payments (the amount so expended, if other than in cash, to be the Fair Market Value thereof) declared or made subsequent to the Issue Date (other than Restricted Payments made pursuant to sub-clauses (i), (ii), (iv), (v), (vi) and (viii) of Condition 7.2(b) below) would exceed the sum (the "**Restricted Payments Basket**") of (without duplication):

(A) 50% of the Consolidated Net Income of the Issuer for the period (taken as one accounting period) from 1 January 2011 to the end of the Issuer's most recently ended fiscal half-year period for which internal financial statements are available at the time of such Restricted Payment (or, if such Consolidated Net Income for such period is a deficit, less 100% of such deficit); *plus*

(B) the aggregate Net Cash Proceeds and the Fair Market Value of marketable securities received (x) by the Issuer as capital contributions to the Issuer after the Issue Date or from the issuance or sale (other than to a Restricted Subsidiary) of its Capital Stock (other than Disqualified Stock) after the Issue Date (other than any such proceeds applied to redeem Notes in accordance with Condition 3.2) or (y) by the Issuer or any Restricted Subsidiary from the issuance and sale (other than to the Issuer or a Restricted Subsidiary) by the Issuer or any Restricted Subsidiary after the Issue Date of

Indebtedness (other than Subordinated Indebtedness or Guarantor Subordinated Obligations) that shall have been converted into or exchanged for Capital Stock of the Issuer (other than Disqualified Stock) (less (or plus) the amount of any cash and the Fair Market Value of any marketable securities distributed (or received) by the Issuer or any Restricted Subsidiary, as the case may be, upon such conversion or exchange); *plus*

(C) to the extent that any Unrestricted Subsidiary of the Issuer designated as such after the Issue Date is re-designated as a Restricted Subsidiary after the Issue Date, the lesser of (A) the Fair Market Value of the Issuer's Restricted Investment in such Subsidiary as of the date of such re-designation or (B) such Fair Market Value of the Issuer's investment in such Subsidiary as of the date on which such Subsidiary was originally designated as an Unrestricted Subsidiary after the Issue Date to the extent such investment reduced the Restricted Payments capacity under this Condition 7.2(a)(iii) and was not previously repaid or otherwise reduced; *plus*

(D) in the case of any return of capital, disposition or repayment of any Investment constituting a Restricted Payment (including, without limitation, Investments in Unrestricted Subsidiaries and dividends and other distributions from Unrestricted Subsidiaries), without duplication of any amount deducted in calculating the amount of Investments at any time outstanding included in the amount of Restricted Payments, an amount in the aggregate equal to the return of capital, repayment or other proceeds (in each case, in the form of cash or Cash Equivalents) with respect to all such Investments received by the Issuer or a Restricted Subsidiary; *plus*

(E) in the case of an Investment (other than a Permitted Investment) that is a guarantee made by the Issuer or a Restricted Subsidiary in favour of any Person (other than the Issuer or a Restricted Subsidiary) after the Issue Date pursuant to Condition 7.2(a)(iii), an amount equal to the amount of such guarantee upon the full and unconditional release of such guarantee; *plus*

(F) to the extent that any Investment constituting a Restricted Payment that was made after the Issue Date pursuant to Condition 7.2(a)(iii) is made in a Person that subsequently becomes a Restricted Subsidiary, the Fair Market Value of such Investment of the Issuer and its Restricted Subsidiaries as of the date such Person becomes a Restricted Subsidiary; *plus*

(G) 100% of any dividends received in cash by the Issuer or any Restricted Subsidiary after the Issue Date from an Unrestricted Subsidiary, to the extent that such dividends were not otherwise included in the Consolidated Net Income of the Issuer for such period.

(b) The preceding provisions will not prohibit:

(i) any purchase, redemption, repurchase, defeasance or other acquisition or retirement of Capital Stock of the Issuer or Subordinated Indebtedness made by exchange (including any such exchange pursuant to the exercise of a conversion right or privilege in connection with which cash is paid in lieu of the issuance of fractional shares) for, or out of the proceeds of the substantially concurrent issuance or sale of, Capital Stock of the Issuer (other than Disqualified Stock and other than Capital Stock issued or sold to a Subsidiary) or a substantially concurrent capital contribution to the Issuer; *provided* that the Net Cash Proceeds from such issuance, sale or capital contribution shall be excluded in subsequent calculations under clause (a)(iii)(B) of this Condition;

(ii) any purchase, redemption, repurchase, defeasance or other acquisition or retirement (collectively, "**repurchase**") of Subordinated Indebtedness (x) made by exchange for, or out of the net cash proceeds of the substantially concurrent issuance or sale of Refinancing Indebtedness Incurred in compliance with Condition 7.1, or (y) following the occurrence of a Change of Control or an Asset Disposition to the extent required by the agreements governing such Indebtedness at a purchase price not greater than 101% of the principal amount of such Indebtedness, but only if the Issuer shall have complied with the provisions described under Condition 5 or Condition 7.3, as the case may be, and, if required, caused the repurchase of all Notes tendered pursuant to the offer to repurchase required thereby, prior to purchasing or repaying such Subordinated Indebtedness;

(iii) dividends and distributions paid within 60 days after the date of declaration thereof or the giving of notice thereof (as applicable) if at such date of declaration or notice such dividend or distribution would have complied with clause (a) of this Condition;

(iv) so long as no Default or Event of Default has occurred and is continuing, the repurchase, redemption or other acquisition or retirement for value of any Capital Stock of the Issuer or any Restricted Subsidiary of the Issuer held by any current or former Officer, director or employee of the Issuer or any of its Restricted Subsidiaries pursuant to any equity subscription agreement, stock option agreement, performance share plan, shareholders' agreement or similar agreement; *provided* that the aggregate price paid for all such repurchased, redeemed, acquired or retired Capital Stock may not exceed €5.0 million in any twelve-month period;

(v) payments of cash, dividends, distributions, advances or other Restricted Payments by the Issuer or any of its Restricted Subsidiaries to allow the payment of cash in lieu of the issuance of fractional shares upon (i) the exercise of options or warrants or (ii) the conversion or exchange of Capital Stock of any such Person;

(vi) the declaration and payments of dividends on Disqualified Stock issued in accordance with Condition 7.1 or of any Preferred Stock of a Restricted Subsidiary issued in accordance with Condition 7.1;

(vii) the distribution, as a dividend or otherwise, of shares of Capital Stock, Indebtedness or other securities of Unrestricted Subsidiaries;

(viii) repurchases of Capital Stock deemed to occur upon exercise of stock options or warrants if such Capital Stock represents a portion of the exercise price of such options or warrants;

(ix) purchases of Capital Stock of the Issuer for contribution to an employee stock ownership plan of the Issuer not in excess of €2.0 million in aggregate;

(x) payments pursuant to any tax sharing agreement or arrangement among the Issuer and its Subsidiaries and other Persons with which the Issuer or any of its Subsidiaries is required or permitted to file a consolidated tax return or with which the Issuer or any of its Restricted Subsidiaries is a part of a group for tax purposes; *provided*, *however*, that such payments will not exceed the amount of tax that the Issuer and its Subsidiaries would owe on a stand-alone basis and the related tax liabilities of the Issuer and its Subsidiaries are relieved by the payment of such amounts to a relevant taxing authority; or

(xi) so long as no Default or Event of Default has occurred and is continuing, other Restricted Payments in an aggregate amount not to exceed €50.0 million at any time outstanding.

7.3 ***Limitation on Sales of Assets and Subsidiary Stock***

(a) The Issuer will not, and will not permit any Restricted Subsidiary to consummate any Asset Disposition, unless:

(i) the Issuer or such Restricted Subsidiary receives consideration at the time of such Asset Disposition at least equal to the Fair Market Value (including as to the value of all non-cash consideration) of the shares and assets subject to such Asset Disposition; and

(ii) at least 75% of the consideration thereof received by the Issuer or such Restricted Subsidiary is in the form of (A) cash, (B) Cash Equivalents or (C) Additional Assets;

provided, *however*, that clause (a)(i) above shall not apply to any sale or other disposition of Investments in joint ventures, including any Qualified Joint Venture (or issuances of Capital Stock thereof), if (a) such sale or other disposition or issuance is required by, or made pursuant to, any buy-sell arrangement between the relevant joint venture parties that is customary (in each case, as reasonably determined in good faith by the senior management of the Issuer) and (b) the consideration for such sale is solely cash and/or Cash Equivalents.

(b) If the Issuer or any Restricted Subsidiary consummates an Asset Disposition, the Issuer or such Restricted Subsidiary shall, no later than 365 days following the consummation of such Asset Disposition (or if later, the receipt of Net Available Cash therefrom), apply an amount equal to all or any of Net Available Cash therefrom to:

(i) repay, redeem, retire or cancel any Indebtedness of the Issuer or a Restricted Subsidiary other than Subordinated Indebtedness or Guarantor Subordinated Obligations (and if such

Indebtedness to be repaid is revolving credit Indebtedness, to correspondingly reduce commitments with respect thereto);

(ii) (A) invest in assets (including equipment, machinery and capital expenditures) to be used by the Issuer or any Restricted Subsidiary in a Permitted Business or make a capital expenditure, (B) acquire Capital Stock (other than Disqualified Stock) in a Person that is a Restricted Subsidiary or in a Person engaged in a Permitted Business that shall become a Restricted Subsidiary immediately upon the consummation of such acquisition or (C) a combination of (A) and (B) (it being understood that a binding commitment to consummate any such investment or acquisition within 180 days of such commitment shall be deemed a permitted application of such Net Available Cash pursuant to this sub-clause (ii), provided such binding commitment was entered into by the Issuer or a Restricted Subsidiary with a good faith expectation of such commitment being complied with);

(iii) make a Net Proceeds Offer (and, if applicable redeem, repay or purchase other Pari Passu Indebtedness) in accordance with the procedures described below; and/or

(iv) any combination of sub-clauses (i) to (iii) above.

The amount of Net Available Cash not applied or invested as provided in this clause (b) will constitute "**Excess Proceeds**."

(c) When the aggregate amount of Excess Proceeds equals or exceeds €25.0 million, the Issuer will be required to make an offer to purchase from all holders of the Notes and, if applicable, redeem (or make an offer to redeem, repay or purchase) any other Pari Passu Indebtedness of the Issuer the provisions of which require the Issuer to redeem, repay or purchase or make an offer to purchase such Indebtedness with the proceeds from any Asset Disposition, in an aggregate principal amount of Notes and such Pari Passu Indebtedness equal to the amount of such Excess Proceeds as follows:

(i) the Issuer will (a) make an offer to purchase Notes (a "**Net Proceeds Offer**") to all holders of the Notes and (b) redeem, repay or purchase (or make an offer to redeem, repay or purchase) any such other Pari Passu Indebtedness, *pro rata* in proportion to the respective principal amounts of the Notes and such other Pari Passu Indebtedness, in the maximum principal amount of Notes and Pari Passu Indebtedness that may be redeemed, repaid or purchased out of the amount (the "**Payment Amount**") of such Excess Proceeds;

(ii) the offer price for the Notes will be payable in cash in an amount equal to 100% of the principal amount of the Notes tendered pursuant to a Net Proceeds Offer, plus accrued and unpaid interest thereon, if any, to the date such Net Proceeds Offer is consummated (the "**Offered Price**"), and the redemption, repayment, or purchase price or amount, as applicable, for such Pari Passu Indebtedness (the "**Pari Passu Indebtedness Price**") shall be as set forth in the related documentation governing such Indebtedness;

(iii) if the aggregate Offered Price of Notes validly tendered and not withdrawn by holders of the Notes thereof exceeds the *pro rata* portion of the Payment Amount allocable to the Notes, Notes to be purchased will be selected on a *pro rata* basis; and

(iv) upon completion of such Net Proceeds Offer in accordance with the foregoing provisions, the amount of Excess Proceeds with respect to which such Net Proceeds Offer was made shall be deemed to be zero.

(d) To the extent that the sum of the aggregate Offered Price of Notes tendered pursuant to a Net Proceeds Offer and the aggregate Pari Passu Indebtedness Price paid to the holders of such Pari Passu Indebtedness is less than the Payment Amount relating thereto (such shortfall constituting a "**Net Proceeds Deficiency**"), the Issuer may use the Net Proceeds Deficiency, or a portion thereof, for any purpose not prohibited by these Conditions.

(e) For the purposes of this Condition, the following are deemed to be cash or Cash Equivalents:

(1) the amount (without duplication) of any Indebtedness (other than Subordinated Indebtedness and Guarantor Subordinated Obligations) of the Issuer or such Restricted Subsidiary that is expressly assumed by the transferee in such Asset Disposition and with respect to which the Issuer or such Restricted Subsidiary, as the case may be, is unconditionally released by the holder of such Indebtedness;

(2) Indebtedness of any Restricted Subsidiary that is no longer a Restricted Subsidiary as a result of such Asset Disposition, to the extent that the Issuer and each other Restricted Subsidiary are

released from any guarantee of payment of the principal amount of such Indebtedness in connection with such Asset Disposition; and

(3) securities received by the Issuer or any Restricted Subsidiary from the transferee that are converted by the Issuer or such Restricted Subsidiary into cash within 180 days.

(f) The Issuer will comply, to the extent applicable, with the requirements of any applicable securities laws or regulations in connection with the repurchase of Notes pursuant to this Condition. To the extent that the provisions of any applicable securities laws or regulations conflict with provisions of this Condition, the Issuer will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under this Condition by virtue of its compliance with such securities laws or regulations.

7.4 *Limitation on Liens*

The Issuer will not, and will not permit any Restricted Subsidiary to, directly or indirectly, Incur or permit to exist any Lien on any of its properties (including Capital Stock of a Restricted Subsidiary), whether owned at the Issue Date or thereafter acquired, securing Indebtedness ("**Initial Liens**") other than Permitted Liens without effectively providing that the Notes (or if it is a Guarantor that Incurs or permits to exist such an Initial Lien, then the Guarantee by such Guarantor) shall be secured (i) equally and rateably with the Indebtedness so secured or (ii) if such Indebtedness is Subordinated Indebtedness or Guarantor Subordinated Obligations, as the case may be, prior to the Subordinated Indebtedness or Guarantor Subordinated Obligations so secured, in each case, for so long as such Indebtedness is so secured. Any Lien thereby created in favour of the holders of the Notes under this Condition 7.4 will be automatically and unconditionally released and discharged upon (a) the release and discharge of the Initial Lien to which it relates or (b) any sale, exchange or transfer to any Person not a Affiliate of the Issuer of the property or assets secured by such Initial Lien or of all the Capital Stock of the entity holding such property or assets (or of a Person of which such entity is a Subsidiary), in each case, that is otherwise permitted by the Conditions (but only if all other Liens on the same property or assets that were required to be given under the terms of other Indebtedness as a result of the Initial Lien having been given or having arisen have also been, or on such sale, exchange or transfer, would also be, unconditionally released and discharged).

7.5 *Merger and Consolidation*

(a) The Issuer shall not in a single transaction or through a series of transactions consolidate with or merge with or into any other Person, or sell, assign, convey, transfer, lease or otherwise dispose of all or substantially all of the Issuer's properties and assets to any other Person or Persons.

(b) Clause (a) will not apply if:

(i) either at the time and immediately after giving effect to any such consolidation or merger, (x) the Issuer shall be the continuing corporation or (y) the Person (if other than the Issuer) formed by or surviving any such consolidation or merger or to which such sale, assignment, conveyance, transfer, lease or other disposition of all or substantially all of the Issuer's properties and assets or all or substantially all of the properties and assets of the Issuer and of the Restricted Subsidiaries on a consolidated basis has been made (the "**Surviving Entity**"):

(A) shall be a corporation duly organised and validly existing under the laws of France, any other member state of the European Union, Switzerland, the United States of America, any state thereof or the District of Columbia; and

(B) expressly assumes the obligations of the Issuer under the Notes and the Trust Deed, pursuant to a supplemental Trust Deed, in form and substance reasonably satisfactory to the Trustee, and the Notes and the Trust Deed remain in full force and effect as so supplemented;

(ii) immediately after giving effect to any such consolidation, merger, sale, assignment, transfer, lease or other disposition on a *pro forma* basis (and treating any Obligation of the Issuer or any Restricted Subsidiary incurred in connection with or as a result of such transaction or series of transactions as having been incurred by the Issuer or any Restricted Subsidiary at the time of such transaction), no Default or Event of Default shall have occurred and be continuing;

(iii) immediately after giving effect to any such consolidation, merger, sale, assignment, transfer, lease or other disposition on a *pro forma* basis (on the assumption that such transaction or series of transactions occurred on the first day of the two-half-year period immediately prior to the consummation of such transaction or series of transactions for which internal financial statements of the Issuer are available, with the appropriate adjustments with respect to the transaction or series of transactions being included in such *pro forma* calculation):

(A) the Issuer (or the Surviving Entity if the Issuer is not a continuing obligor under these Conditions) could Incur at least €1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in clause (a) of Condition 7.1; or

(B) the Fixed Charge Coverage Ratio of the Issuer (or if applicable, the Surviving Entity) would not be less than it was immediately prior to giving such *pro forma* effect to such transaction;

(iv) each Guarantor, unless it is the other party to the transactions described above or is released from its obligations under its Guarantee in connection with such transactions, will have confirmed that its Guarantee will apply to such Person's Obligations under the Trust Deed and the Notes; and

(v) the Issuer or the Surviving Entity shall have delivered to the Trustee, in form and substance reasonably satisfactory to the Trustee, an Officers' Certificate (attaching the computations to demonstrate compliance with sub-clauses (ii) and (iii) above) and an Opinion of Counsel, each stating that such consolidation, merger, sale, assignment, conveyance, transfer, lease or other disposition, and if a supplemental Trust Deed is required in connection with such transaction, such supplemental Trust Deed will, comply with the requirements of the Trust Deed and has been duly authorized, executed and delivered by the Issuer and/or Surviving Entity and constitutes a legal, valid, binding and enforceable obligation of each such party thereto, *provided* that in giving such opinion such counsel may rely on an Officers' Certificate as to compliance with the foregoing clauses (ii) and (iii) and as to matters of fact and such opinion may contain customary assumptions and qualifications. No Opinion of Counsel shall be required for a consolidation, merger, sale, assignment, conveyance, transfer, lease or other disposition described in paragraph (c) of this Condition 7.5.

(c) (A) Paragraph (b) of this Condition 7.5 shall not apply to any transaction in which any Restricted Subsidiary consolidates with, merges into or transfers all or part of its assets to the Issuer (with the Issuer as the Surviving Entity thereof) and (B) sub-clauses (ii) and (iii) of paragraph (b) of this Condition shall not apply if the Issuer consolidates or merges with or into or transfers all or substantially all its properties and assets to (x) an Affiliate incorporated or organised for the purpose of reincorporating or reorganising the Issuer in another jurisdiction or changing its legal structure to another entity or (y) a Restricted Subsidiary of the Issuer so long as all assets of the Issuer and the Restricted Subsidiaries of the Issuer immediately prior to such transaction (other than Capital Stock of such Restricted Subsidiary) are owned by such Restricted Subsidiary and its Restricted Subsidiaries immediately after the consummation thereof.

(d) In the case of any transaction complying with this Condition to which the Issuer is a party, the Surviving Entity shall succeed to, and be substituted for, and may exercise every right and power of, the Issuer under the Trust Deed; *provided* that the predecessor Issuer shall not be relieved from its obligations to pay the principal and interest on the Notes in the case of a lease of all or substantially all of the assets of the Issuer and the Restricted Subsidiaries taken as a whole.

7.6 ***Limitations on Guarantees of Indebtedness by Restricted Subsidiaries***

(a) The Issuer shall not permit any Restricted Subsidiary that is not a Guarantor, directly or indirectly, to guarantee, assume or in any other manner become liable for the payment of any Indebtedness of the Issuer or any Guarantor, unless (i) such Restricted Subsidiary simultaneously executes and delivers a supplemental Trust Deed to the Trust Deed, delivered to the Trustee, providing for a Guarantee by such Restricted Subsidiary on terms substantially similar, *mutatis mutandis*, to those of the guarantee provided by such Restricted Subsidiary in respect of such Indebtedness, *provided* that the Trustee shall have at least the same protections and benefits and no additional obligations, liabilities or duties in connection therewith, and (ii) with respect to any guarantee of Subordinated Indebtedness or Guarantor Subordinated Obligations by such Restricted Subsidiary, any such guarantee shall be subordinated to such Restricted Subsidiary's Guarantee with respect to the Notes at least to the same extent as such Subordinated Indebtedness or Guarantor Subordinated Obligations, as applicable, is/are subordinated to the Notes.

(b) Clause (a) shall not be applicable to any guarantees by any Restricted Subsidiary:

(i) that existed at the time such Person became a Restricted Subsidiary if the guarantee was not Incurred in connection with, or in contemplation of, such Person becoming a Restricted Subsidiary; or

(ii) given to a bank or trust company or other financial institution referred to in clause (ii) of the definition of Cash Equivalents in respect of or in connection with the operation of cash management or pooling programs or treasury arrangements or similar arrangements established for the Issuer's benefit or that of any member of the Group.

(c) The terms of the applicable Guarantee to be given by any Restricted Subsidiary pursuant to Condition 7.6(a) of each Guarantor shall be substantially similar, *mutatis mutandis*, to those set forth in the guarantee provided by such Restricted Subsidiary under the relevant Indebtedness, and may contain limitations substantially similar, *mutatis mutandis*, to those set forth therein and in Condition 6.1(g) (if required for compliance with the laws of the jurisdiction of incorporation or organisation of such Guarantor).

(d) Notwithstanding the foregoing, the Issuer shall not be obligated to cause any Restricted Subsidiary to guarantee the Notes to the extent that such guarantee by such Restricted Subsidiary would reasonably be expected to give rise to or result in (i) a violation of applicable law which, in any case, cannot be prevented or otherwise avoided through measures reasonably available to the Issuer or such Restricted Subsidiary or (ii) any civil or criminal liability for the officers, directors or shareholders of such Restricted Subsidiary. The Issuer will deliver to the Trustee (i) an Officers' Certificate to the effect that (x) such Restricted Subsidiary cannot prevent or avoid a violation of applicable law that would reasonably be expected to give rise to or result from the giving of a Guarantee by measures reasonably available to it or such Restricted Subsidiary or (y) that the giving of a Guarantee would result in any civil or criminal liability for the officers, directors or shareholders of such Restricted Subsidiary and (ii) an Opinion of Counsel and an Officers' Certificate that (A) the giving of the Guarantee would reasonably be expected to give rise to or result in a violation of the relevant applicable law or (B) the giving of a Guarantee would result in any civil or criminal liability for the officers, directors or shareholders of such Restricted Subsidiary and, in each case, the Trustee shall accept such as sufficient evidence thereof without further liability to the Noteholders or any other Person in respect thereof.

7.7 ***Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries***

(a) The Issuer will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create or permit to exist or become effective any consensual encumbrance or restriction on the ability of any Restricted Subsidiary to:

(i) pay dividends or make any other distributions on its Capital Stock to the Issuer or any of its Restricted Subsidiaries, or with respect to any other interest or participation in, or measured by, its profits, or pay any Indebtedness owed to the Issuer or any of its Restricted Subsidiaries;

(ii) make loans or advances to the Issuer or any of its Restricted Subsidiaries; or

(iii) sell, lease or transfer any of its properties or assets to the Issuer or any of its Restricted Subsidiaries.

(b) However, the preceding restrictions will not apply to encumbrances or restrictions existing under or by reason of:

(i) agreements governing Indebtedness outstanding on the Issue Date as in effect on the Issue Date and any amendments, restatements, modifications, renewals, supplements, refundings, replacements or refinancings of those agreements; *provided* that the amendments, restatements, modifications, renewals, supplements, refundings, replacements or refinancings are not materially more restrictive, taken as a whole, with respect to such dividend and other payment restrictions than those contained in those agreements on the Issue Date;

(ii) the Trust Deed and the Notes;

(iii) agreements governing other Indebtedness permitted to be incurred under the provisions of Condition 7.1 and any amendments, restatements, modifications, renewals, supplements, refundings, replacements or refinancings of those agreements; *provided* that the restrictions therein are not materially more restrictive, taken as a whole, than is customary in comparable financings (as determined in good faith by the Issuer);

(iv) applicable laws, rules, regulations or orders governmental licences, concessions, franchises or permits;

(v) any instrument governing Indebtedness or Capital Stock of a Person acquired by the Issuer or any of its Restricted Subsidiaries as in effect at the time of such acquisition (except to the extent such Indebtedness or Capital Stock was incurred in connection with or in contemplation of such acquisition), which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person, other than the Person, or the property or assets of the Person, so acquired; *provided* that, in the case of Indebtedness, such Indebtedness was permitted by the terms of the Trust Deed to be incurred;

(vi) customary non-assignment provisions in contracts and licenses entered into in the ordinary course of business;

(vii) purchase money obligations for property acquired in the ordinary course of business and Capital Lease Obligations that impose restrictions on the property purchased or leased of the nature described in clause (a)(iii) of this Condition;

(viii) any agreement for the sale or other disposition of the Capital Stock or all or substantially all of the properties and assets of a Restricted Subsidiary that restricts distributions by that Restricted Subsidiary pending its sale or other disposition;

(ix) Refinancing Indebtedness permitted by the terms of the Trust Deed; *provided* that the restrictions contained in the agreements governing such Refinancing Indebtedness are not materially more restrictive, taken as a whole, than those contained in the agreements governing the Indebtedness being refinanced;

(x) Liens permitted to be incurred under the provisions of Condition 7.4 that limit the right of the debtor to dispose of the assets subject to such Liens;

(xi) contractual requirements under or in respect of Qualified Receivables Financing;

(xii) customary provisions limiting the disposition or distribution of assets or property in joint venture agreements, asset sale agreements, sale leaseback agreements, stock sale agreements and other similar agreements (including agreements entered into in connection with a Restricted Investment) entered into with the approval of the Issuer's Board of Directors, which limitation is applicable only to the assets that are the subject of such agreements;

(xiii) restrictions on cash or other deposits or net worth imposed by customers or suppliers under contracts entered into in the ordinary course of business; and

(xiv) any encumbrance or restriction existing under any agreement that extends, renews, refinances or replaces the agreements containing the encumbrances or restrictions in the foregoing sub-clauses (i) through (xiii), or in this clause (xiv); *provided* that the terms and conditions of any such encumbrances or restrictions are no more restrictive in any material respect than those under or pursuant to the agreement so extended, renewed, refinanced or replaced.

7.8 ***Transactions with Affiliates***

(a) The Issuer will not, and will not permit any of its Restricted Subsidiaries to, make any payment to or sell, lease, transfer or otherwise dispose of any of its properties or assets to, or purchase any property or assets from, or enter into or make or amend any transaction, contract, agreement, understanding, loan, advance or guarantee with, or for the benefit of, any Affiliate of the Issuer (each, an "**Affiliate Transaction**") involving aggregate payments or consideration in excess of €5.0 million, unless:

(i) the Affiliate Transaction is on terms that are no less favourable to the Issuer or the relevant Restricted Subsidiary than those that would have been obtained in a comparable transaction by the Issuer or such Restricted Subsidiary with a Person that is not an Affiliate of the Issuer or any of its Restricted Subsidiaries; and

(ii) the Issuer delivers to the Trustee:

(A) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of €25.0 million, a resolution of the Board of Directors of the Issuer set forth in an Officers' Certificate certifying that such Affiliate Transaction complies with this covenant and that such Affiliate Transaction has been approved by a majority of the disinterested members of the Board of Directors of the Issuer (or, if there is only one disinterested member of such Board of Directors, such member); and

(B) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of €100.0 million, an opinion from an accounting, appraisal or investment banking firm of national standing, stating that the transaction or series of related transactions is (x) fair from a financial point of view taking into account all relevant circumstances or (y) on terms not less favourable than might have been obtained in a comparable transaction at such time on an arm's length basis from a Person who is not an Affiliate.

(b) The following items will not be deemed to be Affiliate Transactions and, therefore, will not be subject to the provisions of the prior paragraph:

(i) any issuance or sale of Capital Stock, options, other equity related interests or other securities, or other payments, awards or grants in cash, securities or otherwise pursuant to, or the funding of, or entering into, or maintenance of, any employment, consulting, collective bargaining or benefit plan, program, agreement or arrangement, related trust or other similar agreement and other compensation arrangements, options, warrants or other rights to purchase Capital Stock of the Issuer, restricted stock plans, long term incentive plans, stock appreciation rights plans, participation plans or similar employee benefits or consultant plans (including, valuation, health, insurance, deferred compensation, severance, retirement, savings or similar plans, programs or arrangements) and/or indemnities provided on behalf of Officers, employees or directors or consultants approved by the Board of Directors of the Issuer, or any similar arrangement entered into by the Issuer or any of its Restricted Subsidiaries, in each case in the ordinary course of business and payments pursuant thereto

(ii) transactions between or among the Issuer and any Restricted Subsidiary, or between or among Restricted Subsidiaries;

(iii) transactions with a Person (other than an Unrestricted Subsidiary of the Issuer) that is an Affiliate of the Issuer solely because the Issuer owns, directly or through a Restricted Subsidiary, Capital Stock of, or controls, such Person;

(iv) payment of reasonable and customary fees and reimbursements of expenses (pursuant to indemnity arrangements or otherwise) of Officers, directors, employees or consultants of the Issuer or any of its Restricted Subsidiaries;

(v) any issuance of Capital Stock (other than Disqualified Stock) of the Issuer to Affiliates of the Issuer;

(vi) Restricted Payments that do not violate the provisions of the Trust Deed described above under Condition 7.2;

(vii) any Permitted Investments (other than Permitted Investments described in clauses (i), (ii), (ix) or (xix) of the definition thereof);

(viii) transactions with customers, clients, suppliers, or purchasers or sellers of goods or services or providers of employees or other labour, in each case in the ordinary course of business and otherwise in compliance with the terms of the Trust Deed that are fair to the Issuer or the Restricted Subsidiaries, in the reasonable determination of the members of the Board of Directors of the Issuer or the senior management thereof, or are on terms at least as favourable as might reasonably have been obtained at such time from an unaffiliated Person;

(ix) any transaction effected as part of a Qualified Receivables Financing;

(x) loans or advances to employees, directors and officers made in the ordinary course of business in an aggregate principal amount at any time not to exceed €1.0 million;

(xi) any payments or other transactions pursuant to a tax sharing agreement between the Issuer and any other Person or a Restricted Subsidiary of the Issuer and any other Person with which the Issuer or any of its Restricted Subsidiaries files a consolidated tax return or with which the Issuer or any of its Restricted Subsidiaries is part of a group for tax purposes or any tax advantageous group contribution made pursuant to applicable legislation; *provided*, *however*, that any such tax sharing or arrangement and payment does not permit or require payments in excess of the amounts of tax that would be payable by the Issuer and its Restricted Subsidiaries on a stand-alone basis;

(xii) transactions pursuant to, or contemplated by, any written agreements in existence on the Issue Date and transactions pursuant to any amendment, modification or extension to such agreement, so long as such amendment, modification or extension, taken as a whole, is not more disadvantageous to the holders of the Notes in any material respect than the original agreement as in effect on the Issue Date.

7.9 ***Business Activities***

The Issuer will not, and will not permit any of its Restricted Subsidiaries to, engage in any business other than Permitted Businesses, except to such extent as would not be material to the Issuer and its Restricted Subsidiaries taken as a whole.

7.10 ***Payments for Consent***

The Issuer will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, pay or cause to be paid any consideration to or for the benefit of any holder of the Notes for or as an inducement to any consent, waiver or amendment of any of the terms or provisions of the Trust Deed or the Notes unless such consideration is offered to be paid and is paid to all holders of the Notes that consent, waive or agree to amend in the time frame set out in the solicitation documents relating to such consent, waiver or agreement. Notwithstanding the foregoing, the Issuer and its Restricted Subsidiaries shall be permitted, in any offer or payment of consideration for, or as an inducement to, any consent, waiver or amendment of any of the terms or provisions of the Trust Deed or the Notes, to exclude holders of Notes in any jurisdiction where (i) the solicitation of such consent waiver or amendment, including in connection with an offer to purchase for cash or (ii) the payment of the consideration therefor would require the Issuer or any of its Restricted Subsidiaries to file a registration statement, prospectus or similar document under any applicable securities laws (including, but not limited to, the United States federal securities laws and the laws of the European Union or its member states), in each case, which the Issuer reasonably determines (acting in good faith) (A) would be materially burdensome or (B) such solicitation would otherwise not be permitted under applicable law in such jurisdiction.

7.11 ***Reports***

As long as any Notes are outstanding, the Issuer will furnish to the holders of the Notes and to the Trustee:

(a) within 120 days after the end of the Issuer's fiscal year (beginning with the fiscal year ending 31 December 2011), annual reports, which shall contain the following information with a level of detail that is substantially comparable to the offering circular related to the issuance of the Notes on the Issue Date: (i) audited consolidated balance sheets of the Issuer as of the end of the two most recent fiscal years and audited consolidated income statements and statements of cash flow of the Issuer for the two most recent fiscal years, including complete footnotes to such financial statements and the report of the independent auditors on the financial statements; (ii) an operating and financial review of the audited financial statements, including a discussion of the results of operations, financial condition and liquidity and capital resources, and a discussion of material commitments and contingencies and critical accounting policies; (iii) a description of the business, management and shareholders of the Issuer, all material affiliate transactions and a description of all material new contractual arrangements, including material debt instruments (unless such contractual arrangements were described in a previous annual or semi-annual report, in which case the Issuer need describe only any material changes); and (v) material risk factors relating to the business of the Issuer and material recent developments;

(b) within 45 days following the end of the first half-year period in each fiscal year of the Issuer, semi-annual reports containing the following information: (i) an unaudited condensed consolidated balance sheet of the Issuer as of the end of such period and unaudited condensed consolidated statements of income and cash flow of the Issuer for the semi-annual period ending on the unaudited condensed consolidated balance sheet date and the comparable prior year period, together with condensed footnote disclosure; (ii) an operating and financial review of the unaudited financial statements, including a discussion of the results of operations, financial condition and liquidity and capital resources, and a discussion of changes in material commitments and contingencies and changes in critical accounting policies; and (iii) material recent developments;

(c) quarterly consolidated sales data of the Issuer for each of the first and third quarter of each fiscal year of the Issuer, in each case not later than 60 days after the end of the relevant quarter; and

(d) promptly after the occurrence of a material acquisition, disposition, restructuring of the Issuer and its Restricted Subsidiaries, taken as a whole, any change in the Chief Executive Officer or Chief Financial Officer or any Executive Vice President of the Issuer or change in auditors or any other material event that the Issuer announces publicly, a report containing a description of such event.

At the same time as it delivers the financial statements referred to in Condition 7.11, the Issuer shall deliver to the Trustee an Officer's Certificate certifying its compliance with this Condition 7 and that no Default or Event of Default has occurred or if it has, giving detail of such Default or Event of Default. The Trustee shall have no obligation to read or analyse any information or report delivered to it under this Condition 7.11 and shall have no obligation to determine whether any such information or report complies with the provisions of this Condition 7.11 and shall not be deemed to have notice of anything disclosed therein and shall incur no liability by reason thereof.

The Issuer will also make available copies of all reports required by this Condition 7.11 (i) on its website and (ii) if and so long as the Notes are listed on the Euro MTF and the rules of the Luxembourg Stock Exchange so require, at the specified office of the paying agent in Luxembourg.

7.12. ***Additional Guarantors***

The Issuer (a) shall cause, as soon as reasonably practicable and in any event not later than 15 April 2012, each of Faurecia Automotive España, S.L. (or any successor thereto) and Asientos de Galicia, S.L. (or any successor thereto) to execute and deliver to the Trustee a supplemental trust deed pursuant to which each such Person will guarantee the obligations of the Issuer under the Trust Deed and the Notes on the same terms and subject to the same conditions and limitations as the Guarantees provided by the Initial Guarantors organised or incorporated in Spain or (b) in the event that the Issuer determines, in its sole discretion, that it will not be possible for it to satisfy its obligation under clause (a) of this Condition 7.12, shall cause, as soon as reasonably practicable and in any event not later than 15 April 2012, one or more of its Restricted Subsidiaries that are organised or incorporated in any jurisdiction in which any Initial Guarantor is organised or incorporated (which may include Faurecia Automotive España, S.L. (or any successor thereto) or Asientos de Galicia, S.L. (or any successor thereto) as appropriate) and that are not Guarantors to execute and deliver to the Trustee one or more supplemental trust deeds pursuant to which each such Restricted Subsidiary will guarantee the obligations of the Issuer under the Trust Deed and the Notes on the same terms and subject to the same conditions and limitations as the Guarantees provided by the Initial Guarantors organised or incorporated in such jurisdiction such that (in the case of this clause (b)), upon such execution and delivery, the combined EBITDA (determined separately and without double counting (it being understood that all intra-group items shall be excluded)) of all of the Guarantors for the two-half-year period ending 30 June 2011 shall equal or exceed 75% of the EBITDA (on a consolidated basis) of the Issuer for such period.

8. SUSPENSION OF COVENANTS DURING ACHIEVEMENT OF INVESTMENT GRADE STATUS

8.1 If during any period the Notes have achieved and for so long as the Notes continue to maintain Investment Grade Status and no Event of Default shall have occurred and be continuing (such period, an "**Investment Grade Status Period**"), upon written notice by the Issuer to the Trustee in an Officers' Certificate certifying such Investment Grade Status and the absence of any Event of Default, the following Conditions will be suspended and will not be applicable to the Issuer and the Restricted Subsidiaries during such period:

(a) Condition 7.1;

(b) Condition 7.2;

(c) Condition 7.3;

(d) Condition 7.4;

(e) Condition 7.5(b)(iii);

(f) Condition 7.6;

(g) Condition 7.7; and

(h) Condition 7.8.

In addition, during an Investment Grade Status Period, the provisions of the first sentence of the final paragraph of the definition of "Unrestricted Subsidiary" will also be suspended and will not be applicable to the Issuer and the Restricted Subsidiaries (and no Subsidiaries may be designated by the Board of Directors as Unrestricted Subsidiaries solely in anticipation of an Investment Grade Status Period).

8.2 Covenants and other provisions of these Conditions that are suspended during an Investment Grade Status Period will be immediately reinstated and will continue to exist during any period in which the Notes do not have Investment Grade Status. Upon reinstatement, calculations under the reinstated Condition 7.2 will be made as if such Condition had been in effect during the entire period from the Issue Date (including the Investment Grade Status Period), it being understood however that no action taken during an Investment Grade Status Period or prior to an Investment Grade Status Period in compliance with the covenants then applicable will constitute a Default or an Event of Default under the Notes in the event that suspended covenants and provisions are subsequently reinstated or suspended, as the case may be. For the avoidance of doubt, an Investment Grade Status Period will not commence until the Issuer has provided written notice to the Trustee in accordance with Condition 8.1.

8.3 For purposes of this Condition, "**Investment Grade Status**" exists as of any time if at such time the Notes have been assigned at least two of the following ratings: (x) BBB- or higher by S&P, (y) Baa3 or higher by Moody's or (z) BBB- or higher by Fitch.

9. CURRENCY INDEMNITY

9.1 Euros are the sole currency of account and payment for all sums payable by the Issuer or any Guarantor under the Notes and the Trust Deed. Any amount received or recovered in a currency other than euros in respect of the Notes (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction or in the winding-up or dissolution of the Issuer, its Subsidiaries or otherwise) by the Trustee or a holder of the Notes in respect of any sum expressed to be due to it from the Issuer or any Guarantor shall constitute a discharge of the Issuer or such Guarantor only to the extent of the euros amount which the recipient is able to purchase with the amount so received or recovered in such other currency, on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If that euro amount is less than the euro amount expressed to be due to the recipient under any Note, the Issuer and each Guarantor, jointly and severally, shall indemnify the recipient against the cost of making any such purchase. For the purposes of this indemnity, it will be sufficient for the Trustee or the holders of the Notes to certify (indicating the sources of information used) that it would have suffered a loss had the actual purchase of euros been made with the amount so received in that other currency on the date of receipt or recovery (or, if a purchase of euros on such date had not been practicable, on the first date on which it would have been practicable).

9.2 The above indemnity, to the extent permitted by law:

(a) constitutes a separate and independent obligation from the other obligations of the Issuer and any Guarantor;

(b) shall give rise to a separate and independent cause of action;

(c) shall apply irrespective of any waiver granted by the Trustee or any holder of the Notes; and

(d) shall continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Note or any other judgment or order.

The indemnity pursuant to this Condition 9 shall be a senior obligation with respect to the Issuer and any Guarantor on the same basis and to the same extent as all other payment obligations of the Issuer and such Guarantor hereunder.

10. EVENTS OF DEFAULT

10.1 Each of the following is an Event of Default with respect to the Notes (each, an "**Event of Default**"):

(a) (x) a default in the payment of interest on the Notes when due, continued for 30 days, or (y) a default in the payment of Additional Amounts for 30 days after notice thereof to the Issuer;

(b) a default in the payment of principal of, or premium, if any, on any Note when due at its Stated Maturity, upon optional redemption, a repurchase required by these Conditions, acceleration or otherwise;

(c) failure by the Issuer or the relevant Guarantor to comply with its obligations under (x) Condition 5, (y) Condition 7.3 or (z) Condition 7.5;

(d) failure by the Issuer or the relevant Guarantor to comply for 60 days after written notice from the Trustee, or holders of at least 25% in aggregate principal amount of Notes, with any other covenant contained in these Conditions or the Trust Deed;

(e) default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by the Issuer or any of its Restricted Subsidiaries (or the payment of which is guaranteed by the Issuer or any of its Restricted Subsidiaries), whether such Indebtedness now exists, or is created after the Issue Date, if that default:

   (i) is caused by a failure to pay principal of such Indebtedness prior to the expiration of the grace period provided in such Indebtedness on the date of such default (a "Payment Default"); or

   (ii) results in the acceleration of such Indebtedness prior to its Stated Maturity,

   and, in each case, the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a Payment Default or the maturity of which has been so accelerated, aggregates €35.0 million or more

(f) the taking of any of the following actions by the Issuer or any Significant Subsidiary pursuant to or within the meaning of any Bankruptcy Law: (A) the commencement of a voluntary case (including, the appointment of a voluntary administrator); (B) the consent to the entry of an order for relief against it in an involuntary case; (C) the consent to the appointment of a Custodian of it or for any substantial part of its property (unless such appointment is done on a solvent basis or is in connection with a transaction or series of related transactions permitted by Condition 7.5) or (D) the making of a general assignment for the benefit of its creditors.

(g) the Issuer, or any Significant Subsidiary that is established in France (without prejudice to the other paragraphs of this Condition) (A) is unable to pay its due debt out of its available assets (cessation des paiements) within the meaning of Articles L.631-1 et seq. of the French Commercial Code; or (B, without limitation to the foregoing, is subject, on its own initiative or on the initiative of a third party, to: (1) an amicable liquidation or a dissolution (other than merger or dissolution permitted by these Conditions); (2) a request of nomination of a mandataire ad hoc as provided in Articles L.611-3 et seq. of the French Commercial Code; (3) the opening of a proceedings for sauvegarde, sauvegarde financière accélérée, redressement judiciaire or liquidation judiciaire, (4) a bankruptcy judgment (redressement judiciaire or liquidation judiciaire) in accordance Articles L.631-1 et seq. and L.640-1 et seq. of the French Commercial Code or a judgment for the cession totale ou partielle de l'entreprise in accordance with Articles L.642-1 et seq. of the French Commercial Code; or (5) a conciliation proceeding under L.611-4 et seq. of the French Commercial Code;

(h) a court of competent jurisdiction enters an order, judgment or decree under any Bankruptcy Law that: (A) is for relief against the Issuer or any Significant Subsidiary in an involuntary case; (B) appoints a Custodian of the Issuer or any Significant Subsidiary or for any substantial part of any of their respective property; or (C) orders the winding-up or liquidation of the Issuer or any Significant Subsidiary (unless such winding up or liquidation is done on a solvent basis or is in connection with a transaction or series of related transactions permitted by Condition 7.5); and in any of (A) through (C) the order or decree remains unstayed and in effect for 60 consecutive days;

(i) the rendering of any final judgment by a court of competent jurisdiction for the payment of money in an amount (net of any insurance or indemnity payments actually received in respect thereof prior to or within 60 days from the entry thereof, or to be received in respect thereof in the event any appeal thereof will be unsuccessful) in excess of €35.0 million against the Issuer or a Significant Subsidiary that is not discharged, or bonded or insured by a third Person, if such judgment or decree is not discharged, waived or stayed for a period of 60 consecutive days; or

(j) any Guarantee of a Guarantor ceases to be in full force and effect (other than in accordance with the terms of the Trust Deed or these Conditions) or any Guarantor denies or disaffirms its obligations under its Guarantee in writing (other than by reason of release of a Guarantor from or other termination of its Guarantee in accordance with the terms of the Trust Deed or these Conditions).

10.2 (a) If an Event of Default (other than an Event of Default specified in sub-clauses (f), (g) or (h) of Condition 10.1) occurs and is continuing, the Trustee (subject as provided below in this Condition 10.2) or the holders of at least 25% in principal amount of the outstanding Notes may declare by notice in writing to the Issuer the Notes to be immediately due and repayable at their principal amount together with accrued interest and all other amounts due on all the Notes; *provided, however*, that, after such acceleration, but before a judgment or decree based on acceleration, the holders of a majority in aggregate principal amount of the outstanding Notes may rescind and annul such acceleration and waive the related Default and Event of Default (other than an Event of Default referred to in sub-clause (k) of Condition 13.2) (or instruct the Trustee to do so subject as provided in Condition 10.2) if all Events of Default, other than the nonpayment of accelerated principal, interest and other amounts due, have been cured or waived. Upon such a declaration, such principal and interest and all other amounts due shall be due and payable immediately. If an Event of Default relating to sub-clauses (f) (g) or (h) of Condition 10.1 occurs, the Notes will automatically become and be immediately due and payable at such amount aforesaid without any declaration or other act on the part of the Trustee or any holders of the Notes and, for the avoidance of doubt, any requirement for an Event of Default to be continuing will be satisfied upon such acceleration.

(b) Notwithstanding Condition 10.2(a) above, in the event of a declaration of acceleration in respect of the Notes because an Event of Default specified in Condition 10.1(e) above shall have occurred and be continuing, such declaration of acceleration of the Notes and such Event of Default and all consequences thereof (including any acceleration or resulting payment default) shall be annulled, waived and rescinded, automatically and without any action by the Trustee or the holders of the Notes, and be of no further effect, if the payment default or other default triggering such Event of Default pursuant to Condition 10.1(e) shall be remedied or cured by the Issuer or a Restricted Subsidiary or waived by the holders of the relevant Indebtedness within 60 days after the acceleration declaration with respect thereto and if (a) the annulment of the acceleration of the Notes would not conflict with any judgment or decree of a court of competent jurisdiction and (b) all existing Events of Default, except nonpayment of principal, premium or interest on the Notes that became due solely because of the acceleration of the Notes, have been cured or waived.

(c) The Trustee may at any time, at its discretion and without notice, take such steps, actions or proceedings against the Issuer and/or any Guarantor as it may think fit to enforce the provisions of the Trust Deed and the Notes, but it shall not be bound to take any such proceedings or any other step or action in relation to the Trust Deed or the Notes (including, without limitation any action under Condition 10.1 or 10.2(a)) unless (a) subject, where applicable, to the provisions of Condition 13.1, it has been so directed by an extraordinary resolution of the holders of the Notes or so requested in writing by the holders of at least 25% in principal amount of the Notes then outstanding and (b) it has been indemnified and/or secured and/or pre-funded to its satisfaction.

10.3 In the event that holders of Notes declare the Notes to be accelerated pursuant to Condition 10.2(a), the Trustee shall be entitled to rely on such declaration (or any amendment or rescission referred to in Condition 10.2(b)) without any further investigation or liability to any party in connection therewith. Other than as provided in Condition 10.2, no holder of Notes shall be entitled to proceed directly against the Issuer or any Guarantor unless the Trustee, having become bound so to proceed, fails so to do within a reasonable period and the failure shall be continuing.

11. NO PERSONAL LIABILITY OF DIRECTORS, OFFICERS, EMPLOYEES AND SHAREHOLDERS

No director, officer, employee, incorporator or stockholder, as such, of the Issuer or any Subsidiary of any thereof shall have any liability for any obligation of the Issuer or any Guarantor under these Conditions, the Trust Deed or the Notes or for any claim based on, in respect of, or by reason of, any such obligation or its creation. Each holder, by accepting the Notes, waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes.

12. PRESCRIPTION

Claims against the Issuer or any Guarantor for payment of principal and interest in respect of the Notes, or under any Guarantee will be prescribed and become void unless made, in the case of principal and premium, within ten years or, in the case of interest and Additional Amounts, within five years after the relevant date for payment thereof.

13. AMENDMENTS AND WAIVERS

13.1 The Trust Deed contains provisions for convening meetings of the holders of the Notes to consider any matter affecting their interests, including the modification or abrogation by extraordinary resolution (within the meaning of the Trust Deed) of any of these Conditions or any of the provisions of the Trust Deed. The quorum at any meeting for passing an extraordinary resolution will be one or more Persons present holding or representing more than 50% in aggregate principal amount of the Notes for the time being outstanding, except that, at any meeting the business of which includes the modification or abrogation of certain of the provisions of these Conditions and certain of the provisions of the Trust Deed in each case as set forth in Condition 13.2 below, the necessary quorum for passing an extraordinary resolution will be one or more Persons present holding or representing not less than 90% of the principal amount of the Notes for the time being outstanding. An extraordinary resolution passed at any meeting of the holders of the Notes will be binding on all holders, whether or not they are present at the meeting. Once the requisite quorum is achieved at any meeting, any extraordinary resolution may be passed by holders of Notes who are present at such meeting and who hold or represent more than 50% in aggregate principal amount of the Notes held by all holders who are present at such meeting.

The Trust Deed also provides that a resolution in writing and signed by or on behalf of more than 50% in aggregate principal amount of Notes for the time being outstanding (or in respect of the matters set forth below in Condition 13.2, not less than 90% in aggregate principal amount of Notes for the time being outstanding) shall have the same effect as an extraordinary resolution passed at a meeting as described above.

13.2 The matters that require a quorum of 90% at any meeting of holders of the Notes or that require a direction or request or the consent of holders of at least 90% in aggregate principal amount of the Notes for the time being outstanding, as described above, are:

(a) reducing the principal amount of Notes whose holders must consent to an amendment or a waiver or the principal amount of Notes required to establish a quorum for passing an extraordinary resolution;

(b) reducing the rate of or extending the time for payment of interest on the Notes;

(c) reducing the principal of or changing the Stated Maturity of the Notes;

(d) reducing the premium payable upon the redemption of, or changing the date for any redemption of, Notes under Condition 3 or Condition 4.2 (or, after a Change of Control has already occurred, Condition 5);

(e) making any of the Notes payable in a currency other than euro;

(f) impairing the right of any holder of the Notes to (i) receive payment of principal of and interest on such holder's Notes on or after the due dates therefor or (ii) institute suit for the enforcement of any payment on or with respect to such holder's Notes;

(g) making any change in the list of matters specified in this Condition 13.2;

(h) making any change in the ranking or priority of any of the Notes or the Guarantees that would adversely affect the holders of the Notes;

(i) releasing any Guarantor from any of its obligations under its Guarantee or the Trust Deed, except in accordance with the terms of the Trust Deed;

(j) making any change in the provisions of Condition 4 that adversely affects the rights of the holders of the Notes or amending the terms of the Notes or the Trust Deed in each case in a manner that would result in the loss of an exemption from any of the Taxes described thereunder; or

(k) waiving a default in the payment of principal of or premium or interest on any Notes (except a rescission of acceleration of the Notes by the holders of the Notes thereof as provided above in these Conditions and a waiver of the payment default that resulted from such acceleration).

13.3 The Trustee may agree, without the consent of the holders of the Notes, to any modification (other than any modification concerning a matter listed in Condition 13.2) of, or to the waiver or authorisation of any breach or proposed breach of, any of these Conditions or any of the provisions of the Trust Deed, or determine, without any such consent as aforesaid, that any Event of Default or Default shall not be treated as such (*provided* that, in any such case, it is not, in the opinion of the Trustee, materially prejudicial to the interests of the holders of the Notes) or may agree, without any such consent as aforesaid, to any modification which, in its opinion, is of a formal, minor or technical nature or to correct a manifest error.

13.4 In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation or determination), the Trustee shall have regard to the general interests of the holders of the Notes as a class but shall not have regard to any interests arising from circumstances particular to individual holders of the Notes (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Noteholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require, nor shall any holder of Notes be entitled to claim, from the Issuer, any Guarantor, the Trustee or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders except to the extent already provided for in Condition 4 and/or any undertaking given in addition to, or in substitution for, Condition 4 pursuant to the Trust Deed.

13.5 Any modification, abrogation, waiver, authorisation or determination shall be binding on the holders of the Notes and, unless the Trustee agrees otherwise, shall be notified by the Issuer to the holders as soon as practicable thereafter in accordance with Condition 17.

13.6 The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking action unless indemnified and/or secured and/ or prefunded to its satisfaction.

13.7 The Trust Deed also contains provisions pursuant to which the Trustee is entitled, *inter alia*, (a) to enter into business transactions with the Issuer and/or any Guarantor and/or any of the Issuer's other Subsidiaries and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, the Issuer and/or any Guarantor and/or any of the Issuer's other Subsidiaries, (b) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the holders of the Notes and (c) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

13.8 The Trustee may call for and rely upon an Officers' Certificate as to the amount of any defined term used in Conditions 7 or 10 as at any given time or for any specified period, as applicable, or as to compliance by the Issuer and/or the Guarantors with any of the covenants contained in these Conditions, in which event such Officers' Certificate shall, in the absence of manifest error, be conclusive and binding on all parties and the Trustee shall not be bound in any such case to call for further evidence or be responsible for any liability that may be occasioned by it or any other person acting on such Officers' Certificate.

14. LISTING

The Issuer will use its commercially reasonable efforts to maintain the listing of the Notes on the Euro MTF of the Luxembourg Stock Exchange (the "**Euro MTF**") for so long as such Notes are outstanding; *provided* that if at any time the Issuer determines that it is unable to list or it can no longer reasonably comply with the requirements for listing the Notes on the Euro MTF or if maintenance of such listing becomes unduly onerous, it will not be obliged to maintain a listing of the Notes on the Euro MTF and will use its commercially reasonable efforts to obtain and maintain a listing of such Notes on another recognised stock exchange in Europe.

15. AGENTS

15.1 The Agents, when acting in that capacity, are acting solely as agents of the Issuer and the Guarantors pursuant to the Agency Agreement and (to the extent provided therein and in the Trust Deed) the Trustee and do not assume any obligation towards or relationship of agency or trust for or with any Noteholder.

15.2 The names of the Agents and their specified offices are set out in the Agency Agreement. The Issuer reserves the right under the Agency Agreement at any time with the prior written approval of the Trustee to remove the Registrar and any Paying Agent and to appoint other or further Registrars and Paying Agents; *provided* that it will at all times maintain (i) a Paying Agent having specified offices in a member state of the European Union that will not be obliged to withhold or deduct tax pursuant to European Union Directive 2003/48/EC on the taxation of savings income or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000, or any law implementing or complying with, or introduced in order to conform to, such Directive and (ii) a Registrar with a specified office outside the United Kingdom. At least 30 days notice of any such removal or appointment and of any change in the specified office of the Registrar and any Paying Agent will be given to the holders of the Notes in accordance with Condition 17.

16. REPLACEMENT OF NOTES

If any Note is mutilated, defaced, destroyed, stolen or lost, it may be replaced at the specified office of the Registrar or any Paying Agent upon payment by the claimant of such costs as may be incurred in connection with such replacement and on such terms as to evidence, security, indemnity or otherwise as the Issuer may reasonably require. Mutilated or defaced Notes must be surrendered before replacements will be issued.

17. NOTICES

All notices to the holders of the Notes regarding the Notes will be mailed to them at their respective addresses in the Register and will be deemed to have been given on the fourth Business Day after the date of mailing.

So long as the Notes are represented by a global certificate and such global certificate is held on behalf of a clearing system, notices to the holders of the Notes may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders. In addition, so long as the Notes are listed on the Euro MTF, notices to the holders of the Notes will either be published in a daily newspaper of general circulation in Luxembourg or on the website of the Luxembourg Stock Exchange.

18. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

No person shall have any right to enforce any term or condition of the Conditions under the Contracts (Rights of Third Parties) Act 1999.

19. GOVERNING LAW, SUBMISSION TO JURISDICTION AND SERVICE OF PROCESS

The Trust Deed, the Notes and the Guarantees, including any non-contractual obligations arising out of or in connection with them, are governed by, and shall be construed in accordance with, English law.

The Issuer and each of the Guarantors have agreed in the Trust Deed, for the benefit of the Trustee and the holders of the Notes, that the courts of England are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Trust Deed, the Notes and the Guarantees and that accordingly any suit, action or proceedings (together referred to as "**Proceedings** arising out of or in connection with the Trust Deed, the Notes or the Guarantees may be brought in such courts.

The Issuer and each of the Guarantors have irrevocably waived in the Trust Deed any objection which it may have now or hereafter to the laying of the venue of any such Proceedings in any such court and any claim that any such Proceedings have been brought in an inconvenient forum.

Nothing contained in this Condition shall limit any right of the Trustee, or subject to this Condition, any holder of the Notes to take Proceedings against the Issuer or any Guarantor in any other court of competent jurisdiction, nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction, whether concurrently or not.

The Issuer and the Guarantors have agreed in the Trust Deed that the process by which any Proceedings are commenced in England pursuant to this Condition 19 may be served on it by being delivered to Law Debenture Corporate Services Limited, Fifth Floor, 100 Wood Street, London, EC2V 7EX, United Kingdom. If such person is not or ceases to be effectively appointed to accept service of process on behalf of the Issuer and the Guarantors, the Issuer and the Guarantors shall appoint a further person in England to accept service of process on its behalf and, failing such appointment within 15 days, the Trustee shall be entitled to appoint such a person by written notice to the Issuer or relevant Guarantor. The Issuer and the Guarantors have agreed that the failure of any process agent to notify it of any process will not invalidate the relevant proceedings. Nothing herein shall affect the right of the Trustee and the holders of the Notes to serve process in any other manner permitted by law.

20. DEFINITIONS

"**Acquired Debt**" means, with respect to any specified Person:

(i) Indebtedness of any other Person existing at the time such other Person is merged with or into or became a Restricted Subsidiary of such specified Person, whether or not such Indebtedness is Incurred in connection with, or in contemplation of, such other Person merging with or into, or becoming a Restricted Subsidiary; and

(ii) Indebtedness secured by a Lien encumbering any asset acquired by such specified Person.

"**Additional Amounts**" has the meaning set forth in Condition 4.1.

"**Additional Assets**" means:

(i) any property or assets that replace property or assets that are the subject of an Asset Disposition and are to be used in a Permitted Business;

(ii) any property, plant, equipment or other assets (other than Indebtedness or Capital Stock) that are to be used in a Permitted Business;

(iii) the Capital Stock of a Person that becomes a Restricted Subsidiary as a result of the acquisition of such Capital Stock by the Issuer or a Restricted Subsidiary;

(iv) the Capital Stock in any Person that at the relevant time is a Restricted Subsidiary acquired from a third party; or

(v) any Capital Stock of any joint venture, including any Qualified Joint Venture, acquired by the Issuer or any Restricted Subsidiary as consideration for the sale or other disposition of any Investments, or the issuance of Capital Stock, in any joint venture, including any Qualified Joint Venture.

provided, *however*, that any such Restricted Subsidiary described in clause (iii) or (iv) above or joint venture described in clause (v) above is engaged in a Permitted Business.

"**Additional Guarantor**" means any Person that delivers a Guarantee after the Issue Date pursuant to Condition 7.12, until such time as released in accordance with the provisions of these Conditions.

"**Additional Notes**" has the meaning set forth in Condition 2.2.

"**Affiliate**" of any specified Person means any other Person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, "**control**" when used with respect to any Person means the possession, directly or indirectly, of the power to direct, or cause to the direction of, the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise. For purposes of this definition, the terms "**controlling**", "**controlled by**" and "**under common control with**" have meanings correlative to the foregoing.

"**Asset Disposition**" means (a) any sale, lease, issuance, transfer or other disposition of shares of Capital Stock of a Restricted Subsidiary (other than directors' qualifying shares, or shares to be held by third parties to meet applicable legal requirements), or (b) any sale, lease, transfer or other disposition of property or other assets (each such transaction described in (a) or (b) being referred to for purposes of this definition as a "**disposition**") by the Issuer or any of its Restricted Subsidiaries (including any disposition by means of a merger, consolidation or similar transaction), other than:

(i) any transaction or series of related transactions in which the Issuer and/or the Restricted Subsidiaries dispose of assets or businesses with a Fair Market Value of less than €10.0 million;

(ii) a disposition to the Issuer or a Restricted Subsidiary;

(iii) dispositions of inventory, products, equipment, machinery or services in the ordinary course of business;

(iv) any Restricted Payment permitted pursuant to Condition 7.2 or any Permitted Investment;

(v) a disposition that is governed by Condition 7.5;

(vi) any disposition arising from foreclosure, condemnation or similar action with respect to any property or other assets;

(vii) any disposition of Capital Stock, Indebtedness or other securities of an Unrestricted Subsidiary;

(viii) the grant of licences to intellectual property rights to third parties (other than Affiliates of the Issuer or any of its Restricted Subsidiaries) on an arm's length basis;

(ix) dispositions constituting Liens permitted to be Incurred under these Conditions or a foreclosure thereon;

(x) any sale, transfer or other disposition of Securitization Assets in connection with any Qualified Receivables Financing;

(xi) the unwinding of any Hedging Obligations;

(xii) any disposition of obsolete, damaged, surplus or worn-out equipment and any abandonment of any assets that are no longer in use, in each case, in the ordinary course of business;

(xiii) dispositions of accounts receivables in connection with the compromise, settlement or collection thereof in the ordinary course of business or in bankruptcy or similar proceedings and exclusive of factoring or similar arrangements;

(xiv) dispositions of cash and Cash Equivalents; or

(xv) the foreclosure, condemnation or any similar action with respect to any property or other assets or a surrender or waiver of contract rights or the settlement, release or surrender of contract, tort or other claims of any kind.

"**Attributable Indebtedness**" in respect of a Sale/Leaseback Transaction means, as at the time of determination, the present value (discounted at the interest rate borne by the Notes, compounded annually) of the total Obligations of the lessee for rental payments during the remaining term of the lease included in such Sale/Leaseback Transaction (including any period for which such lease has been extended); *provided, however*, that if such Sale/Leaseback Transaction results in a Capital Lease Obligation, the amount of Indebtedness represented thereby will be determined in accordance with the definition of "**Capital Lease Obligation**".

"**Average Life**" means, as of the date of determination, with respect to any Indebtedness, the quotient obtained by dividing:

(i) the sum of the products of the numbers of years from the date of determination to the dates of each successive scheduled principal payment of or redemption or similar payment with respect to such Indebtedness multiplied by the amount of such payment by

(ii) the outstanding principal amount of such Indebtedness.

"**Bankruptcy Law**" means Title 11, U.S. Code, or any similar U.S. Federal, state or non-U.S. law for the relief of debtors, including any of the procedures referred to in Titles I to IV of Book VI of the French Commercial Code, and any analogous procedures in the jurisdiction of organisation of any present or future Significant Subsidiary.

"**Board of Directors**" means, for any Person, the board of directors or other governing body of such Person or, in either case, any committee thereof duly authorised to act on behalf of such board or other governing body. With respect to the Issuer, the "**Board of Directors**" means the Issuer's board of directors (*conseil d'administration*) or any committee thereof.

"**Business Day**" means a day other than a Saturday, Sunday or other day on which commercial banking institutions are authorised or required by law to close in London or Paris, and (in relation to any date for payment or purchase of euros) other than any other day on which the Trans-European Automated Real Time Gross Settlement Express Transfer payment system is closed for settlement of payments in euros.

"**Capital Lease Obligation**" means an obligation that is required to be classified and accounted for as a capital or finance lease for financial reporting purposes in accordance with IFRS, and the amount of Indebtedness represented by such obligation shall be the capitalised amount of such obligation determined in accordance with IFRS; and the Stated Maturity thereof shall be the date of the last scheduled payment of rent or any other amount due under such lease without payment of a penalty.

"**Capital Stock**" of any Person means any and all shares, interests (including partnership interests), rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) equity of such Person, including any Preferred Stock, but excluding any debt securities convertible into such equity.

"**Cash Equivalents**" means any of the following: (i) securities issued or fully guaranteed or insured by the United States of America or a member state of the European Union or any agency or instrumentality of any thereof maturing within 360 days of the date of acquisition thereof; (ii) time deposit accounts, certificates of deposit, banker's acceptances and money market deposits (and similar instruments) with maturities of 12 months or less from the date of acquisition issued by a bank or trust company which is organised under, or authorised to operate as a bank or trust company under, (x) a member state of the European Union or of the United States of America or any state thereof, Canada or Switzerland (*provided* that such bank or trust company has capital, surplus and undivided profits aggregating in excess of US$500.0 million (or the foreign currency equivalent thereof as of the date of the relevant investment) and whose long-term debt is rated at least "A3" by Moody's or at least "A-" by S&P or the equivalent rating category of another internationally recognised rating agency) or (y) any jurisdiction outside the European Union, the United States of America or any state thereof, Canada or Switzerland, *provided* that in the case of (y) such bank or trust company is either (a) a controlled Affiliate of a bank or trust company meeting the conditions of sub-clause (x) or (b) a bank or trust company (including successors thereto) which, at any time during the 12-month period preceding the Issue Date, has issued to the Issuer or any Restricted Subsidiary time deposit accounts, certificates of deposit, bankers' acceptance and money market deposits (and similar instruments) with maturities of 12 months or less from the date of acquisition; (iii) commercial paper of a corporation (other than the Issuer or its Affiliates), maturing not more than 270 days from the date of acquisition, rated at least "A2" or the equivalent thereof by S&P or at least "P2" or the equivalent thereof by Moody's (or, if at such time neither is issuing ratings, then a comparable rating of another nationally recognised rating agency), (iv) money market instruments, commercial paper or other short term obligations rated at least "A2" or the equivalent thereof by S&P or at least "P2" or the equivalent thereof by Moody's (or, if at such time neither is issuing ratings, then a comparable rating of another nationally recognised rating agency), (v) investments in money market funds subject to the risk limiting conditions of Rule 2a-7 or any successor rule of the SEC under the Investment Company Act of 1940, as amended and (vi) investments correlative in type, maturity and rating to any of the foregoing denominated in foreign currencies or at foreign institutions.

"**Commodities Agreement**" means, in respect of any Person, any commodity futures contract, forward contract, option or similar agreement or arrangement (including derivative agreements or arrangements), designed to protect such Person against, or manage such Person's exposure to, fluctuations in commodity or raw material prices.

"**Consolidated EBITDA**" means, with respect to any specified Person for any period, the Consolidated Net Income for such period, plus the following to the extent deducted in calculating such Consolidated Net Income, without duplication:

(i) provision for all taxes based on income, profits or capital, for the Issuer and the Restricted Subsidiaries, as determined on a consolidated basis in accordance with IFRS, for such period; *plus*

(ii) the Fixed Charges of such Person and its Subsidiaries which are Restricted Subsidiaries for such period; *plus*

(iii) depreciation, amortization (including amortization of intangibles but excluding amortization of prepaid cash expenses that were paid in a prior period) and other non-cash charges and expenses (excluding any such non-cash charge or expense to the extent that it represents an accrual of or reserve for cash charges or expenses in any future period or amortization of a prepaid cash charge or expense that was paid in a prior period) of such Person and its Restricted Subsidiaries for such period; *plus*

(iv) any expenses or charges of the Issuer and the Restricted Subsidiaries related to any equity offering or issuance or Incurrence of Indebtedness permitted by these Conditions (whether or not consummated or Incurred); *plus*

(v) any unrealised foreign currency translation losses (including losses related to currency remeasurements of Indebtedness) of such Person and its Restricted Subsidiaries for such period, to the extent that such losses were taken into account in computing such Consolidated Net Income; *minus*

(vi) any unrealised foreign currency translation gains (including gains related to currency remeasurements of Indebtedness) of such Person and its Restricted Subsidiaries for such period, to the extent that such gains were taken into account in computing such Consolidated Net Income; *minus*

(vii) non-cash items increasing such Consolidated Net Income for such period, other than the accrual of revenue in the ordinary course of business,

in each case, on a consolidated basis and determined in accordance with IFRS.

"**Consolidated Net Income**" means, for any period, the net income (loss) of the Issuer and its Restricted Subsidiaries for such period, determined on a consolidated basis in accordance with IFRS and before any reduction in respect of Preferred Stock dividends; *provided* that there shall not be included in such Consolidated Net Income:

(i) the net income (loss) of any Person that is not a Restricted Subsidiary or that is accounted for by the equity method of accounting, except to the extent of the amount of dividends or similar distributions paid in cash to the specified Person or a Restricted Subsidiary of the Person;

(ii) solely for purposes of the calculation of the Restricted Payments Basket, the net income (loss) of any Restricted Subsidiary that is not a Guarantor during such period to the extent that the declaration or payment of dividends or similar distributions by such Restricted Subsidiary of that income is not permitted by operation of the terms of its charter or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to that Restricted Subsidiary during such period (other than (a) restrictions that have been waived or otherwise released, (b) restrictions pursuant to the Notes or the Trust Deed and (c) contractual restrictions in effect on the Issue Date with respect to such Restricted Subsidiary and other restrictions with respect to such Restricted Subsidiary that, taken as a whole, are not materially less favourable to the holders of the Notes than such restrictions in effect on the Issue Date), except that the Issuer's equity in the net income of any such Restricted Subsidiary for such period shall be included in such Consolidated Net Income up to the aggregate amount of any dividend or distribution that was or that could have been made by such Restricted Subsidiary during such period;

(iii) any net after-tax gain or loss realised upon the sale or other disposition of any asset of the Issuer or any Restricted Subsidiary (including pursuant to any Sale/Leaseback Transaction) that is not sold or otherwise disposed of in the ordinary course of business (as determined in good faith by the Board of Directors or a member of the senior management of the Issuer);

(iv) any item classified as an extraordinary, unusual or nonrecurring gain, loss or charge (including fees, expenses and charges associated with any acquisition, merger or consolidation after the Issue Date);

(v) the cumulative effect of a change in accounting principles;

(vi) all deferred financing costs written off and premiums paid in connection with any early extinguishment of Indebtedness;

(vii) the ineffective part of gains and losses from Hedging Obligations eligible for hedge accounting under IFRS, and the gains and losses from Hedging Obligations not eligible for hedge accounting under IFRS;

(viii) any non-cash compensation charge arising from any grant of stock, stock options or other equity based awards to the extent otherwise included in Consolidated Net Income; and

(ix) any impairment of goodwill.

Notwithstanding the foregoing, for the purpose of clause (a)(iii)(A) of Condition 7.2 only, there shall be excluded from Consolidated Net Income, without duplication, any dividends, repayments of loans or advances or other transfers of assets from Unrestricted Subsidiaries to the Issuer or a Restricted Subsidiary to the extent such dividends, repayments or transfers are applied by the Issuer to increase the amount of the Restricted Payments Basket pursuant to clause (a)(iii)(C), (D) or (G) of Condition 7.2.

"**Consolidated Total Assets**" means the total amount of the consolidated assets of the Issuer and its consolidated subsidiaries, as set forth as "Total assets" in the consolidated balance sheet of the Issuer, as of the end of the most recently completed fiscal half-year or full-year period for which the Issuer's internal financial statements are available.

"**Credit Facilities**" means one or more facilities or arrangements, in each case with one or more banks or other lenders or institutions providing for revolving credit loans, term loans, receivables financings (including, without limitation, through the sale of receivables to such institutions or to special purpose entities formed to borrow from such institutions against such receivables or the creation of any Liens in respect of such receivables in favour of such institutions), letters of credit or other Indebtedness, in each case, including all agreements, instruments and documents executed and delivered pursuant to or in connection with any of the foregoing, including but not limited to any notes and letters of credit issued pursuant thereto and any guarantee agreement, letter of credit applications and other guarantees, in each case as the same may be amended, supplemented, waived or otherwise modified from time to time, or refunded, refinanced, restructured (including with respect to structural or contractual subordination), replaced, renewed, repaid, increased or extended from time to time (whether in whole or in part, whether with the original banks, lenders or institutions or other banks, lenders or institutions or otherwise, and whether provided under any original Credit Facility or one or more other credit agreements, commercial paper programs or facilities, indentures, financing agreements or other Credit Facilities or otherwise). Without limiting the generality of the foregoing, the term "Credit Facility" shall include any agreement (i) changing the maturity of any Indebtedness Incurred thereunder or contemplated thereby, (ii) adding Subsidiaries as additional borrowers or guarantors thereunder, (iii) increasing the amount of Indebtedness Incurred thereunder or available to be borrowed thereunder or (iv) otherwise altering the terms and conditions thereof.

"**Currency Agreement**" means, in respect of any Person, any non-speculative foreign exchange contract, currency swap agreement or other similar agreement or arrangement (including derivative agreements or arrangements) Incurred in the ordinary course of business, as to which such Person is a party or beneficiary.

"**Custodian**" means any receiver, trustee, assignee, liquidator, custodian, voluntary administrator or similar official (including any "*administrateur judiciaire*", "*administrateur provisoire*", "*mandataire ad hoc*", "*conciliateur*" or "*mandataire liquidateur*") under any Bankruptcy Law.

"**Default**" means any event that is, or after notice or passage of time or both would be, an Event of Default.

"**Disqualified Stock**" means, with respect to any Person, any Capital Stock which by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable at the option of the holder) or upon the happening of any event:

(i) matures or is mandatorily redeemable (other than redeemable only for Capital Stock of such Person which is not itself Disqualified Stock) pursuant to a sinking fund Obligation or otherwise;

(ii) is convertible or exchangeable at the option of the holder for Indebtedness or Disqualified Stock; or

(iii) is mandatorily redeemable or must be purchased upon the occurrence of certain events or otherwise, in whole or in part;

in each case on or prior to 91 days after the Stated Maturity of the Notes; *provided*, *however*, that any Capital Stock that would not constitute Disqualified Stock but for provisions thereof giving holders thereof the right to require such Person to purchase or redeem such Capital Stock upon the occurrence of a "change of control" or "asset sale" occurring prior to 91 days after the Stated Maturity of the Notes shall not constitute Disqualified Stock if:

(i) the "change of control" or "asset sale" provisions applicable to such Capital Stock are not more favourable to the holders of such Capital Stock than the terms applicable to the Notes under Condition 5 and Condition 7.3, respectively; and

(ii) any such requirement only becomes operative after compliance with such terms applicable to the Notes, including the purchase of any Notes tendered pursuant thereto.

The amount of any Disqualified Stock that does not have a fixed redemption, repayment or repurchase price will be calculated in accordance with the terms of such Disqualified Stock as if such Disqualified Stock were redeemed, repaid or repurchased on any date on which the amount of such Disqualified Stock is to be determined pursuant to these Conditions; *provided*, *however*, that if such Disqualified Stock could not be required to be redeemed, repaid or repurchased at the time of such determination, the redemption, repayment or repurchase price will be the book value of such Disqualified Stock as reflected in the most recent financial statements of such Person.

"**EBITDA**" means, with respect to the Issuer or any Restricted Subsidiary and for any period, operating income before charges for depreciation, amortisation and provisions for impairment in the value of non-current assets of the Issuer or such Restricted Subsidiary, as applicable, for such period.

"**Equity Offering**" means any public or private sale of ordinary shares, preference shares or other Capital Stock of, or contribution to the capital of, the Issuer (excluding Disqualified Stock) (other than a registration statement on Form S-8 or otherwise relating to ordinary shares or common equity issued or issuable under any employee benefit plan).

"**Euro Equivalent**" means, with respect to any monetary amount in a currency other than euro, at any time of determination thereof by the Issuer or the Trustee, the amount of euro obtained by converting such foreign currency involved in such computation into euro at the spot rate for the purchase of euro at such time with the applicable foreign currency as published in *The Financial Times* in the "Currencies" section (or, if *The Financial Times* is no longer published, or if such information is no longer available in *The Financial Times*, such source as may be selected in good faith by the Issuer or the Trustee, as the case may be) on the date of such determination.

Except as provided for in Condition 7.1, whenever it is necessary to determine whether the Issuer has complied with any covenant in these Conditions or a Default has occurred and an amount is expressed in a currency other than euros, such amount will be treated as the Euro Equivalent determined as of the date such amount is initially determined in such currency.

"**European Union**" means the European Union, including member states prior to 1 May 2004 but excluding any country that became or becomes a member of the European Union on or after 1 May 2004.

"**Event of Default**" has the meaning set forth in Condition 10.1.

"**Exchange Act**" means the U.S. Securities Exchange Act of 1934, as amended.

"**Existing Credit Agreement**" means the €1.17 billion senior credit agreement, dated 27 November 2008, as amended on 12 March 2009, among the Issuer, as borrower, and BNP Paribas, Calyon, Citibank International plc, Crédit Mutuel-CIC, HSBC France, Natixis, SG Corporate & Investment Banking and The Bank of Tokyo-Mitsubishi UFJ, Ltd, as mandated lead arrangers and original lenders, and BNP Paribas, as agent and swingline agent.

"**Fair Market Value**" means the value that would be paid by a willing buyer to an unaffiliated willing seller in an arm's length transaction not involving distress of either party, as determined in good faith by the Board of Directors or a member of the senior management of the Issuer.

"**Fitch**" means Fitch Ratings and its successors.

"**Fixed Charge Coverage Ratio**" means, for any specified period, the ratio of (1) the Consolidated EBITDA of the Issuer for such period (2) the Fixed Charges of the Issuer for such period. In the event that the Issuer or any of its Restricted Subsidiaries incurs, assumes, guarantees, repays, repurchases, redeems, defeases or otherwise discharges any Indebtedness (other than ordinary working capital borrowings) or issues, repurchases or redeems Preferred Stock subsequent to the commencement of the period for which the Fixed Charge Coverage Ratio is being calculated and on or prior to the date on which the event for which the calculation of the Fixed Charge Coverage Ratio is made (the "**Calculation Date**"), then the Fixed Charge Coverage Ratio will be calculated giving *pro forma* effect (determined in good faith by a responsible accounting or financial officer of the Issuer) to such incurrence, assumption, guarantee, repayment, repurchase, redemption, defeasance or other discharge of Indebtedness, or such issuance, repurchase or redemption of Preferred Stock, and the use of the net proceeds therefrom, as if the same had occurred at the beginning of the applicable two-half-year reference period.

In addition, for purposes of calculating the Fixed Charge Coverage Ratio:

(i) acquisitions that have been made by the Issuer or any of its Restricted Subsidiaries, including through mergers or consolidations, or any Person or any of its Restricted Subsidiaries acquired by the Issuer or any of the Issuer's Restricted Subsidiaries, and including all related financing transactions and including increases in ownership of Restricted Subsidiaries, during the two-half-year reference period or subsequent to such reference period and on or prior to the Calculation Date, or that are to be made on the Calculation Date, will be given *pro forma* effect (determined in good faith by a responsible accounting or financial officer of the Issuer) as if they had occurred on the first day of the two-half-year reference period;

(ii) the Consolidated EBITDA attributable to discontinued operations, as determined in accordance with IFRS, and operations or businesses (and ownership interests therein) disposed of prior to the Calculation Date, will be excluded;

(iii) the Fixed Charges attributable to discontinued operations, as determined in accordance with IFRS, and operations or businesses (and ownership interests therein) disposed of prior to the Calculation Date, will be excluded, but only to the extent that the obligations giving rise to such Fixed Charges will not be obligations of the Issuer or any of its Restricted Subsidiaries following the Calculation Date;

(iv) any Person that is a Restricted Subsidiary on the Calculation Date will be deemed to have been a Restricted Subsidiary at all times during such two-half-year period;

(v) any Person that is not a Restricted Subsidiary on the Calculation Date will be deemed not to have been a Restricted Subsidiary at any time during such two-half-year period; and

(vi) if any Indebtedness bears a floating rate of interest, the interest expense on such Indebtedness will be calculated as if the rate in effect on the Calculation Date had been the applicable rate for the entire period (taking into account any Hedging Obligation applicable to such Indebtedness if such Hedging Obligation has a remaining term as at the Calculation Date in excess of 12 months).

"**Fixed Charges**" means, with respect to any specified Person for any period, the sum, without duplication, of:

(i) the consolidated interest expense of such Person and its Restricted Subsidiaries for such period, whether paid or accrued, including, without limitation, amortization of debt issuance costs and original issue discount, non-cash interest payments, the interest component of any deferred payment obligations, the interest component of all payments associated with Capital Lease Obligations, Attributable Indebtedness and Purchase Money Indebtedness, commissions, discounts and other fees and charges incurred in respect of letter of credit or bankers' acceptance financings, and net of the effect of all payments made or received pursuant to Hedging Obligations in respect of interest rates; *plus*

(ii) the consolidated interest expense of such Person and its Restricted Subsidiaries that was capitalized during such period; *plus*

(iii) any interest on Indebtedness of another Person that is guaranteed by such Person or one of its Restricted Subsidiaries or secured by a Lien on assets of such Person or one of its Restricted Subsidiaries, whether or not such guarantee or Lien is called upon; *plus*

(iv) the product of (a) all dividends, whether paid or accrued and whether or not in cash, on any series of Preferred Stock of such Person or any of its Restricted Subsidiaries, other than dividends on Capital Stock payable solely in Capital Stock of the Issuer (other than Disqualified Stock) or to the Issuer or a Restricted Subsidiary of the Issuer, and (b) a fraction, the numerator of which is one and the denominator of which is one minus the then current combined federal, state and local statutory tax rate of such Person, expressed as a decimal, in each case, determined on a consolidated basis in accordance with IFRS.

"**guarantee**" means a guarantee (other than by endorsement of negotiable instruments for collection in the ordinary course of business), direct or indirect, in any manner including, without limitation, by way of a pledge of assets or through letters of credit or reimbursement agreements in respect thereof, of all or any part of any Indebtedness (whether arising by virtue of partnership arrangements, or by agreements to keep-well, to purchase assets, goods, securities or services, to take or pay or to maintain financial statement conditions or otherwise). The term "**guarantee**" used as a verb has a corresponding meaning. The term "**guarantor**" shall mean any Person guaranteeing any Obligation.

"**Guarantee**" means each joint and several guarantee by a Guarantor of the Issuer's obligations with respect to the Notes, in accordance with Condition 6 and in the form set forth in the Trust Deed.

"**Guarantor**" means each Initial Guarantor, each Additional Guarantor, each Optional Guarantor and any Restricted Subsidiary that delivers a Guarantee after the Issue Date pursuant to Condition 7.6, in each case, until such time as released in accordance with the provisions of these Conditions.

"**Guarantor Subordinated Obligations**" means, with respect to a Guarantor, any Indebtedness of such Guarantor (whether outstanding on the Issue Date or thereafter Incurred) that is expressly subordinated in right of payment to the obligations of such Guarantor under its Guarantee pursuant to a written agreement.

"**Group**" means the Issuer together with any entities which the Issuer accounts for under the full consolidation method of accounting under IFRS.

"**Hedging Obligations**" of any Person means the obligations of such Person pursuant to any Interest Rate Agreement, Currency Agreement or Commodities Agreement.

"**IFRS**" means International Financial Reporting Standards as in effect on the Issue Date, or, with respect to the reporting requirements set forth in Condition 7.11, as in effect from time to time.

"**Incur**" or "**incur**" means to create, issue, assume, enter into a guarantee of, incur or otherwise become liable for; *provided*, *however*, that any Indebtedness of a Person existing at the time such Person becomes a Restricted Subsidiary (whether by merger, consolidation, acquisition or otherwise) shall be deemed to be Incurred by such Person at the time it becomes a Restricted Subsidiary. The term "**Incurrence**" when used as a noun shall have a correlative meaning. Solely for purposes of determining compliance with Condition 7.1, the following will not be deemed to be the Incurrence of Indebtedness:

(i) amortization of debt discount or the accretion of principal with respect to a non-interest bearing or other discount security;

(ii) the payment of regularly scheduled interest in the form of additional Indebtedness of the same instrument or the payment of regularly scheduled dividends on Capital Stock in the form of additional Capital Stock of the same class and with the same terms; and

(iii) the Obligation to pay a premium in respect of Indebtedness arising in connection with the issuance of a notice of redemption or the making of a mandatory offer to purchase such Indebtedness.

"**Indebtedness**" means, with respect to any Person on any date of determination (without duplication):

(i) the principal of indebtedness of such Person for borrowed money;

(ii) the principal of obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;

(iii) all reimbursement obligations of such Person in respect of letters of credit or other similar instruments (the amount of such obligations being equal at any time to the aggregate then undrawn and unexpired amount of such letters of credit or other instruments plus the aggregate amount of drawings thereunder that have not then been reimbursed);

(iv) all obligations of such Person to pay the deferred and unpaid purchase price of property (except (x) trade payables and accrued expenses Incurred by such Person in the ordinary course of business, (y) customary reservations or retentions of title under agreements with suppliers entered into in the ordinary course of business and (z) deferred insurance premiums in the ordinary course of business), which purchase price is due more than one year after the date of placing such property in final service or taking final delivery and title thereto;

(v) all Capital Lease Obligations of such Person;

(vi) all Attributable Indebtedness of such Person;

(vii) the redemption, repayment or other repurchase amount of such Person with respect to any Disqualified Stock of such Person or any Preferred Stock of a Subsidiary of such Person, but excluding, in each case, any accrued dividends (the amount of such obligation to be equal at any time to the maximum fixed involuntary redemption, repayment or repurchase price for such Capital Stock, or if less (or if such Capital Stock has no such fixed price), to the involuntary redemption, repayment or repurchase price therefor calculated in accordance with the terms thereof as if then redeemed, repaid or repurchased, and if such price is based upon or measured by the Fair Market Value of such Capital Stock;

(viii) all Indebtedness of other Persons secured by a Lien on any asset of such Person, whether or not such Indebtedness is assumed by such Person; *provided that* the amount of Indebtedness of such Person shall be the lesser of (A) the Fair Market Value of such asset at such date of determination and (B) the amount of such Indebtedness of such other Persons;

(ix) all guarantees by such Person of Indebtedness of other Persons, to the extent so guaranteed by such Person; and

(x) to the extent not otherwise included in this definition, net Hedging Obligations of such Person (the amount of any such obligation to be equal at any time to the greater of (x) the termination value of such agreement or arrangement giving rise to such Hedging Obligation that would be payable by such Person at such time and (y) the amount required under IFRS to be reflected on the balance sheet of such Person at such time),

if and to the extent any of the preceding items (other than items described under clauses (iii), (vi), (viii), (ix) and (x) above) would appear as a liability on a balance sheet (excluding the footnotes thereto) of the specified Person prepared in accordance with IFRS.

The term "**Indebtedness**" shall not include:

(i) in connection with the purchase by the Issuer or any of its Restricted Subsidiaries of any business, any post-closing payment adjustments to which the seller may become entitled to the extent such payment is determined by a final closing balance sheet or such payment depends on the performance of such business after the closing; *provided*, *however*, that, at the time of closing, the amount of any such payment is not determinable and, to the extent such payment thereafter becomes fixed and determined, the amount is paid within 30 days thereafter;

(ii) any contingent obligations in respect of workers' compensation claims, early retirement or termination obligations, pension fund obligations or contributions or similar claims, obligations or contributions or social security or wage Taxes;

(iii) anything accounted for as an operating lease in accordance with IFRS; and

(iv) obligations under or in respect of any Qualified Receivables Financing.

"**Initial Guarantor**" means each of Faurecia Automotive do Brasil Ltda, Faurecia Emissions Control Technologies, Limeira, Faurecia Sistemas de Escapamento do Brasil Ltda, Faurecia Intérieur Industrie, Faurecia Bloc Avant, Faurecia Sièges d'Automobile, Faurecia Automotive Industrie, Faurecia Systèmes d'Echappement, Financière Faurecia, Trecia, Faurecia Innenraum Systeme GmbH, Faurecia Autositze GmbH, Faurecia Exteriors GmbH, Faurecia Kunststoffe Automobilsysteme GmbH, Faurecia Abgastechnik GmbH, Faurecia Sistemas Automotrices de Mexico S.A. de C.V., ET Mexico Holdings I, S. de R.L. de C.V., Faurecia Exhaust Mexicana, S.A. de C.V., Faurecia Walbrzych Sp.Zo.o., Faurecia Automotive Polska Sp.Zo.o., Faurecia Gorzow Sp.Zo.o., Faurecia Sistemas de Escape España, S.A., Faurecia Interior Systems España, S.A., Faurecia Automotive Exteriors España, S.A., SAI Automotive Fradley Ltd, Faurecia Automotive Seating UK Limited, SAI Automotive Washington Limited, Faurecia Exhaust Systems, Inc., Faurecia Interior Systems, Inc. and Faurecia Automotive Seating, LLC.

"**Interest Rate Agreement**" means any non-speculative interest rate swap agreement, interest rate cap agreement or other financial agreement or arrangement with respect to exposure to interest rates Incurred in the ordinary course of business.

"**Investment**" means, with respect to any Person, all direct or indirect investments by such Person in other Persons (including Affiliates) in the forms of loans (including guarantees or other obligations, but excluding advances or extensions of credit to customers or suppliers made in the ordinary course of business), advances or capital contributions (excluding commission, travel and similar advances to Officers and employees made in the ordinary course of business), purchases or other acquisitions for consideration of Indebtedness, Capital Stock or other securities, together with all items that are or would be classified as Investments on a balance sheet prepared in accordance with IFRS. If the Issuer or any Restricted Subsidiary sells or otherwise disposes of any Capital Stock of any direct or indirect Restricted Subsidiary such that, after giving effect to any such sale or disposition, such Person is no longer a Restricted Subsidiary, the Issuer will be deemed to have made an Investment on the date of any such sale or disposition equal to the Fair Market Value of the Issuer's Investments in such Restricted Subsidiary that were not sold or disposed of in an amount determined pursuant to Condition 7.2(a)(iii). The acquisition by the Issuer or any Restricted Subsidiary of a Person that holds an Investment in a third Person will be deemed to be an Investment by the Issuer or such Restricted Subsidiary in such third Person in an amount equal to the Fair Market Value of the Investments held by the acquired Person in such third Person. Except as otherwise provided in the Trust Deed, the amount of an Investment will be determined at the time the Investment is made and without giving effect to subsequent changes in value.

For purposes of the definition of "**Unrestricted Subsidiary**", the definition of "**Restricted Payment**" and Condition 7.2:

(i) "**Investment**" shall include the portion (proportionate to the Issuer's equity interest in such Subsidiary) of the Fair Market Value of the net assets of any Subsidiary of the Issuer at the time that such Subsidiary is designated an Unrestricted Subsidiary; *provided*, *however*, that upon a redesignation of such Subsidiary as a Restricted Subsidiary, the Issuer shall be deemed to continue to have a permanent "Investment" in an Unrestricted Subsidiary equal to the excess (if any) of (i) the Issuer's "Investment" in such Subsidiary at the time of such redesignation less (ii) the portion (proportionate to the Issuer's equity interest in such Subsidiary) of the Fair Market Value of the net assets of such Subsidiary at the time of such redesignation; and

(ii) any property transferred to or from an Unrestricted Subsidiary shall be valued at its Fair Market Value at the time of such transfer.

"**Issue Date**" means the date of original issuance of the Notes.

"**Lien**" means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind securing any Obligation of any Person (including any title transfer or other title retention agreement having a similar effect).

"**Maturity Date**" has the meaning set forth in Condition 2.1.

"**Moody's**" means Moody's Investors Service, Inc. and its successors.

"**Net Available Cash**" from an Asset Disposition means cash and Cash Equivalents payments received (including any cash or Cash Equivalents payments received by way of deferred payment of principal pursuant to a note or instalment receivable or otherwise, but only as and when received, but excluding any other consideration received in the form of assumption by the acquiring Person of Indebtedness or other obligations relating to the properties or assets that are the subject of such Asset Disposition or received in any other non-cash form) therefrom, in each case net of:

(i) all legal, title and recording tax expenses, commissions and other fees and expenses incurred or accrued in connection with the Asset Disposition, and all Taxes required to be paid or accrued as a liability under IFRS, as a consequence of such Asset Disposition (including as a consequence of any transfer of funds in connection with the application thereof in accordance with the covenant described in Condition 7.3);

(ii) all payments made, and all instalment payments required to be made, on any Indebtedness that is secured by any assets subject to such Asset Disposition, in accordance with the terms of any Lien upon such assets, or that must by its terms, or in order to obtain a necessary consent to such Asset Disposition (including as a consequence of any transfer of funds in connection with the application thereof in accordance with Condition 7.3), or by applicable law, be repaid out of the proceeds from or in connection with such Asset Disposition;

(iii) all distributions and other payments required to be made to minority interest holders in Subsidiaries or joint ventures as a result of such Asset Disposition, or to any other Person (other than the Issuer or a Restricted Subsidiary) owning a beneficial interest in the assets disposed of in such Asset Disposition;

(iv) brokerage commissions and other fees and expenses (including fees, discounts and expenses of legal counsel, accountants and investment banks, consultants and placement agents) of such Asset Disposition;

(v) payments of unassumed liabilities (not constituting Indebtedness) relating to the assets sold at the time of, or within 30 days after the date of, such Asset Disposition; and

(vi) appropriate amounts to be provided, reserved or retained by the Issuer or any Restricted Subsidiary, as the case may be, against any adjustment in the sale price of such asset or assets or liabilities associated with such Asset Disposition and retained by the Issuer or any Restricted Subsidiary, as the case may be, after such Asset Disposition, including pensions and other post-employment benefit liabilities, liabilities related to environmental matters and liabilities under any indemnification obligations associated with such Asset Disposition,

in the case of each of (i) through (vi), as determined by the Issuer in good faith; *provided, however*, that any amounts remaining after adjustments, revaluations or liquidations of such reserves shall constitute Net Available Cash.

"**Net Cash Proceeds**", with respect to any issuance or sale of any securities of the Issuer or any Subsidiary by the Issuer or such Subsidiary, as the case may be, or any capital contributions, means the cash proceeds of such issuance, sale or contribution net of attorneys' fees, accountants' fees, underwriters' or placement agents' fees, discounts or commissions and brokerage, consultant and other fees actually incurred in connection with such issuance or sale and net of taxes paid or payable as a result thereof.

"**Noteholder**" or "**holder**" means the Person in whose name a Note is registered on the Registrar's books.

"**Obligations**" means, with respect to any Indebtedness, all obligations for principal, premium, interest, penalties, fees, indemnifications, reimbursements and other amounts payable pursuant to the documentation governing such Indebtedness.

"**Officer**" means the Chairman of the Board of Directors, the Chief Executive Officer, the Chief Financial Officer or any other member of the Executive Committee of the Issuer.

"**Officers' Certificate**" means a certificate signed by two Officers.

"**Opinion of Counsel**" means a written opinion from legal counsel who is reasonably acceptable to the Trustee. Such counsel may be an employee of or counsel to the Issuer.

"**Optional Guarantors**" has the meaning set forth in Condition 6.1(f).

"**Outstanding**" or "**outstanding**" means in relation to the Notes all the Notes (including Additional Notes, if any) issued other than:

(i) those Notes which have been redeemed or purchased and cancelled;

(ii) those Notes in respect of which the date for redemption in accordance with the Conditions has occurred and the redemption moneys (including premium (if any) and all interest payable thereon) have been duly paid to the Trustee or to the relevant Paying Agent in the manner provided in the Agency Agreement (and where appropriate notice to that effect has been given to the holders of the Notes in accordance with Condition 17) and remain available for payment (against presentation of the relevant Note, if required);

(iii) those Notes which have become void under Condition 12;

(iv) those mutilated or defaced Notes which have been surrendered and cancelled and in respect of which replacements have been issued pursuant to Condition 16;

(v) (for the purpose only of ascertaining the principal amount of the Notes outstanding and without prejudice to the status for any other purpose of the relevant Notes) those Notes which are alleged to have been lost, stolen or destroyed and in respect of which replacements have been issued pursuant to Condition 16; and

(vi) a Global Certificate (within the meaning of the Trust Deed) to the extent that it shall have been exchanged for Notes in definitive form pursuant to its provisions;

provided that for each of the following purposes, namely:

(i) the right to attend and vote at any meeting of the Noteholders, or any of them, an extraordinary resolution or any written consent and any direction or request by the holders of the Notes;

(ii) the determination of how many and which Notes are for the time being outstanding for the purposes of Conditions 10 and 13;

(iii) any discretion, power or authority (whether contained in these presents or vested by operation of law) which the Trustee is required, expressly or impliedly, to exercise in or by reference to the interests of the holders of the Notes or any of them; and

(iv) the determination by the Trustee whether any event, circumstance, matter or thing is, in its opinion, materially prejudicial to the interests of the holders of the Notes or any of them,

those Notes (if any) which are for the time being held or beneficially owned by the Issuer, any Subsidiary of the Issuer or any of the their Affiliates shall (unless and until ceasing to be so held) be deemed not to be outstanding.

"**Pari Passu Indebtedness**" means any Indebtedness of the Issuer or any Guarantor that ranks *pari passu* in right of payment with the Notes or the relevant Guarantee, as applicable.

"**Permitted Business**" means (i) any business, services or activities engaged in by the Issuer or any of its Restricted Subsidiaries on the Issue Date and any other business, services or activities in the transportation industry and (ii) any businesses, services and activities that are related, complementary, incidental, ancillary or similar to any of those described in clause (i) or are extensions or developments of any thereof.

"**Permitted Indebtedness**" has the meaning set forth in Condition 7.1(b).

"**Permitted Investment**" means an Investment by the Issuer or any Restricted Subsidiary in, or consisting of, any of the following:

(i) the Issuer, a Restricted Subsidiary or a Person that will, upon the making of such Investment, become a Restricted Subsidiary;

(ii) another Person if, as a result of such Investment, such other Person is merged or consolidated with or into, or transfers or conveys all or substantially all its assets to, the Issuer or a Restricted Subsidiary;

(iii) cash and Cash Equivalents;

(iv) payroll, travel, entertainment, moving and similar advances to cover matters that are expected at the time of such advances ultimately to be treated as expenses in accordance with IFRS and that are made in the ordinary course of business;

(v) loans or advances to employees, directors and officers made in the ordinary course of business in an aggregate principal amount at any time outstanding not to exceed €1.0 million;

(vi) stock, Obligations, securities or other Investments received in settlement of debts created in the ordinary course of business and owing to the Issuer or any Restricted Subsidiary, or as a result of foreclosure, perfection or enforcement of any Lien, or in satisfaction of judgments;

(vii) any Person to the extent such Investment represents the consideration received for or retained in connection with, sales or other dispositions of property or assets, including Asset Dispositions to the extent permitted pursuant to Condition 7.3 (other than consideration comprising assets described in clause (v) of the definition of "**Additional Asset**");

(viii) any Person where such Investment was acquired by the Issuer or any of its Restricted Subsidiaries (i) in exchange for any other Investment or accounts receivable held by the Issuer or any such Restricted Subsidiary in connection with or as a result of a bankruptcy, workout, reorganization or recapitalization of the issuer of such other Investment or accounts receivable or (ii) as a result of a foreclosure perfection or enforcement by the Issuer or any of its Restricted Subsidiaries with respect to any Lien, secured Investment or other transfer of title with respect to any Lien or secured Investment in default;

(ix) Investments by the Issuer or a Restricted Subsidiary in any Qualified Joint Venture having an aggregate Fair Market Value (measured on the date each such Investment was made and without giving effect to subsequent changes in value), when taken together with all other Investments made pursuant to this clause (ix) that are at the time outstanding, not to exceed 4.0% of Consolidated Total Assets; *provided* that in the case of the concurrent purchase and sale or exchange of outstanding Investments in one or more Qualified Joint Ventures for Investments in one or more other Qualified Joint Ventures, such amount shall be calculated after giving effect to such purchase and sale or exchange;

(x) pledges or deposits with respect to leases or utilities provided to third parties in the ordinary course of business;

(xi) any Person to the extent such Investments consist of Hedging Obligations otherwise permitted under Condition 7.1(b)(vii);

(xii) Investments in existence or made pursuant to legally binding written commitments in existence on the Issue Date and any extension, modification or renewal thereof, *provided* that the amount of any such Investment may only be increased (a) as required by the terms of such Investment as in existence on the Issue Date or (b) as otherwise permitted under the Trust Deed;

(xiii) Notes and any Additional Notes;

(xiv) any guarantee of Indebtedness permitted to be Incurred by Condition 7.1;

(xv) investments in receivables owing to the Issuer or any of its Restricted Subsidiaries created or acquired in the ordinary course of business;

(xvi) any Investment in connection with a Qualified Receivables Financing;

(xvii) any Investment to the extent made using Capital Stock of the Issuer (other than Disqualified Stock) as consideration;

(xviii) Investments acquired after the Issue Date as a result of the acquisition by the Issuer or any Restricted Subsidiary of another Person, including by way of a merger, amalgamation or consolidation with or into the Issuer or any of its Restricted Subsidiaries in a transaction that is not prohibited by Condition 7.5, after the Issue Date to the extent that such Investments were not made in contemplation of such acquisition, merger, amalgamation or consolidation and were in existence on the date of such acquisition, merger or consolidation; and

(xix) other Investments in any Person having an aggregate Fair Market Value (measured on the date each such Investment was made and without giving effect to subsequent changes in value), when taken together with all other Investments made pursuant to this clause (xix) that are at the time outstanding not exceeding €100.0 million; *provided* that if an Investment is made pursuant to this clause in a Person that is not a Restricted Subsidiary and such Person subsequently becomes a Restricted Subsidiary or is subsequently designated a Restricted Subsidiary pursuant to the terms of these Conditions, such Investment, if applicable, shall thereafter be deemed to have been made pursuant to clause (i) of this definition of "Permitted Investment" and not this clause.

With respect to Investments made pursuant to Condition 7.2(b)(xi) or clause (ix) or (xix) of the definition of "Permitted Investment", the amount of Investments outstanding at any time pursuant to such clause shall be deemed to be reduced (without duplication of anything contained in the proviso to such clause (xix)):

(i) upon the disposition or repayment of or return on any Investment made pursuant to such Condition or clause, by an amount equal to the return of capital with respect to such Investment to the Issuer or any Restricted Subsidiary (to the extent not included in the computation of the Restricted Payments Basket); and

(ii) upon a redesignation of an Unrestricted Subsidiary as a Restricted Subsidiary, by an amount equal to the lesser of (x) the Fair Market Value of the Issuer's proportionate interest in such Subsidiary immediately following such redesignation, and (y) the aggregate amount of Investments in such Subsidiary that increased (and did not previously decrease) the amount of Investments outstanding pursuant to such Condition or clause.

"**Permitted Liens**" means, with respect to any Person:

(i) pledges, deposits or Liens in connection with pensions, workers' compensation, unemployment insurance and other social security and other similar legislation or other insurance-related obligations (including, without limitation, pledges or deposits securing liability to insurance carriers under insurance or self-insurance arrangements);

(ii) pledges, deposits or Liens to secure the performance of bids, tenders, trade, government or other contracts (other than for borrowed money), obligations for utilities, leases, licences, statutory obligations, completion guarantees, surety, judgment, appeal or performance bonds, other similar bonds, instruments or obligations, and other obligations of a like nature incurred in the ordinary course of business;

(iii) Liens imposed by law, such as carriers', warehousemen's mechanics', landlord's, material men's repair men's or other like Liens, in each case for sums not overdue for a period of more than 60 days or that are bonded or that are being contested in good faith by appropriate proceedings and to the extent required by IFRS, with respect to which appropriate reserve or other provisions have been made in respect thereof, or other Liens arising out of judgments or awards against such Person with respect to which such Person shall then be proceeding with a good faith appeal or other proceedings for review and to the extent required by IFRS, with respect to which appropriate reserve or other provisions have been made in respect thereof, and Liens arising solely by virtue of any statutory or common law provision relating to banker's Liens, rights of set off or similar rights and remedies as to deposit accounts or other funds maintained with a creditor depository institution;

(iv) Liens for taxes, assessments or other governmental charges not yet delinquent or the nonpayment of which in the aggregate would not reasonably be expected to have a material adverse effect on the Issuer and its Restricted Subsidiaries or that are being contested in good faith and by appropriate proceedings if adequate reserves with respect thereto are maintained on the books of the Issuer or a Subsidiary thereof, as the case may be, in accordance with IFRS;

(v) Liens in favour of issuers of surety bonds or letters of credit issued pursuant to the request of and for the account of such Person in the ordinary course of its business; *provided*, *however*, that such letters of credit do not constitute Indebtedness for borrowed money;

(vi) filing of Uniform Commercial Code financing statements under U.S. state law (or similar filings under other applicable jurisdictions) in connection with operating leases in the ordinary course of business;

(vii) bankers' Liens, rights of setoff or similar rights and remedies as to deposit accounts, Liens arising out of judgments or awards not constituting an Event of Default and notices of lis pendens and associated rights related to litigation being contested in good faith by appropriate proceedings and for which adequate reserves have been made;

(viii) Liens on cash, Cash Equivalents or other property arising in connection with the defeasance, discharge or redemption of Indebtedness;

(ix) Liens securing or arising by reason of any netting or set-off arrangement entered into in the ordinary course of banking or other trading activities;

(x) any interest or title of a lessor under any operating lease;

(xi) easements (including reciprocal easement agreements), rights of way, building, zoning and similar restrictions, utility agreements, covenants, reservations, restrictions, encroachments, charges, and other similar encumbrances or title defects incurred, or leases or subleases granted to others, in the ordinary course of business, which do not in the aggregate materially interfere with the ordinary conduct of the business of the Issuer and its Subsidiaries, taken as a whole;

(xii) Liens on property or shares of Capital Stock of another Person at the time such other Person becomes a Subsidiary of such Person; *provided*, *however*, that such Liens were not Incurred in contemplation of such acquisition and the Liens may not extend to any other property owned by such Person or any of its Restricted Subsidiaries (other than assets and property affixed or appurtenant thereto);

(xiii) Liens on property at the time such Person or any of its Subsidiaries acquires the property, including any acquisition by means of a merger or consolidation with or into such Person or a Subsidiary of such Person; *provided*, *however*, that such Liens were not Incurred in contemplation of such acquisition and the Liens may not extend to any other property owned by such Person or any of its Restricted Subsidiaries (other than assets and property affixed or appurtenant thereto);

(xiv) Liens securing (a) Hedging Obligations incurred in accordance with Condition 7.1(b)(vii), (b) Purchase Money Indebtedness or Capital Lease Obligations incurred in accordance with Condition 7.1(b)(xi) and covering only the assets acquired with or financed by the proceeds of such Purchase Money Indebtedness or Capital Lease Obligations and (c) Indebtedness of a Restricted Subsidiary incurred in accordance with Condition 7.1(b)(xiv) and covering only the assets of such Restricted Subsidiary;

(xv) Liens on property or assets of a Restricted Subsidiary that is not a Guarantor to secure Indebtedness of such Restricted Subsidiary that is permitted to be Incurred pursuant to Condition 7.1;

(xvi) Liens existing on, or provided for under written arrangements existing on, the Issue Date, or securing any Refinancing Indebtedness in respect of such Indebtedness so long as the Lien securing such Refinancing Indebtedness is limited to all or part of the same property or assets (plus improvements, accessions, proceeds or dividends or distributions in respect thereof) that secured (or under such written arrangements could secure) the original Indebtedness;

(xvii) Liens arising out of judgments, decrees, orders or awards (not otherwise giving rise to a Default) in respect of which the Issuer shall in good faith be prosecuting an appeal or proceedings for review, which appeal or proceedings shall not have been finally terminated, or if the period within which such appeal or proceedings may be initiated shall not have expired; leases, subleases, licenses or sublicenses to third parties;

(xviii) Liens (a) created for the benefit of (or to secure) the Notes and/or the Guarantees or (b) in favour of the Issuer or any Restricted Subsidiary;

(xix) Liens on Capital Stock or other securities of an Unrestricted Subsidiary that secure Indebtedness or other obligations of such Unrestricted Subsidiary;

(xx) any encumbrance or restriction (including, but not limited to, put and call agreements) with respect to Capital Stock of any joint venture, including any Qualified Joint Venture, or similar arrangement pursuant to any joint venture or similar agreement;

(xxi) Liens securing Refinancing Indebtedness Incurred in respect of any Indebtedness secured by, or securing any refinancing, refunding, extension, renewal or replacement (in whole or in part) of any other obligation secured by, any other Permitted Liens, *provided* that any such new Lien is limited to all or part of the same property or assets (plus improvements, accessions, proceeds or dividends or distributions in respect thereof) that secured (or, under the written arrangements under which the original Lien arose, could secure) the obligations to which such Liens relate;

(xxii) Liens on specific items of inventory or other goods (and the proceeds thereof) of any Person securing such Person's obligations in respect of bankers' acceptances issued or created in the ordinary course of business for the account of such Person to facilitate the purchase, shipment or storage of such inventory or other goods;

(xxiii) Liens arising out of conditional sale, title retention, consignment or similar arrangements for the sale of goods or assets entered into in the ordinary course of business;

(xxiv) Liens on Securitization Assets and related assets Incurred in connection with any Qualified Receivables Financing;

(xxv) Liens on insurance policies and proceeds thereof, or other deposits, to secure insurance premium financings;

(xxvi) any extension, renewal, refinancing or replacement, in whole or in part, of any Lien described in the foregoing clauses (i) through (xxv), *provided* that any such Lien is limited to all or part of the same property or assets (plus improvements, accessions, proceeds or dividends or distributions in respect thereof) that secured (or, under the written arrangements under which the original Lien arose, could secure) the Indebtedness being refinanced; and

(xxvii) Liens on property or assets of the Issuer or any Guarantor to secure obligations of the Issuer or such Guarantor in an aggregate amount at any time outstanding not to exceed €50.0 million.

For purposes of this definition, the term "Indebtedness" shall be deemed to include interest on such Indebtedness.

"**Person**" means any individual, corporation, partnership, limited liability company, joint venture, association, joint-stock company, trust, unincorporated organization, government or any agency or political subdivision thereof or any other entity.

"**Preferred Stock**", as applied to the Capital Stock of any Person, means Capital Stock of any class or classes (however designated), including '*actions de préférence*' issued under French law, that by its terms is preferred as to the payment of dividends or distributions, or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over shares of Capital Stock of any other class of such Person.

"**principal**" of a Note means the principal amount of the Note plus (unless the context requires otherwise) the premium, if any, payable on the Note that is due or overdue or is to become due at the relevant time.

"**Purchase Money Indebtedness**" means any Indebtedness (including Capital Lease Obligations) Incurred to finance the acquisition, leasing, construction, addition or improvement of property (real or personal) or assets, and whether acquired through the direct acquisition of such property or asset or the acquisition of the Capital Stock of any Person owning such property or assets or otherwise.

"**Qualified Joint Venture**" means any entity in which the Issuer or any Restricted Subsidiary owns 50.0% or less of the Capital Stock and that, directly or through Subsidiaries, is engaged in a Permitted Business.

"**Qualified Receivables Financing**" means any financing pursuant to which the Issuer or any of its Restricted Subsidiaries may sell, convey or otherwise transfer to any other Person or grant a security interest in, any accounts receivable (and related assets) in any aggregate principal amount equal to the Fair Market Value of such accounts receivable (and related assets), whether now existing or arising in the future, of the Issuer or any of its Restricted Subsidiaries; *provided* that (a) the covenants, events of default and other provisions applicable to such financing shall be customary for such transactions and shall be on market terms (as determined in good faith by a responsible accounting officer of the Issuer) at the time such financing is entered into, (b) the interest rate applicable to such financing shall be a market interest rate (as determined in good faith by a responsible accounting officer of the Issuer) at the time such financing is entered into and (c) such financing shall be non-recourse to the Issuer or any of its Restricted Subsidiaries except to the extent customary for such transactions.

"**refinance**" means, in respect of any Indebtedness, to refinance, extend, renew, refund, repay, prepay, purchase, redeem, substitute, supplement, reissue, restate, amend, defease or retire, or to issue other Indebtedness in exchange or replacement for, such Indebtedness. The terms "refinanced" and "refinancing" shall have correlative meanings.

"**Refinancing Indebtedness**" means Indebtedness that is Incurred to refinance any Indebtedness existing on the Issue Date or Incurred in compliance with these terms and conditions (including Indebtedness of the Issuer that refinances Indebtedness of any Restricted Subsidiary (to the extent permitted in these Conditions) and Indebtedness of any Restricted Subsidiary that refinances Indebtedness of another Restricted Subsidiary) including Indebtedness that refinances Refinancing Indebtedness; *provided* that (1) if the Indebtedness being refinanced (the "**Refinanced Indebtedness**") is Subordinated Indebtedness or Guarantor Subordinated Obligations, then such Refinancing Indebtedness, by its terms, shall be subordinate in right of payment to the Notes or the relevant Guarantees, as applicable, at least to the same extent as the Refinanced Indebtedness was so subordinate, (2) such Refinancing Indebtedness is Incurred in an aggregate principal amount (or if issued with original issue discount, an aggregate issue price) that is equal to or less than the sum of (x) the aggregate principal amount (or if issued with original issue discount, the aggregate accreted value) then outstanding of the Refinanced Indebtedness, plus (y) accrued and unpaid interest thereon plus (z) fees, underwriting discounts, premiums and other costs and expenses incurred in connection with such Refinancing Indebtedness, (3) such Refinancing Indebtedness (x) has a final maturity date that is either (i) no earlier than the final maturity date of the Indebtedness being refinanced or (ii) after the final maturity date of the Notes and (y) has an Average Life as of the date of its Incurrence that is equal to or greater than the Average Life of the Refinanced Indebtedness and (4) Refinancing Indebtedness shall not include (x) Indebtedness of a Restricted Subsidiary that is not a Guarantor that refinances Indebtedness of the Issuer or a Guarantor or (y) Indebtedness of the Issuer or a Restricted Subsidiary that refinances Indebtedness of an Unrestricted Subsidiary.

"**Restricted Investment**" means an Investment other than a Permitted Investment.

"**Restricted Payment**" means:

(i) the declaration or payment of any dividends or any other distributions of any sort in respect of the Issuer's or any Restricted Subsidiary's Capital Stock (including, without limitation, any payment in connection with any merger or consolidation involving the Issuer or any of its Restricted Subsidiaries) or to the direct or indirect holders of the Issuer's or any Restricted Subsidiary's Capital Stock in their capacity as holders (other than (i) dividends or distributions payable solely in Capital Stock (other than Disqualified Stock) of the Issuer, and (ii) dividends, loans, advances or distributions payable to the Issuer or any Restricted Subsidiary and, in the case of any such Restricted Subsidiary making such dividend or distribution, to other holders of its Capital Stock on no more than a *pro rata* basis, measured by value);

(ii) the purchase, repurchase, redemption, defeasance or other acquisition or retirement for value (including, without limitation, in connection with any merger or consolidation involving the Issuer) of any Capital Stock of the Issuer or any parent entity of the Issuer held by any Person;

(iii) the purchase, repurchase, redemption, defeasance or other acquisition or retirement for value, prior to scheduled maturity, scheduled repayment or scheduled sinking fund payment of any Subordinated Indebtedness of the Issuer or Guarantor Subordinated Obligations (other than a payment of interest or principal at the Stated Maturity thereof or the purchase, redemption, defeasance or other acquisition or retirement of any such Subordinated Indebtedness or Guarantor Subordinated Obligations in anticipation of satisfying a sinking fund obligation, principal instalment or final maturity, in each case due within one year of the date of such purchase, redemption, defeasance or other acquisition or retirement); or

(iv) the making of Restricted Investment.

"**Restricted Payments Basket**" has the meaning set forth in Condition 7.2(a).

"**Restricted Subsidiary**" means any Subsidiary of the Issuer that is not an Unrestricted Subsidiary; *provided*, *however*, that in the event that any Restricted Subsidiary that is a Subsidiary solely as a result of it having been deemed to be a Subsidiary pursuant to the proviso to sub-clause (i) of the definition of "Subsidiary" ceases to be so deemed to be a Subsidiary, the Issuer will be deemed to have made an Investment as of the date of such cessation in an amount equal to the aggregate Fair Market Value of all outstanding Investments owned by the Issuer and its Restricted Subsidiaries in such Person (being equal, in the case of the Issuer's direct or indirect equity interest in such Person, to the portion (proportionate to such equity interest) of the Fair Market Value of the net assets of such Person).

"**S&P**" means Standard & Poor's Ratings Group and its successors.

"**Sale/Leaseback Transaction**" means a financing arrangement relating to property owned by the Issuer or a Restricted Subsidiary on the Issue Date or thereafter acquired by the Issuer or a Restricted Subsidiary whereby the Issuer or a Restricted Subsidiary transfers such property to a Person and the Issuer or a Restricted Subsidiary leases it from such Person.

"**SEC**" means the U.S. Securities and Exchange Commission.

"**Securitization Assets**" means any accounts receivable (and related assets), whether now existing or arising in the future, that are subject to a Qualified Receivables Financing.

"**Schuldschein Loan**" means the Schuldschein loan agreements, dated 21 October 2011, between the Issuer, as borrower, and WestLB AG, as agent in a total amount of €58 million.

"**Significant Subsidiary**" means any Restricted Subsidiary of the Issuer which meets any of the following conditions:

(i) the Issuer's and its other Restricted Subsidiaries' investments in and advances to the Subsidiary exceed 10.0% of the total assets of the Issuer and its Restricted Subsidiaries consolidated as of the end of the most recently completed fiscal year;

(ii) the Issuer's and its other Restricted Subsidiaries' proportionate share of the total assets (after intercompany eliminations) of the Subsidiary exceeds 10.0% of the total assets of the Issuer and its Restricted Subsidiaries consolidated as of the end of the most recently completed fiscal year; or

(iii) the Issuer's and its other Restricted Subsidiaries' share of the income from continuing operations before income taxes, extraordinary items and cumulative effect of a change in accounting principle of the subsidiary exclusive of amounts attributable to any non-controlling interests exceeds 10.0% of such income of the Issuer and its Restricted Subsidiaries consolidated for the most recently completed fiscal year;

provided, *however*, that any Restricted Subsidiary of the Issuer, which, when aggregated with all other Restricted Subsidiaries of the Issuer that are not otherwise Significant Subsidiaries and as to which any event described in clauses (f), (g) and/or (h) of Condition 10.1 has occurred, shall be deemed to constitute a Significant Subsidiary in accordance with the criteria set forth above.

"**Stated Maturity**" means, with respect to any security or indebtedness, the date specified in such security or indebtedness as the fixed date on which the payment of principal of such security or indebtedness is due and payable, including pursuant to any mandatory redemption provision (but excluding any provision providing for the repurchase or repayment of such security at the option of the holder thereof upon the happening of any contingency).

"**Subordinated Indebtedness**" means, any Indebtedness of the Issuer (whether outstanding on the Issue Date or thereafter Incurred) that is expressly subordinated in right of payment to Indebtedness under the Notes pursuant to a written agreement.

"**Subsidiary**" means, with respect to any specified Person:

(i) any corporation, association, *société d'exercice libéral* or other business entity of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency and after giving effect to any voting agreement or stockholders' agreement that effectively transfers voting power) to vote in the election of directors, managers or trustees of the corporation, association or other business entity is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person (or a combination thereof); *provided* that any corporation, association or other business entity shall also be deemed to be a Subsidiary if and for so long as such corporation, association or other business entity is consolidated in the financial statements of such Person according to the full consolidation method in accordance with IFRS; and

(ii) any partnership or limited liability company (other than entities covered by clause (i) of this definition) of which (a) more than 50% of the capital accounts, distribution rights, total equity and voting interests or general and limited partnership interests, as applicable, are owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof, whether in the form of membership, general, special or limited partnership interests or otherwise, and (b) such Person or any Subsidiary of such Person is a controlling general partner or otherwise controls such entity.

"**Unrestricted Subsidiary**" means:

(i) any Subsidiary of the Issuer that at the time of determination is an Unrestricted Subsidiary, as designated by the Board of Directors in the manner provided below; and

(ii) any Subsidiary of an Unrestricted Subsidiary.

The Issuer may designate any Subsidiary (including any newly formed or newly acquired Subsidiary) of the Issuer as an "Unrestricted Subsidiary" if no Default shall have occurred and be continuing at the time of or after giving effect to such Designation and the Issuer would be permitted to make, at the time of such designation (a) a Permitted Investment or (b) an Investment pursuant Condition 7.2(a), in an amount equal to the Fair Market Value of the Issuer's proportionate interest in such Subsidiary on such date. Notwithstanding the foregoing, no Subsidiary shall be designated as an "Unrestricted Subsidiary" if such Subsidiary or any of its Subsidiaries owns any Capital Stock or Indebtedness of, or owns or holds any Lien on any property of, the Issuer or any other Restricted Subsidiary of the Issuer that is not a Subsidiary of the Subsidiary to be so designated. The Issuer may redesignate an Unrestricted Subsidiary as a Restricted Subsidiary if (1) no Default shall have occurred and be continuing at the time of and after giving effect to such redesignation and (2) all Liens, Indebtedness and Investments of such Unrestricted Subsidiary outstanding immediately following such redesignation would, if Incurred or made at such time, have been permitted to be Incurred or made for all purposes of the Trust Deed. Any such designation or redesignation by the Board of Directors shall be evidenced to the Trustee by promptly filing with the Trustee a copy of the resolution of the Issuer's Board of Directors giving effect to such designation and an Officers' Certificate of the Issuer certifying that such designation or redesignation complied with the foregoing provisions.

"**Voting Stock**" means, at any time, all classes of Capital Stock of the Issuer then outstanding and normally entitled to vote in the Issuer's general shareholders' meetings.

"**Wholly Owned Subsidiary**" means a Restricted Subsidiary all the Capital Stock of which (other than directors' qualifying shares and *de minimis* number of shares held by other Persons to the extent required by applicable law to be held by a Person other than by its parent or a Subsidiary of its parent) is owned by the Issuer or one or more other Wholly Owned Subsidiaries.

BOOK-ENTRY, DELIVERY AND FORM

The Notes will be issued only in registered form and in minimum denominations of €100,000 and integral multiples of €1,000 in excess thereof.

The Notes are being sold in reliance on Regulation S ("**Regulation S**") under the United States Securities Act of 1933, as amended (the "**Securities Act**") and will be represented on issue by an offshore global note (the "**Global Note**"), that will represent the aggregate principal amount of the Notes. The Global Note will be deposited with, and registered in the name of a nominee for the common depositary for, Euroclear Bank S.A./N.V., ("**Euroclear**") and Clearstream, Luxembourg ("**Clearstream**"). Beneficial interests in the Global Note may be held only through Euroclear or Clearstream or their participants at any time. By acquisition of a beneficial interest in the Global Note, the purchaser will be required to certify that it is either (i) a non-US person (as such term is defined in Regulation S) or (ii) a US person who purchased the Notes in a transaction not requiring registration under the Securities Act. See "Subscription and Sale of the Notes".

Beneficial interests in the Global Note will be subject to certain restrictions on transfer set out therein and under "Subscription and Sale of the Notes" and in the Agency Agreement.

Except in the limited circumstances described below (see "– Exchange of Global Notes for Definitive Notes"), owners of beneficial interests in the Global Note will not be entitled to receive physical delivery of Notes.

For so long as any of the Notes are represented by the Global Note, each person (other than another clearing system) who is for the time being shown in the records of Euroclear or Clearstream (as the case may be) as the holder of a particular aggregate principal amount of such Notes (each an "**Accountholder**") (in which regard any certificate or other document issued by Euroclear or Clearstream (as the case may be) as to the aggregate principal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes) shall be treated as the holder of such aggregate principal amount of such Notes (and the expression "**Noteholders**" and references to "**holding of Notes**" and to "**holder of Notes**" shall be construed accordingly) for all purposes other than with respect to payments on such Notes, the right to which shall be vested solely in the nominee for the relevant clearing system (the "**Relevant Nominee**") in accordance with and subject to the terms of the Global Note. Each Accountholder must look solely to Euroclear or Clearstream, as the case may be, for its share of each payment made to the Relevant Nominee.

The Notes will be subject to certain transfer restrictions and certification requirements as set forth under "Subscription and Sale of the Notes".

Depository Procedures

The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of Euroclear or Clearstream (together, the "**Clearing Systems**") currently in effect. The information in this section concerning the Clearing Systems has been obtained from sources that the Issuer and Guarantors believe to be reliable, but none of the Issuer, the Guarantors or the Managers takes any responsibility for the accuracy of this section. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. None of the Issuer, the Guarantors or any other party to the Trust Deed will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Notes held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Clearing Systems

Euroclear and Clearstream

Euroclear and Clearstream each hold securities for their customers and facilitate the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders. Euroclear and Clearstream provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream also deal with domestic securities markets in several countries through established depositary and custodial relationships. Euroclear and Clearstream have established an electronic bridge between their two systems across which their respective participants may settle trades with each other. Euroclear and Clearstream customers are worldwide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear and Clearstream is available to other institutions that clear through or maintain a custodial relationship with an account holder of either system.

Registration and Form

Book-entry interests in the Notes held through Euroclear and Clearstream will be represented by the Global Note registered in the name of a nominee of, and held by, a common depositary for Euroclear and Clearstream. As necessary, the Registrars will adjust the amounts of Notes on the Register for the accounts of Euroclear and Clearstream to reflect the amounts of Notes held through Euroclear and Clearstream, respectively. Beneficial ownership of book-entry interests in Notes will be held through financial institutions as direct and indirect participants in Euroclear and Clearstream.

The aggregate holdings of book-entry interests in the Notes in Euroclear and Clearstream will be reflected in the book-entry accounts of each such institution. Euroclear or Clearstream, as the case may be, and every other intermediate holder in the chain to the beneficial owner of book-entry interests in the Notes will be responsible for establishing and maintaining accounts for their participants and customers having interests in the book-entry interests in the Notes. The Registrars will be responsible for maintaining a record of the aggregate holdings of Notes registered in the name of a common nominee for Euroclear and Clearstream and/or, if individual Certificates are issued in the limited circumstances described herein, holders of Notes represented by those individual Certificates. Each Paying Agent will be responsible for ensuring that payments received by it from or on behalf of the Issuer for holders of book-entry interests in the Notes holding through Euroclear and Clearstream are credited to Euroclear or Clearstream, as the case may be.

We will not impose any fees in respect of holding the Notes; however, holders of book-entry interests in the Notes may incur fees normally payable in respect of the maintenance and operation of accounts in Euroclear or Clearstream.

Clearing and Settlement Procedures

Initial Settlement

Upon their original issue, the Notes will be in global form represented by the Global Note. Interests in the Notes will be in uncertified book-entry form. Purchasers electing to hold book-entry interests in the Notes through Euroclear and Clearstream accounts will follow the settlement procedures applicable to conventional Eurobonds. Book-entry interests in the Notes will be credited to Euroclear and Clearstream participants' securities clearance accounts on the business day following the issue date against payment (value the issue date).

Secondary Market Trading

Secondary market trades in the Notes will be settled by transfer of title to book-entry interests in the Clearing Systems. Title to such book-entry interests will pass by registration of the transfer within the records of Euroclear or Clearstream, as the case may be, in accordance with their respective procedures. Book-entry interests in the Notes may be transferred within Euroclear and within Clearstream and between Euroclear and Clearstream in accordance with procedures established for these purposes by Euroclear and Clearstream.

General

None of Euroclear or Clearstream is under any obligation to perform or continue to perform the procedures referred to above, and such procedures may be discontinued at any time. None of the Issuer, the Guarantors or any of our agents will have any responsibility for the performance by Euroclear or Clearstream or their respective participants of their respective obligations under the rules and procedures governing their operations or the arrangements referred to above.

Exchange of Global Notes for Definitive Notes

A Global Note is exchangeable for Notes in registered definitive form ("**Definitive Notes**") if:

a) Euroclear and/or Clearstream is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announces that it is permanently to cease business or does in fact do so and no successor or alternative clearing system is available; or

b) the relevant clearing system so requests following an Event of Default under the Trust Deed.

In all cases, Definitive Notes delivered in exchange for any Global Note or beneficial interests therein will be registered in the names, and issued in any approved denominations, requested by or on behalf of the relevant clearing system (in accordance with its customary procedures), as the case may be unless the Issuer determines otherwise in compliance with the requirements of the Trust Deed.

Definitive Notes delivered in exchange for the Global Note will be delivered to or upon the order of the relevant clearing system or an authorised representative of the relevant clearing system, and may be delivered to Noteholders at the office of the Paying Agent in Luxembourg.

Exchange of Definitive Notes for Global Notes

If issued, Definitive Notes may not be exchanged or transferred for beneficial interests in a Global Note.

Exchange of Definitive Notes for Definitive Notes

If issued, Definitive Notes may be exchanged or transferred by presenting or surrendering such Definitive Notes at the office of the Registrar located in London with a written instrument of transfer in form satisfactory to such Registrar, duly executed by the holder of the Definitive Notes or by its attorney, duly authorised in writing. If the Definitive Notes being exchanged or transferred have restrictive legends, such holder must also provide a written certificate (in the form provided in the Trust Deed) to the effect that such exchange or transfer will comply with the appropriate transfer restrictions applicable to such Notes. See "Subscription and Sale of the Notes".

In the case of a transfer in part of a Definitive Note, a new Definitive Note in respect of the balance of the principal amount of the Definitive Note not transferred will be delivered to the office of the relevant Registrar.

If a holder of a Definitive Note claims that such Definitive Note has been lost, destroyed or stolen, or if such Definitive Note is mutilated and is surrendered to the office of the relevant Registrar, the Issuer will issue and the Registrar will authenticate a replacement Definitive Note if the Issuer's requirements are met. We may require a holder requesting replacement of a Definitive Note to furnish such security or indemnity as may be required to protect them and any agent from any loss which they may suffer if a Definitive Note is replaced. We may charge for any expenses incurred by it in replacing a Definitive Note. In case any such mutilated, destroyed, lost or stolen Definitive Note has become or is about to become due and payable, the Issuer, in its discretion, may, instead of issuing a new Definitive Note, pay such Definitive Note.

Methods of Receiving Payments on the Notes

Payments of principal and interest in respect of Notes represented by a Global Note will be made upon presentation or, if no further payment falls to be made in respect of the Notes, against presentation and surrender of such Regulation S Global Certificate to or to the order of a Paying Agent (or such other agent as shall have been notified to the holders of the Global Note for such purpose).

Distributions of amounts with respect to book-entry interests in the Global Note held through Euroclear or Clearstream will be credited, to the extent received by a Paying Agent, to the cash accounts of Euroclear or Clearstream participants in accordance with the relevant system's rules and procedures.

Principal of, premium, if any, and interest on any Definitive Notes will be payable at the office or agency of the Paying Agent in Luxembourg maintained for such purposes. In addition, interest on Definitive Notes may be paid by check mailed to the person entitled thereto as shown on the register for such Definitive Notes.

Action by Owners of Book-Entry Interests

Euroclear and Clearstream have advised us that they will take any action permitted to be taken by a holder of the Notes (including the presentation of the Notes for exchange as described above) only at the direction of one or more participants to whose account the book-entry interests in the Global Note are credited and only in respect of such portion of the aggregate principal amount of the Notes as to which such participant or participants has or have given such direction. Euroclear and Clearstream will not exercise any discretion in the granting of consents, waivers or the taking of any other action in respect of the Global Note. However, if there is an Event of Default under the Notes, Euroclear and Clearstream reserve the right to exchange the Global Note for Definitive Notes in certificated form, and to distribute such Definitive Notes to their participants.

SUBSCRIPTION AND SALE OF THE NOTES

Each of the Managers, in their capacities as initial purchasers, pursuant to a purchase agreement, dated 3 November 2011 (the "**Purchase Agreement**"), has agreed with us, subject to the satisfaction of certain conditions, to subscribe and pay for the Notes at the initial purchase price specified therein, less subscription and underwriting fees and certain expenses to be agreed between us and the Managers. The Purchase Agreement entitles the Managers to terminate the Purchase Agreement in certain circumstances prior to payment being made to the Issuer.

The Managers are BNP Paribas, Crédit Agricole Corporate and Investment Bank, Natixis, Société Générale HSBC Bank plc and Mitsubishi UFJ Securities International plc (together, the "**Managers**").

We have been advised by each Manager that it proposes to resell the Notes outside the United States to persons in offshore transactions in reliance on Regulation S and in accordance with applicable law.

Pursuant to the Purchase Agreement, the Issuer has agreed to indemnify the Managers against certain liabilities.

The Notes will be issued in minimum denominations of €100,000 and integral multiples of €1,000 in excess thereof.

This Offering Circular has been prepared by us for use in connection with the offer and sale of the Notes outside the United States in offshore transactions in reliance on Regulation S and for the admission of the Notes to listing on the Official List of the Luxembourg Stock Exchange and the admission of the Notes to trading on the Euro MTF market. Each of us and the Managers reserve the right to reject any offer to purchase, in whole or in part, for any reason, or to sell less than the principal amount of Notes which may be offered. This Offering Circular does not constitute an offer to any Person in the United States. Distribution of this Offering Circular to any Person within the United States is unauthorised and any disclosure of any of its contents to such persons is prohibited.

The Managers have advised us that they presently intend to make a market in the Notes as permitted by applicable laws and regulations. The Managers are not obligated, however, to make a market in the Notes and any such market making may be discontinued at any time at the sole discretion of the Managers. Accordingly, no assurance can be given as to the liquidity of, or trading markets for, the Notes. See "Risk Factors – Risks Related to the Notes and the Guarantees – There currently exists no market for the Notes, and we cannot provide assurance that an active trading market will develop for the Notes".

The Notes will initially be offered at the price indicated on the cover page hereof. After the initial offering of the Notes, the offering price and other selling terms of the Notes may from time to time be varied by the Managers without notice.

We have applied, through its listing agent, to have the Notes listed on the Official List of the Luxembourg Stock Exchange and to admit the Notes to trading on the Euro MTF market. Neither the Managers nor we can assume that Notes will be approved for admission to listing and trading, and will remain listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF market.

The Managers or their respective Affiliates from time to time have provided in the past and may provide in the future investment banking, commercial lending, consulting and financial advisory services to us and our affiliates in the ordinary course of business for which we may receive customary advisory and transaction fees and expense reimbursement. Affiliates of certain of the Managers are parties to the Existing Senior Credit Agreement and the mandate letter in connection with the New Senior Credit Facilities.

General

Each Manager has represented and warranted that no action has been or will be taken in any jurisdiction by such Manager that would permit a public offering of the Notes, or the possession, circulation or distribution of this Offering Circular or any other material relating to the Issuer, the Guarantors, or the Notes, in any jurisdiction where action for such purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Offering Circular nor any other offering material or advertisements in connection with the Notes may be distributed or published, in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction.

Each Manager has also agreed to comply with the selling restrictions set forth below.

United States

The Notes have not been and will not be registered under the Securities Act and the Notes may not be offered or sold within the United States except in certain transactions exempt from the registration requirements of the Securities Act.

In addition, until 40 days after the commencement of the offering, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

Terms used in the paragraph above have the meanings given to them by Regulation S under the Securities Act.

United Kingdom

Each of the Managers has represented and warranted that: (i) it has complied and will comply with all applicable provisions of the Financial Services and Markets Act 2000, including any supplements and amendments thereto (the "**FSMA**") with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom; and (ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer or the Guarantors.

European Economic Area

Each of the Managers has acknowledged that with respect to any member state of the European Economic Area which has implemented the Prospectus Directive (the "**Relevant Member States**"), no measure has or will be taken in view of permitting an offer to the public of the Notes entailing the need for the publication of a prospectus in any Relevant Member State. Accordingly, the Notes may be offered in Relevant Member States only:

(a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(b) to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the Managers; or

(c) in any other circumstances not requiring us to publish a prospectus pursuant to Article 3(2) of the Prospectus Directive.

As used in this paragraph, the expression "offer of Notes to the public" in relation to any Notes in a given Relevant Member State means any communication to persons in any form and by any means, presenting sufficient information on the terms of the offer and the Notes to be offered, so as to enable an investor to decide to purchase or subscribe for these Notes, as this definition may have been amended in the Relevant Member State by any measure implementing the Prospectus Directive in that relevant Member State. The expression "**Prospectus Directive**" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in each Relevant Member State and the expression "**2010 PD Amending Directive**" means Directive 2010/73/EU.

These restrictions on sale concerning Relevant Member States are in addition to any other restrictions on sale applicable in the Relevant Member States having implemented the Prospectus Directive.

Each of the Managers has acknowledged that this Offering Circular has been prepared on the basis that all offers of the Notes in any Relevant Member State will be made pursuant to an exemption under the Prospectus Directive, as amended, as implemented in the Relevant Member States, from the requirement to produce a prospectus for offers of the Notes. Accordingly, any person making or intending to make any offer within the European Economic Area of the Notes that are the subject of the placement contemplated in this Offering

Circular should only do so in circumstances in which no obligation will arise for us or the Managers to produce a prospectus pursuant to Article 3(2) of the Prospectus Directive for such offer. Neither we nor the Managers have authorised, nor do we or they authorise, the making of any offer of the Notes through any financial intermediary, other than offers made by the Managers, which constitutes the final placement of the Notes contemplated in this Offering Circular.

France

Each of the Managers has acknowledged that this Offering Circular has not been prepared and is not being distributed in the context of a public offering of securities in France within the meaning of Article L. 411-1 of the French *Code monétaire et financier* and, therefore, this Offering Circular or any other offering material relating to the Notes have not been and will not be filed with the French *Autorité des marchés financiers* for prior approval or submitted for clearance to the French *Autorité des marchés financiers* and, more generally, no prospectus has been prepared in connection with the offering of the Notes that has been approved by the French *Autorité des marchés financiers* or by the competent authority of another state that is a contracting party to the Agreement on the European Economic Area and notified to the French *Autorité des marchés financiers*; no Notes have been offered or sold nor will be offered or sold, directly or indirectly, to the public in France; this Offering Circular and any other offering material relating to the Notes have not been distributed or caused to be distributed and will not be distributed or caused to be distributed to the public in France; offers, sales and distributions of the Notes have been and shall only be made in France to (i) persons licensed to provide the investment service of portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*), (ii) qualified investors (*investisseurs qualifiés*) investing for their own account and/or (iii) a restricted circle of investors (*cercle restreint d'investisseurs*) investing for their own account, all as defined in and in accordance with Articles L. 411-2, D. 411-1 to D. 411-4 of the French *Code monétaire et financier*. The direct or indirect distribution to the public in France of any Notes so acquired may be made only as provided by Articles L. 411-1 to L. 411-4, L. 412-1 and L. 621-8 to L. 621-8-3 of the French *Code monétaire et financier* and applicable regulations thereunder.

Canada, Australia and Japan

Each of the Managers has acknowledged that the Notes may not be offered, sold or purchased in Canada, Australia or Japan.

TAXATION

The statements herein regarding taxation are based on the laws in force in the European Union, the Republic of France and/or, as the case may be, the Grand Duchy of Luxembourg as of the date of this Offering Memorandum and are subject to any change in law. The following summary does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to purchase, own or dispose of, the Notes. Each prospective holder or beneficial owner of Notes should consult its own tax advisor as to the French, Luxembourg or other tax consequences of any investment in, or ownership and disposition of, the Notes.

European Union Tax Considerations

On 3 June 2003, the European Council of Economic and Finance Ministers adopted the Directive 2003/48/EC on the taxation of savings income (the "**Savings Directive**"). Pursuant to the Savings Directive and subject to a number of conditions being met, Member States are required, since July 1, 2005, to provide to the tax authorities of another Member State, *inter alia*, details of payments of interest within the meaning of the Savings Directive (interest, premiums or other debt income) made by a paying agent located within its jurisdiction to, or for the benefit of, an individual resident or certain limited types of entities established in that other Member State (the "**Disclosure of Information Method**").

For these purposes, the term "paying agent" is defined widely and includes in particular any economic operator who is responsible for making interest payments, within the meaning of the Savings Directive, for the immediate benefit of individuals.

However, throughout a transitional period, certain Member States (Luxembourg and Austria), instead of using the Disclosure of Information Method used by other Member States, unless the relevant beneficial owner of such payment elects for the Disclosure of Information Method or for the tax certificate procedure, withhold an amount on interest payments. The rate of such withholding is currently 35 per cent.

Such transitional period will end at the end of the first full fiscal year following the later of (i) the date of entry into force of an agreement between the European Community, following a unanimous decision of the European Council, and the last of Switzerland, Liechtenstein, San Marino, Monaco and Andorra, providing for the exchange of information upon request as defined in the OECD Model Agreement on Exchange of Information on Tax Matters released on April 18, 2002 (the "OECD Model Agreement") with respect to interest payments within the meaning of the Savings Directive, in addition to the simultaneous application by those same countries of a withholding tax on such payments at the rate applicable for the corresponding periods mentioned above and (ii) the date on which the European Council unanimously agrees that the United States of America is committed to exchange of information upon request as defined in the OECD Model Agreement with respect to interest payments within the meaning of the Savings Directive.

A number of non-EU countries and dependent or associated territories have agreed to adopt similar measures (transitional withholding or exchange of information) with effect since 1 July 2005.

The Savings Directive, implemented pursuant to Article 242-*ter* of the *Code général des impôts* (French General Tax Code) and Articles 49 I-*ter* to 49 I-*sexies* of Schedule III of the *Code général des impôts*, imposes an obligation on paying agents based in France to report to the French tax authorities certain information with respect to interest payments made to beneficial owners domiciled in another Member State, including, among other things, the identity and address of the beneficial owner and a detailed list of the different categories of interest paid to that beneficial owner.

The Savings Directive and several agreements concluded between Luxembourg and certain dependent territories of the European Union (EU) were implemented in Luxembourg by the Laws of 21 June 2005.

On 13 November 2008 the European Commission published a detailed proposal for amendments to the Savings Directive, which included a number of suggested changes. The European Parliament approved an amended version of this proposal on 24 April 2009. If any of these proposed changes are made in relation to the Savings Directive they may amend or broaden the scope of the requirements described above.

French Tax Considerations

The following is a summary of certain tax considerations that may be relevant to holders of notes who (i) are non-French residents, (ii) do not hold their notes in connection with a business or profession conducted in France, as a permanent establishment or with a fixed base in France, and (iii) do not concurrently hold shares of the Issuer.

Payments on the Notes

Pursuant to Article 125 A III of the *Code général des impôts*, payments of interest and other revenues made by a debtor with respect to certain debt securities (including debt in the form of bonds) are not subject to withholding tax unless such payments are made outside France in a non-cooperative State or territory within the meaning of Article 238-0 A of the *Code général des impôts* (a "**Non-Cooperative State**"), in which case a 50% withholding tax is applicable, subject to exceptions (certain of which are set forth below), and to the more favorable provisions of any applicable double tax treaty. The 50% withholding tax is applicable irrespective of the tax residence of the holder of the notes. The list of Non-Cooperative States is published by a ministerial executive order, which is updated on a yearly basis.

Furthermore, according to Article 238 A of the *Code général des impôts*, interest and other revenues will not be deductible from our taxable income, as from the fiscal years starting on or after 1 January 2011, if they are paid or accrued to persons domiciled or established in a Non-Cooperative State or paid to a bank account opened in a financial institution located in such a Non-Cooperative State. Under certain conditions, any such non-deductible interest or other revenues may be re-characterised as constructive dividends pursuant to Articles 109 *et seq.* of the *Code général des impôts*, in which case such non-deductible interest and other revenues may be subject to the withholding tax provided under Article 119-*bis* 2 of the same Code, at a rate of 25% or 50%, subject to the more favorable provisions of any applicable double tax treaty (Ruling (rescrit) No. 2010/30 of the *Direction Générale des Finances Publiques* dated 4 May 2010).

Notwithstanding the foregoing, neither the 50% withholding tax provided by Article 125 A III of the *Code général des impôts*, the non-deductibility of the interest and other revenues nor the withholding tax set out under Article 119-*bis* 2 of the same Code that may be levied as a result of such non-deductibility, to the extent the relevant interest or income relates to genuine transactions and is not in an abnormal or exaggerated amount, will apply in respect of a particular issue of notes provided that the debtor can prove that the main purpose and effect of such issue of notes is not that of allowing the payments of interest or income to be made in a Non-Cooperative State (the "**Exception**").

In addition, under Ruling (*rescrit*) 2010/11 (FP and FE) of the *Direction générale des finances publiques* dated 22 February 2010, an issue of notes benefits from the Exception without the debtor having to provide any evidence supporting the main purpose and effect of such issue of notes, if such notes are:

(i) offered by means of a public offer within the meaning of Article L. 411-1 of the *Code monétaire et financier* or pursuant to an equivalent offer in a State other than a Non-Cooperative State. For this purpose, an "equivalent offer" means any offer requiring the registration or submission of an offer document by or with a foreign securities market authority; or

(ii) admitted to trading on a regulated market or on a French or foreign multilateral securities trading system provided that such market or system is not located in a Non-Cooperative State, and the operation of such market is carried out by a market operator or an investment services provider, or by such other similar foreign entity, provided further that such market operator, investment services provider or entity is not located in a Non-Cooperative State; or

(iii) admitted, at the time of their issue, to the operations of a central depositary or of a securities clearing and delivery and payments systems operator within the meaning of Article L. 561-2 of the *Code monétaire et financier*, or of one or more similar foreign depositaries or operators provided that such depositaries or operators are not located in a Non-Cooperative State.

As the Notes are admitted at the time of their issue to the operations of a securities clearing and delivery and payments systems operator that is not located in a Non-Cooperative State, payments of interest or other revenues made by the Issuer with respect to the Notes will not be subject to the withholding tax set out under Article 125 A III of the *Code général des impôts*.

Payments Made by any French Guarantor

In the absence of any regulation, case law or comments from the French tax authorities, it is uncertain whether payments corresponding to interest on the Notes which has not been paid by us but that would be made by a French resident guarantor may be subject to French withholding tax if such payments are made outside France in a Non-Cooperative State or to the benefit of persons domiciled or established in a Non-Cooperative State. In such case, the rate of withholding tax may be reduced, or the withholding tax cancelled, under any applicable tax treaties concluded by France with the country in which the relevant holder of the Notes is resident for tax purposes.

Sale, Disposal or Redemption of the Notes

Holders of Notes who are domiciled or resident for tax purposes outside of France and do not hold their Notes in connection with a business or profession conducted in France or a permanent establishment or fixed base situated in France will not be subject to any French income tax or capital gains tax on the sale, disposal or redemption of Notes. In addition, no stamp or registration fee or duty or similar taxes will be payable in France in connection with the sale, disposal or redemption of Notes to the extent that such transfer is not recorded or referred to in any manner whatsoever in a deed registered with the tax authorities in France.

Luxembourg Withholding Tax

Under Luxembourg tax laws currently in effect and with the possible exception of interest paid to individuals and to certain residual entities (as described below), there is no Luxembourg withholding tax on payments of interest under the Notes, including accrued but unpaid interest. There is also no Luxembourg withholding tax, with the possible exception of payments made to individuals and to certain residual entities (as described below), upon repayment of principal in case of reimbursement, redemption, repurchase or exchange of the Notes.

Luxembourg residents

Under the Luxembourg law dated 23 December 2005, as amended (the "**Law**"), 10 per cent. withholding tax is levied on interest or similar income payments made by Luxembourg paying agents (defined in the same way as in the Savings Directive) to Luxembourg individual residents or to certain non-Luxembourg residual entities (as described below) that secure interest payments on behalf of such individuals (unless such entities have opted either to be treated as UCITS recognised in accordance with the Council Directive 85/611/EEC, as replaced by the Council Directive 2009/65/EC, or for the exchange of information regime).

Only interest accrued after 1 July 2005 paid after 1 July 2006 falls within the scope of this withholding tax. Interest income from current and sight accounts (*comptes courants et à vue*) *provided* that the remuneration on these accounts is not higher than 0.75 per cent are exempt from the withholding tax. Furthermore, interest which is accrued once a year on savings accounts (short and long term) and which does not exceed €250 per person and per paying agent is exempt from the withholding tax.

Further, a Luxembourg resident individual who acts in the course of the management of his/her private wealth and who is the beneficial owner of an interest payment made by a paying agent established outside Luxembourg in a Member State of the European Union or of the European Economic Area or in a jurisdiction having concluded an agreement with Luxembourg in connection with the Savings Directive, may also opt for a final 10% levy. In such case, the 10% levy is calculated on the same amounts as for the payments made by the Luxembourg resident paying agents. The option for the 10% levy must cover all interest payments made by the paying agent to the Luxembourg resident beneficial owner during the entire civil year. This withholding tax represents the final tax liability if the beneficial owner is an individual acting in the course of the management of his/her private wealth.

Luxembourg non-residents

Under the Luxembourg laws dated 21 June 2005 implementing the Savings Directive and several agreements concluded between Luxembourg and certain dependent or associated territories of the EU, a Luxembourg based paying agent (within the meaning of the Savings Directive) is required since 1 July 2005 to withhold tax on interest and other similar income (including reimbursement premium at maturity) paid by it to (or under certain circumstances, to the benefit of) an individual resident in another Member State or in certain EU dependent or associated territories, unless the beneficiary of the interest payments elects for an exchange of information or for the tax certificate procedure. The same regime applies to payments of interest and other similar income made to certain so-called "residual entities" within the meaning of Article 4.2 of the Savings Directive (*i.e.*, an entity established in a Member State or in certain EU dependent or associated territories without legal personality (the Finnish and Swedish companies listed in Article 4.4 of the Savings Directive are not considered as legal persons for this purpose), whose profits are not taxed under the general arrangements for the business taxation and that is not, or has not opted to be considered as, a UCITS recognised in accordance with Council Directive 85/611/EEC, as replaced by Council Directive 2009/65/EC).

The withholding tax rate is 35 per cent since 1 July 2011. The withholding tax system will only apply during a transitional period, the ending of which depends on the conclusion of certain agreements relating to information exchange with certain third countries.

Corporations

There is no Luxembourg withholding tax for Luxembourg resident and non-resident corporations holders of the Notes on payments of interest (including accrued but unpaid interest).

CERTAIN INSOLVENCY AND ENFORCEABILITY CONSIDERATIONS

The following is a summary description of certain limitations on the validity and enforceability of the Guarantees for the Notes, and a summary of certain insolvency law considerations in the jurisdictions in which the Issuer and the Guarantors are organised. The description is only a summary and does not purport to be complete or to discuss all of the limitations or considerations that may affect the validity and enforceability of the Notes and the Guarantees. Prospective investors in the Notes should consult their own legal advisors with respect to such limitations and considerations.

European Union

Faurecia and several of the Guarantors are organised under the laws of the Member States of the European Union. Pursuant to Council Regulation (EC) n°1346/2000 on insolvency proceedings (the "**EU Insolvency Regulation**"), the courts of the Member State in which a company has its "center of main interests" (or "**COMI**") have jurisdiction to open main insolvency proceedings. The determination of where a company's COMI is located is a question of fact on which the courts of different Member States may have differing and even conflicting views, and the courts will take a broad range of factual elements into account. To date, no final decisions have been taken in cases that have been brought before the European Court of Justice in relation to questions of interpretation or the effects of the EU Insolvency Regulation throughout the European Union.

COMI is not a static concept and may change from time to time. Although there is a rebuttable presumption under Article 3(1) of the EU Insolvency Regulation that any such company has its COMI in the Member State in which it has its registered office, Preamble 13 of the EU Insolvency Regulation states that the COMI of a debtor should correspond to the place where the debtor conducts the administration of its interests on a regular basis and "is therefore ascertainable by their parties". In that respect, factors such as where board meetings are held, the location where the company conducts the majority of its business and the location where the large majority of the company's creditors are established may all be relevant in the determination of the place where the company has its COMI.

If the COMI of a company is and will remain located in the Member State in which it has its registered office, the main insolvency proceedings in respect of the company under the EU Insolvency Regulation would be commenced in such jurisdiction and accordingly a court in such jurisdiction would be entitled to commence the types of insolvency proceedings referred to in Annex A to the EU Insolvency Regulation. Insolvency proceedings opened in one Member State under the EU Insolvency Regulation are to be recognised in the other Member States (other than Denmark), although secondary proceedings may be opened in another Member State. If the COMI of a debtor is in one Member State (other than Denmark) under Article 3(2) of the EU Insolvency Regulation, the courts of another Member State (other than Denmark) have jurisdiction to open "territorial proceedings" only in the event that such debtor has an "establishment" in the territory of such other Member State. The effects of those territorial proceedings are restricted to the assets of the debtor situated in the territory of such other Member State. If the company does not have an establishment in any other Member State, no court of any other Member State has jurisdiction to open territorial proceedings in respect of such company under the EU Insolvency Regulation.

France

In the event that our COMI would be deemed to be in France, or in the case where the COMI of one of the Guarantors would be deemed to be in France, French law would apply to proceedings affecting creditors, including article 1244-1 of the French *Code civil*, which provides for conciliation proceedings (*procédure de conciliation*), safeguard proceedings (*procédure de sauvegarde*), accelerated financial safeguard proceedings (*procédure de sauvegarde accélérée*) and judicial reorganisation (*redressement judiciaire*) or judicial liquidation proceedings (*liquidation judiciaire*). In general, French safeguard, reorganisation or liquidation legislation favours the continuation of the business and the protection of employment over the protection of creditors.

Grace periods

In addition to insolvency laws discussed below, your enforcement rights may, like those of any other creditor, be subject to Article 1244-1 of the French *Code civil*.

Pursuant to the provisions of this article, French courts may, in any civil proceeding involving a debtor, defer or otherwise reschedule over a maximum period of two years the payment dates of payment obligations and decide that any amounts, the payment date of which is thus deferred or rescheduled, will bear interest at a rate that is lower than the contractual rate (but not lower than the legal rate) or that payments made shall first be allocated to repayment of principal. A court order made under Article 1244-1 of the French *Code civil* will suspend any pending enforcement measures, and any contractual interest or penalty for late payment will not accrue or be due during the period ordered by court.

Court assisted pre-insolvency proceedings

Pre-insolvency proceedings may only be initiated by the debtor company itself, in its sole discretion, provided that it experiences or anticipates legal, economic or financial difficulties (1) while still being able to pay our debts as they fall due out of our available assets (*i.e*., the company is not in *cessation des paiements*) in case of *mandat ad hoc* or *conciliation* proceedings, or (2) while being in *cessation des paiements* for less than 45 days in case of conciliation proceedings only.

Mandat ad hoc and *conciliation* proceedings are informal proceedings carried out under the supervision of the president of the court. The president of the court will appoint a third party (as the case may be, a *mandataire ad hoc* or a *conciliateur*) in order to help the debtor to reach an agreement with our creditors, in particular by reducing or rescheduling our indebtedness. The debtor may propose, in the filing for the commencement of the proceedings, the appointment of a particular person as the court appointed third party. Arrangements reached through such proceedings are non-binding on non-parties, and the *mandataire ad hoc* or *conciliateur* has no authority to force the parties to accept an arrangement.

Mandat ad hoc proceedings

Such proceedings are confidential. Unlike in conciliation proceedings, the agreement reached by the parties, if any, may be reviewed by a court, but cannot be acknowledged (*constaté*) by the president of the court or approved by the court (*homologué*), as this would destroy the confidential nature of the proceding. There is no time limit for the duration of the *mandate ad hoc* proceedings.

Conciliation proceedings

Such proceedings are confidential. If an agreement is reached among the parties in the context of *conciliation* proceedings, it may be either recognised (*constaté*) by the president of the court or, at the request of the debtor (and provided that certain conditions are satisfied), sanctioned (*homologué*) by the court (in which case the proceedings cease to be confidential).

While recognition (*constatation*) of the agreement by the president of the court does not entail any specific consequences, other than to render the agreement immediately enforceable and binding upon the parties thereto, sanction (*homologation*) by the court has the following consequences:

- creditors who, as part of the sanctioned agreement, provide new money or goods or services designed to ensure the continuation of the business of the distressed company (other than shareholders providing new equity) will enjoy priority of payment over all pre-petition and post-petition claims (other than certain post-petition employment claims and procedural costs), in the event of subsequent safeguard proceedings, judicial reorganisation proceedings or judicial liquidation proceedings; or
- in the event of subsequent judicial reorganisation proceedings or judicial liquidation proceedings, the date of the *cessation des paiements* cannot be determined by the court as having occurred earlier than the date of the sanction of the agreement (see below for the definition of *cessation des paiements*).

A third party which has granted a guarantee (*sûreté personnelle*) or a security interest can benefit from the provisions of the recognized or sanctioned agreement.

Court controlled insolvency proceedings

The following French insolvency proceedings may be initiated by or against a company in France:

(a) safeguard proceedings (*procédure de sauvegarde*), if such company, while not being in *cessation des paiements*, is facing difficulties which it cannot overcome; or

(b) accelerated financial safeguard proceedings (*sauvegarde financière accélérée*) if such company is in conciliation proceedings; or

(c) judicial reorganisation (*redressement judiciaire*) or judicial liquidation (*liquidation judiciaire*) proceedings if such company is in *cessation des paiements*.

The proceedings may be initiated before the relevant court:

- in the event of (a) or (b) above, upon petition by the company only; and
- in the event of (c) above, on the court's own initiative or upon petition by the company, any creditor or the public prosecutor.

While a company does not have an obligation to apply for safeguard or accelerated financial safeguard proceedings, it is required to petition for the opening of judicial reorganisation or judicial liquidation proceedings within 45 days of becoming unable to pay our due debt out of our available assets (*cessation des paiements*). If it has not petitioned the relevant court for the opening of such proceedings and is not in conciliation proceedings, directors and, as the case may be, de facto managers of the company, may be subject to civil liability.

In safeguard and judicial reorganisation proceedings, a court appointed administrator (whose name can be suggested by the debtor in case of safeguard) investigates the business of the company during an initial observation period, which may last for up to six months renewable once (plus an additional six months under exceptional circumstances). In safeguard proceedings, the administrator's mission is limited to either supervising the debtor's management or assisting it, and preparing a safeguard plan for the company together with the debtor. In judicial reorganisation proceedings, the administrator's mission is usually to assist the management and to make proposals for the reorganisation of the company, which proposals may include the sale of all or part of the company's business to a third party. In judicial reorganisation, the court may also decide that the administrator will manage the company him/herself. At any time during this observation period, the court can order the liquidation of the company if our rescue has become manifestly impossible.

Creditors' committees and adoption of the safeguard or reorganisation plan

In the case of large companies (with more than 150 employees or turnover greater than €20 million) or upon request from the debtor or the administrator, two creditors' committees (one for credit institutions having a claim against the debtor and the other for suppliers having a claim that represents more than 3% of the total amount of the claims of all the debtor's suppliers) must be established. To be eligible to vote, claims must be notified by the debtor to the administrator and certified by the debtor's statutory auditors.

In addition, if there are any outstanding debt securities in the form of "*obligations*" (such as bonds or notes), a general meeting gathering all holders of such debt securities (the "bondholders general meeting") must be convened. All bondholders and noteholders will be represented in the same bondholders general meeting, whether or not there are different issuances and no matter what the applicable law of those "*obligations*" may be. The Notes offered hereby constitute "*obligations*" for purposes of a safeguard, accelerated financial safeguard or reorganisation proceeding.

The creditors' committees and the bondholders' general meeting will be consulted on the safeguard or reorganisation plan prepared by the debtor's management and the administrator during the observation period.

In the first instance, the plan must be approved by each of the two creditors' committees. Each committee must announce whether its members approve or reject such plan within 15 to 30 days of its proposal by the company. Such approval requires the affirmative vote of the creditors holding at least two-thirds of the value of the claims held by members of such committee that participated in such vote.

Following the approval of the plan by the two creditors' committees, the plan will be submitted for approval to the bondholders' general meeting. The approval of the plan at such meeting requires the affirmative vote of bondholders representing at least two-thirds of the principal amount of the obligations held by creditors voting in the bondholders' general meeting.

Following approval by the creditors' committees and the bondholders' general meeting, the plan must be submitted for approval by the relevant court. In considering such approval, the court must verify that the interests of all creditors are sufficiently protected. Once approved by the court, the safeguard or reorganisation plan accepted by the committees and the bondholders' general meeting will be binding on all the members of the committees and all bondholders (including those who voted against the adoption of the plan). A safeguard or reorganisation plan may include debt deferrals, debt write-offs and debt-for-equity swaps.

With respect to creditors who are not members of the committees, or in the event no committees are established, or in the event any of the committees or the bondholders' general meeting has refused to give its consent to the plan, creditors will be consulted on an individual basis, and asked whether they accept debt deferrals and/or write-offs provided for in the plan. In those circumstances, the court has the right to accept or reduce debt deferrals or write-offs with respect to the claims of creditors who have consented to such measures, but it may only impose uniform debt deferrals (with interest) for a maximum period of 10 years with respect to the claims of non-consenting creditors, except for debts with maturity dates in more than 10 years, in which case the maturity date may remain the same. The court cannot oblige creditors to waive part of their claim. The first payment must generally be made within a year of the judgment adopting the plan.

Financial creditors' committees and adoption of the fast track financial safeguard plan

Under the new accelerated financial safeguard (*sauvegarde financière accélérée*) proceedings, the credit institutions committee and the bondholders' general meeting shall be consulted on a draft financial restructuring plan developed during the conciliation period. The credit institutions committee and the bondholders' general meeting can be called with a reduced minimal eight day notice period. Creditors whose rights would not be affected by the proposed plan do not, however, take part in the vote.

The plan must be approved by a two-thirds majority (by value) of the credit institutions and bondholders' represented and voting, before being submitted for court approval, which must be granted within a month of the opening of the accelerated financial safeguard proceedings, with a possibility for a single one-month extension.

The "suspect period" (période suspecte) in judicial reorganisation and liquidation proceedings

The insolvency date, defined as the date when the debtor becomes unable to pay its due debts from available assets, is generally deemed to be the date of the court decision commencing the judicial reorganisation or judicial liquidation proceedings. However, in the decision commencing judicial reorganisation or liquidation proceedings or in a subsequent decision, a court may determine that the insolvency date be deemed to be an earlier date, up to 18 months prior to the court decision commencing the proceedings. The insolvency date, when the debtor entered into a state of cessation of payments (*cessation des paiements*), is important because it marks the beginning of the "suspect period" (*période suspecte*). Certain transactions entered into by the debtor during the suspect period are, by law, void or voidable.

Void transactions include transactions or payments entered into during the suspect period that may constitute voluntary preferences for the benefit of some creditors to the detriment of other creditors. These include transfers of assets for no consideration, contracts under which the reciprocal obligations of the debtor significantly exceed those of the other party, payments of debts not due at the time of payment, payments made in a manner which is not commonly used in the ordinary course of business, security granted for debts previously incurred, and provisional measures, unless the right of attachment or seizure predates the date of suspension of payments, share options granted or sold during the suspect period, the transfer of any assets or rights to a trust arrangement (*fiducie*) (unless such transfer is made as a security for a debt incurred at the same time), and any amendment to a trust arrangement (*fiducie*) that dedicates assets or rights as a guaranty of antecedent debts.

Voidable transactions include (i) transactions entered into, (ii) payments made when due or (iii) certain provisional and final attachment measures, in each case, if such actions are taken after the debtor was in *cessation des paiements* and the party dealing with the debtor knew that the debtor was in *cessation des paiements* at the time. Transactions relating to the transfer of assets for no consideration are also voidable when carried out during the six-month period prior to the beginning of the suspect period.

Status of creditors during safeguard, accelerated safeguard, judicial reorganisation or judicial liquidation proceedings

As a general rule, creditors domiciled in France whose debts arose prior to the commencement of insolvency proceedings must file a proof of claim (*déclaration de créances*) with the creditors' representative within two months of the publication of the court decision in the *Bulletin Officiel des annonces civiles et commerciales*; this period is extended to four months for creditors domiciled outside France. Creditors who have not submitted their claims during the relevant period are, except for very limited exceptions, precluded from receiving distributions made in connection with the insolvency proceedings. Employees are not subject to such limitations and are preferred creditors under French law. Special rules may apply to bondholders. In addition, in an accelerated financial safeguard, the debts held by financial creditors that took part in the conciliation negotiation are listed by the debtor and certified by its statutory auditor. Although such creditors can file proofs of claim pursuant to the regular process, they may also avail themselves of this simplified alternative and merely adjust the amounts of their claim as set forth on the list prepared by the debtor.

From the date of the court decision commencing the insolvency proceedings, the debtor is prohibited from paying debts (in accelerated financial safeguard proceedings, to financial creditors only) which arose prior to such date, subject to specified exceptions which essentially cover the set-off of related debts and payments authorised by the bankruptcy judge or made to recover assets for which recovery is required for the continued operation of the business. During this period, creditors are prevented from initiating any individual legal action against the debtor with respect to any claim arising prior to the court decision commencing the insolvency proceedings if the objective of such legal action is:

- to obtain an order for payment of a sum of money by the debtor to the creditor (however, the creditor may require that a court determine the amount due if the action was initiated before the commencement of the insolvency proceedings); or
- to terminate or cancel a contract for non-payment of amounts owed by the creditor; or
- enforcing security interests against the debtor.

During safeguard and judicial reorganisation proceedings, the maturity date of the debtor's obligations is maintained (subject to the terms and conditions of a safeguard or reorganisation plan). Contractual provisions such as those contained in the Trust Deed governing the Notes that would accelerate the payment of the debtor's obligations upon the occurrence of certain insolvency events are not enforceable under French law. The opening of liquidation proceedings does generally automatically accelerate the maturity of all of the debtor's obligations. However, the court may allow the business to continue for a period of no more than three months (renewable once) if it considers that a sale of part or all of the business is possible, in which case the debtor's obligations are deemed mature on the day the court approves the sale of the business or the date on which the authorization of continued activity expired.

The administrator may also terminate or, provided that the debtor fully performs its post-petition contractual obligations, continue on-going contracts.

If the court adopts a safeguard plan or a reorganisation plan, claims of creditors included in the plan will be paid according to the terms of the plan. With respect to those creditors who do not accept plans proposed by the administrator and the company, the court may reschedule the payment of their claims over a maximum period of ten years. The court can also set a time period during which the assets that it deems to be essential to the continued business of the debtor may not be sold without its consent.

If the court decides to order the judicial liquidation of the debtor, the court will appoint a liquidator in charge of selling the assets of the company and settling the relevant debts in accordance with their ranking. If the court adopts a plan for the sale of the business (*plan de cession*), the proceeds of the sale will be allocated for the repayment of the creditors according to the ranking of the claims.

French insolvency law assigns priority to the payment of certain preferential creditors, including employees, officials appointed by the commercial court, creditors who, as part of the sanctioned conciliation agreement, have provided new money or goods or services, post-petition creditors, certain secured creditors, and the French Treasury.

LISTING AND GENERAL INFORMATION

Listing

Application has been made to the Luxembourg Stock Exchange for the Notes to be admitted to listing on the Official List and to be admitted to trading on the Euro MTF market in accordance with the rules of that exchange. Notice of any optional redemption, change of control, or change in the rate of interest payable on the Notes will be published in a Luxembourg newspaper of general circulation (which is expected to be the *Luxembourger Wort*) or on the website of the Luxembourg Stock Exchange, at www.bourse.lu.

For so long as the Notes are listed on the Euro MTF market and the rules of the Luxembourg Stock Exchange require, copies of the following documents may be inspected and obtained at the specified office of the listing agent in Luxembourg during normal business hours on any weekday:

- the organisational documents of Faurecia and each of the Guarantors;
- our most recent audited consolidated financial statements and any of our interim financial statements;
- the Trust Deed (which includes the subsidiary guarantees); and
- the Agency Agreement.

We will maintain a Paying and Transfer Agent in Luxembourg for as long as any of the Notes are listed on the Euro MTF market of the Luxembourg Stock Exchange. The current paying and transfer agent is Citibank, N.A., London Branch. We reserve the right to vary such appointment and we will publish notice of such change of appointment in a newspaper having a general circulation in the Grand Duchy of Luxembourg (which is expected to be the *Luxembourger Wort*) or on the website of the Luxembourg Stock Exchange, at www.bourse.lu.

Clearing Information

The Notes are expected to be accepted for clearance through Euroclear and Clearstream. The address of Euroclear is Euroclear Bank S.A./N.V., 1 Boulevard du Roi Albert II, B 1210 Brussels, Belgium; and the address of Clearstream is Clearstream Banking, 42 Avenue JF Kennedy, L 1855 Luxembourg.

The Notes have been accepted for clearance through the facilities of Clearstream and Euroclear under common code 070487039. The international securities information number (ISIN) for the Notes is XS0704870392.

The address of Euroclear France is 155, rue de Réaumur, 75081 Paris, Cedex 02, France.

Legal Information

Our financial year runs from 1 January to 31 December. We are required by our primary regulator, the *Autorité des marchés financiers*, to publish financial results twice a year, on an annual and semi-annual basis.

The creation and issuance of the Notes was authorised by resolutions of our Board of Directors taken on 25 July 2011.

For a description of our material indebtedness as of 30 June 2011, see the section entitled "Description of Other Indebtedness" in this Offering Circular.

The Guarantors

On an aggregated basis, the contribution of the Guarantors (described below) to the Group's financial statements represents 75.3% of consolidated EBITDA over the twelve-month period beginning on 1 July 2010 and ending on 30 June 2011, 52.7% of consolidated total sales (after eliminating inter-company sales) over the twelve-month period beginning on 1 July 2010 and ending on 30 June 2011 and 62.1% of total assets (after eliminating inter-company assets) as of 30 June 2011. By 15 April 2012, the Guarantors will include Faurecia Automotive España, S.L. and Asientos de Galicia, S.L., upon their conversion into *sociedades anónimas*, or certain other subsidiaries should such conversion not occur (the "**Additional Guarantors**"). As soon as practicable after the Additional Guarantors become Guarantors, the Issuer will submit to the Luxembourg Stock Exchange a supplement to this Offering Circular with information about each Additional Guarantor. Each of the Guarantors is wholly owned, directly or indirectly, by the Issuer. The Guarantors are listed below by jurisdiction of incorporation.

Brazil

Faurecia Automotive do Brasil Ltda

Faurecia Automotive do Brasil Ltda is a limited company (*sociedade limitada*) organised under the laws of Brazil. Its share capital is R$142,025,357 divided into 142,025,357 fully paid shares, with a nominal value of R$1 each. It was incorporated on 26 April 1996 for an indefinite term and 99.74% of its share capital is held by ET Dutch Holdings BV and 0.26% by ET Dutch Holdings BV II.

The registered office of Faurecia Automotive do Brasil Ltda is located at Avenida Prefeito Domingos Mocelin Neto, n°777, Borda do Campo, Quatro Barras, Estado de Paraná, Brazil, and its registration number at the commercial register of Quatro Barras is 01.178.298/0001-97.

The main activity of Faurecia Automotive do Brasil Ltda is cutting and sewing and production of metal frames for the automotive industry. It is a limited company with a board of directors. As of the date of hereof, the board of directors has three members:

- Francisco Maciel (president);
- Odile Waterlot (plant manager); and
- Daniel Pfenning (director).

Faurecia Emissions Control Technologies, Limeira

Faurecia Emissions Control Technologies, Limeira is a limited company (*sociedade limitada*) organised under the laws of Brazil. Its share capital is R$6,256,251 divided into 6,256,251 fully paid shares, with a nominal value of R$1 each. It was incorporated on 7 December 2006 for an indefinite term and 99.99% of its share capital is held by ET Dutch Holdings BV and 0.01% by ET Dutch Holdings BV II.

The registered office of Faurecia Emissions Control Technologies, Limeira is located at Avenida Major, José Levy Sobrinho, 2700-A, 1° andar, sala B, Limeira, Estado de São Paulo, Brazil, and its registration number at the commercial registry of State of São Paulo is 35.221.090.974.

The main activity of Faurecia Emissions Control Technologies, Limeira is manufacturing exhaust systems. It is a limited company with a board of directors. As of the date of hereof, the board of directors has three members:

- Thomas Andreas Franz (president);
- Francisco Maciel (executive officer); and
- Pedro Luiz Morães (officer).

Faurecia Sistemas de Escapamento do Brasil Ltda

Faurecia Sistemas de Escapamento do Brasil Ltda is a limited company (*sociedade limitada*) organised under the laws of Brazil. Its share capital is R$77,920,000 divided into 6,256,251 fully paid shares, with a nominal value of R$1 each. It was incorporated on 18 December 1997 for a term expiring on 31 December 2012, except if the term is extended or if the company is subject to early dissolution. 99.99% of its share capital is held by Faurecia Emissions Control Technologies, Limeira and 0.01% by Faurecia Systèmes d'Echappement.

The registered office of Faurecia Sistemas de Escapamento do Brasil Ltda is located at Avenida Nossa Senhora do Bom Sucesso, n°3.344, Modulos 3 e 4, parte, Pindamonhangaba, Estado de São Paulo, Brazil, and its registration number at the commercial registry of State of São Paulo is 02308873001.91.

The main activity of Faurecia Sistemas de Escapamento do Brasil Ltda is manufacturing exhaust systems, and the Manager is Mr. Thomas Franz.

France

Financière Faurecia

Financière Faurecia is a simplified joint stock company (*société par actions simplifiée*) organised under the laws of France with share capital of €33,000,000 divided into 2,200,000 fully paid shares, with a nominal value of €15 each.

Financière Faurecia was incorporated on 15 September 1988 for a term of 99 years, expiring on 17 December 2087, except if the term is extended or if the company is subject to early dissolution. 100% of its share capital is held by Faurecia S.A.

The registered office of Financière Faurecia is located at 2 rue Hennape, 92000 Nanterre, France, and its registration number at the commercial register of Nanterre is 348 630 658. Its main activity is centralisation of all treasury operations with entities from Faurecia Group, and its President is Mr. Frank Imbert.

Faurecia Intérieur Industrie

Faurecia Intérieur Industrie is a simplified joint stock company (*société par actions simplifiée*) organised under the laws of France. Its share capital of is €23,430,000 divided into 1,562 fully paid shares, with a nominal value of €15 each. It was incorporated on 17 June 1969 for a term of 99 years, expiring on 27 July 2070, except if the term is extended or if the company is subject to early dissolution. 100% of its share capital is held by Faurecia Automotive Holdings.

The registered office of Faurecia Intérieur Industrie is located at 2 rue Hennape, 92000 Nanterre, France, and its registration number at the commercial register of Nanterre is 071 502 397.

The main activity of Faurecia Intérieur Industrie is the manufacture, assembly of and trade in electrical or mechanical equipment, mechanical products or industrial products. The President of Faurecia Intérieur Industrie is Mr. Frank Imbert.

Faurecia Bloc Avant (SASU)

Faurecia Bloc Avant is a simplified joint stock company (*société par actions simplifiée*) organised under the laws of France. Its share capital is €10,000 divided into 625,000 fully paid shares, with a nominal value of €16 each. It was incorporated on 15 October 2002 for a term of 99 years, expiring on 24 October 2101, except if the term is extended or if the company is subject to early dissolution. 100% of its share capital is held by Faurecia Industries.

The registered office of Faurecia Bloc Avant is located at 2 rue Hennape, 92000 Nanterre, France, and its registration number at the commercial register of Nanterre is 443 982 038.

The main activity of Faurecia Bloc Avant is the manufacturing, development, production, assembly and sale of front ends, shields and engines for GMV. The President of Faurecia Bloc Avant is Mr. Jacques Mauge.

Faurecia Sièges d'Automobile

Faurecia Sièges d'Automobile is a simplified joint stock company (*société par actions simplifiée*) organised under the laws of France. Its share capital is €100,000,000 divided into 6,250,000 fully paid shares, with a nominal value of €16 each. It was incorporated on 26 November 1993 for a term of 99 years, expiring on 3 December 2092, except if the term is extended or if the company is subject to early dissolution. 100% of its share capital is held by Faurecia Investments.

The registered office of Faurecia Sièges d'Automobile is located at 2 rue Hennape, 92000 Nanterre, France, and its registration number at the commercial register of Nanterre is 393 162 433.

The main activity of Faurecia Sièges d'Automobile is the manufacture, purchase, sale and representation, including sales agent activities, research and development in all forms, relating to automobile seats and their accessories. The President of Faurecia Sièges d'Automobile is Mr. Gilles Corbel.

Faurecia Automotive Industrie

Faurecia Automotive Industrie is a simplified joint stock company (*société par actions simplifiée*) organised under the laws of France. Its share capital is €4,327,500 divided into 288,500 fully paid shares, with a nominal value of €15 each. It was incorporated on 3 December 1975 for a term of 99 years, expiring on 29 November 2056, except if the term is extended or if the company is subject to early dissolution. 100% of its share capital is held by Faurecia Automotive Holdings.

The registered office of Faurecia Automotive Industrie is located at 2 rue Hennape, 92000 Nanterre, France, and its registration number at the commercial register of Nanterre is 915 722 011.

The main activity of Faurecia Automotive Industrie is the manufacture, purchase and sale of all thermal and phonic insulating products for industry and construction, in addition to the purchase and sale of all textile products and padding products, their derivates and subproducts, natural, synthetic or artificial stuffing, in foam rubber form or in sheets. The President of Faurecia Automotive Industrie is Mr. Frank Imbert.

Faurecia Systèmes d'Echappement

Faurecia Systèmes d'Echappement is a simplified joint stock company (*société par actions simplifiée*) organised under the laws of France. Its share capital is €84,730,500 divided into 5,648,700 fully paid shares, with a nominal value of €15 each. It was incorporated on 26 October 1998 for a term of 99 years, expiring on 3 December 2092, except if the term is extended or if the company is subject to early dissolution. 100% of its share capital is held by Faurecia S.A.

The registered office of Faurecia Systèmes d'Echappement is located at 2 rue Hennape, 92000 Nanterre, France, and its registration number at the commercial register of Nanterre is 420 797 433.

Faurecia Systèmes d'Echappement's main activity is researching, designing, developing, manufacturing, assembling, renovating and selling any car products, components, equipment and accessories, particularly though not exclusively, exhaust systems and other metal components. The President of Faurecia Systèmes d'Echappement is Mr. Jean Marc Hannequin.

Trecia

Trecia is a simplified joint stock company (*société par actions simplifiée*) organised under the laws of France. Its share capital is €202,860 divided into 13,524 fully paid shares, with a nominal value of €15 each. It was incorporated on 1 August 1997 for a term of 99 years, expiring on 1 August 2096, except if the term is extended or if the company is subject to early dissolution. 100% of its share capital is held by Faurecia Automotive Holdings.

The registered office of Trecia is located at Technoland, 835 avenue Oehmichen, 25460 Etupes, France, and its registration number at the commercial register of Montbeliard is 413 214 164.

The main activity of Trecia is the manufacturing and sale of door panels for the automotive industry. The President of Trecia is Mr. Christophe Schmitt.

Germany

Faurecia Innenraum Systeme GmbH

Faurecia Innenraum Systeme GmbH is a German limited liability company (GmbH) and is registered with the commercial register (Handelsregister) at the local court (Amtsgericht) in Landau in der Pfalz under registration number HRB 21778. Its registered office is located at Faureciastraße 1, 76767 Hagenbach, Germany.

As of the date hereof, it is wholly owned by Faurecia Automotive GmbH and its share capital amounts to €50,002,000. Its main activity is the development, production, supply and distribution of parts for the automotive industry.

Faurecia Innenraum Systeme GmbH is represented by its managing directors (*Geschäftsführer*):

- Dr. Wolfgang Braun;
- Mr. Jean-Philippe Grégoire; and
- Dr. Thorsten Nottebaum.

Faurecia Autositze GmbH

Faurecia Autositze GmbH is a German limited liability company (GmbH) and is registered with the commercial register (*Handelsregister*) at the local court (*Amtsgericht*) in Stadthagen under registration number HRB 200125. Its registered office is located at Nordsehler Str. 38, 31655 Stadthagen, Germany.

As of the date hereof, Faurecia Autositze GmbH is wholly owned by Faurecia Automotive GmbH and its share capital amounts to €2,000,000. Its main activity is the development, production, supply and distribution of parts for the automotive industry.

Faurecia Autositze GmbH is represented by its managing directors (Geschäftsführer):

- Annette Stieve;
- Thilo Ludewig; and
- Thorsten Muschal.

Faurecia Exteriors GmbH

Faurecia Exteriors GmbH is a German limited liability company (GmbH) and is registered with the commercial register (*Handelsregister*) at the local court (*Amtsgericht*) in Stadthagen under registration number HRB 200502. Its registered office is located at Nordsehler Str. 38, 31655 Stadthagen, Germany.

As of the date hereof, Faurecia Exteriors GmbH is wholly owned by Faurecia Automotive GmbH and its share capital amounts to €25,000.

The main activity of Faurecia Exteriors GmbH is the development, production, supply and distribution of parts for the automotive industry. Faurecia Exteriors GmbH is represented by its managing directors (*Geschäftsführer*):

- Annette Stieve; and
- Francisco Javier Gonzaléz Casas.

Faurecia Kunststoffe Automobilsysteme GmbH

Faurecia Kunststoffe Automobilsysteme GmbH is a German limited liability company (GmbH) and is registered with the commercial register (*Handelsregister*) at the local court (*Amtsgericht*) in Ingolstadt under registration number HRB 2767. Its registered office is located at Dieselstr. 24, 85080 Gaimersheim, Germany.

As of the date hereof, Faurecia Kunststoffe Automobilsysteme GmbH is wholly owned by Faurecia Automotive GmbH and its share capital amounts to €1,023,000.

Its main activity is the development, production, supply and distribution of parts for the automotive industry and it is represented by its managing directors (*Geschäftsführer*):

- Annette Stieve; and
- Francisco Javier Gonzaléz Casas.

Faurecia Abgastechnik GmbH

Faurecia Abgastechnik GmbH is a German limited liability company (GmbH) and is registered with the commercial register (*Handelsregister*) at the local court (*Amtsgericht*) in Augsburg under registration number HRB 26434. Its registered office is located at Biberachstraße 9, 86154 Augsburg, Germany.

As of the date hereof, Faurecia Abgastechnik GmbH is wholly owned by Faurecia Automotive GmbH and its share capital amounts to €500,000. Its main activity is the development, production, supply and distribution of parts for the automotive industry and is represented by its managing directors (*Geschäftsführer*):

- Brendan Drummond;
- Martin Stüttem; and
- Stefan Jost.

Mexico

Faurecia Sistemas Automotrices de Mexico, S.A. de C.V.

Faurecia Sistemas Automotrices de Mexico, S.A de C.V. is a variable capital stock corporation (*Sociedad Anonima de Capital Variable*) organised under the laws of Mexico with share capital of 249,639,355 pesos divided into 23,984,148 fully paid shares with no nominal value.

Faurecia Sistemas Automotrices de Mexico, S.A de C.V. was incorporated on 15 December 1994 for a term of 99 years and 99.999996% of its outstanding share capital is held by Faurecia USA Holdings, Inc. and 0.000004% by Faurecia Interior Systems, Inc.

The registered office of Faurecia Sistemas Automotrices de Mexico, S.A de C.V. is located at Km 117 Autopista Mexico, Puebla/Parque Industrial Finsa Nave 17, Camino San Lorenzo Almecatla, Municipio de Cuantlancingo, Puebla, Pue, CP 72710, Mexico.

It is registered with the Public Commercial Registry of Mexico, Federal District under commercial folio number 194722 and its main activity is manufacturing, cut and sew of door panels, instrument panels and consoles.

Faurecia Sistemas Automotrices de Mexico, S.A de C.V. has a board of directors comprising three members:

- Christophe Schmitt (chairman);
- Jean-Michel Renaudie; and
- Richard S. Kolpasky (director).

ET Mexico Holdings I, S. de R.L. de C.V.

ET Mexico Holdings I, S. de R.L. de C.V. is a variable capital limited liability company (*Sociedad de Responsabilidad Limitada de Capital Variable*) organised under the laws of Mexico with share capital of 43,210,000 pesos divided into 2 equity interests (*partes sociales*).

ET Mexico Holdings I, S. de R.L. de C.V. was incorporated on 30 March 2007 for a non-fixed term and 99.99989% of its outstanding share capital is held by ET Dutch Holdings B.V. and 0.00011% by ET Dutch Holdings II B.V.

The registered office of ET Mexico Holdings I, S. de R.L. de C.V. is located at Carretera, Constitucion Km 9.5, Parque Industrial Jurica, Querétaro 76120, Mexico.

ET Mexico Holdings I, S. de R.L. de C.V. is registered with the Public Commercial Registry of Querétaro, Querétaro under commercial folio number 34064 (formerly registered on 4 June 2007 with the Public Commercial Registry of Mexico, Federal District under Commercial Folio Number 365102).

Its main activity is to manufacture, design, import, export, purchase and sell all kinds of parts, accessories and spare parts of automobiles and other vehicles of mechanical traction and to acquire, promote or incorporate any asset, liability, shares, or equity quotas in the capital stock of commercial corporations or partnerships, whether industrial or commercial in nature.

ET Mexico Holdings I, S. de R.L. de C.V. has a board of managers and three officers. As of the date hereof, the board of managers has the following four members:

- Mark Stidham (proprietary member);
- Kirk Cowel (proprietary member);
- Kevin Lammers (proprietary member); and
- Thomas Hanak (alternate member).

The three officers are:

- Jose Marcos Garcia Baca (general director);
- Jose Antonio Ambrosi Herrera (secretary); and
- Erik Alejandro Gutierrez Zuniga (alternate secretary).

Faurecia Exhaust Mexicana, S.A. de C.V.

Faurecia Exhaust Mexicana, S.A. de C.V. is a variable capital stock corporation (*Sociedad Anonima de Capital Variable*) organised under the laws of Mexico with share capital of 201,650,000 pesos divided into 20,165,000 fully paid-up shares, each with a nominal value of 10 pesos.

Faurecia Exhaust Mexicana, S.A. de C.V. was incorporated on 22 August 2003 for a term of 100 years, expiring on 31 December 2103, except if the term is extended or if the company is subject to early dissolution. 99.99995% of its outstanding share capital is held by Faurecia Sistemas de Escape España, S.A. and 0.000005% by Mr. Jean Marc Hannequin.

Its registered office is located at Boulevard Henry Ford # 53, Parque Industrial Dinatech Sur, C.P. 83296, Hermosillo, Sonora, Mexico. It is registered with the Public Commercial Registry of Monterrey, Nuevo León under commercial folio number 86246*1, and with the Public Commercial Registry of Nuevo León under commercial folio number 9717, volume 4, Book One.

Its main activity is to import exhaust systems componants from FESI (US) and perform final assembly and sequencing before distributing to Ford and GM plants located at Ramos Arizpe. Faurecia Exhaust Mexicana, S.A. de C.V. has a board of directors comprising the following three members:

- Mark Stidham;
- Kirk Cowell; and
- Jean Marc Hannequin.

Poland

Faurecia Walbrzych Sp.Zo.o.

Faurecia Walbrzych Sp.Zo.o. is a limited liability company (*Spolka Z organiczona odpowiedzialnosia*) organised under the laws of Poland with share capital of PLN150,000,000 divided into 1,500,000 fully paid shares with a nominal value of PLN100. It was incorporated on 13 March 2000 for a non-fixed term.

99.9998% of its outstanding share capital is held by Faurecia Investments, and 0.002% by Faurecia Automotive Polska Sp.zo.o. Its registered office is located at ul. Mariana Jachimowicza 3, 58-306 Walbrzych, Poland, and its registration number at the commercial register is KRS 0000071142 Wroclaw.

Its main activity is manufacturing mechanism and frames for car seats. It has a management board and a supervisory board. As of the date hereof, the management board has seven members:

- Krzystof Muskala (president);
- Karol Zielinski;
- Artur Plewniak;
- Magdalena Wojtasiak;
- Wojciech Sliwinski;
- Ryszard Ziemann; and
- Piotr Kus.

The supervisory board as three members:

- Udo Scholz;
- Pedro Garcia; and
- Marc Canarelli.

Faurecia Gorzow Sp.Zo.o.

Faurecia Gorzow Sp.Zo.o. is a limited liability company (*Spolka Z organiczona odpowiedzialnosia*) organised under the laws of Poland with share capital of PLN60,000,000 divided into 120,000 fully paid shares, each with a nominal value of PLN500. It was incorporated on 22 July 2002 for a non-fixed term and 99.9667% of its outstanding share capital is held by Faurecia Automotive España, S.L., 0.0250% by Faurecia Automotive Polska Sp.Zo.o. and 0.0083% by Faurecia Automotive Holdings.

Its registered office is located at Szczecinska 31, 66400 Gorzow Wielkopolski, Poland, and its registration number at the commercial register is KRS 0000130741 Zielona Gora.

Its main activity is manufacturing of interior systems, instruments and door panels for Volkswagen/Audi. Faurecia Gorzow Sp.Zo.o. has a management board and a supervisory board. As of the date hereof, the management board has four members:

- Krzystof Muskala (president);
- Artur Eugeniusz Zielen;
- Ryszard Waclaw Ziemann; and
- Jacek Marek Koszela.

The supervisory board as three members:

- Christophe Schmitt;
- Bernd Vollman; and
- Jean-Philippe Grégoire.

Faurecia Automotive Polska Sp.Zo.o.

Faurecia Automotive Polska Sp.Zo.o. is a limited liability company (*Spolka Z organiczona odpowiedzialnosia*) organised under the laws of Poland with share capital of PLN147,751,200 divided into 246,252 fully paid shares, each with a nominal value of PLN600.

It was incorporated on 11 October 1996 for a non-fixed term and 99.9878% of its outstanding share capital is held by Faurecia Investments, 0.0041% by Faurecia Walbrzych Sp.zo.o, 0.0041% by Faurecia Gorzow Sp.Zo.o. and 0.0041% by Faurecia Legnica Sp.Zo.o. Its registered office is located at ul. Spoldzielcza 4, 05600 Grojec, Poland, and its registration number at the commercial register is 0000058249.

Its main activity is manufacturing of mechanisms and frames for car seats. Faurecia Automotive Polska Sp.Zo.o. has a management board. As of the date of hereof, the management board has five members:

- Krzystof Muskala (president);
- Andrzej Fedorowicz;
- Artur Wlosinski;
- Ryszard Waclaw Ziemann; and
- Magdalena Marlena Wojtasiak.

Spain

Faurecia Automotive España, S.L.

Faurecia Automotive España S.L. is a limited liability company (*Sociedad Limitada*) organised under the laws of Spain with share capital of €7,138,176 divided into 1,189,696 fully paid shares, each with a nominal value of €6. It was incorporated on 31 December 1946 for an indefinite term, and 63.88% of its outstanding share capital is held by Faurecia Automotive Holdings, 25.46% by Faurecia Investments and 10.66% by Faurecia S.A.

Its registered office is located at Calle Marie Curie, N°19, 28529 Rivas Vaciamadrid (Madrid), Spain, and its registration number at the commercial register is Madrid al Tomo 586, Folio 158, Hoja 1520, Inscripción 1ere.

The main activity of Faurecia Automotive España S.L. is the production of instrument panels, windshields and other products for PSA Peugeot Citroën, Mercedes and Renault.

As of the date hereof, the board of directors has three members:

- Christophe Schmitt (chairman);
- Jean-Philippe Grégoire; and
- Jacques Mauge.

Faurecia Sistemas de Escape España S.A.

Faurecia Sistemas de Escape España S.A. is a joint stock company (*Sociedad Anónima*) organised under the laws of Spain with share capital of €451,967.04 divided into 1,504 shares, each with a nominal face value of €300.51.

Faurecia Sistemas de Escape España S.A. was incorporated on 27 December 1978 for an indefinite term and 99.93% of its outstanding share capital is held by Faurecia Automotive España, S.L and 0.07% by Faurecia Industries.

The registered office of Faurecia Sistemas de Escape España S.A. is located at Camino del Caramuxo, 33, 36213 Vigo, Spain, and its registration number at the commercial register of Pontevedra is tomo 2623, libro 2623, folio 203 Hoja PO 28391.

Its main activity is the manufacture and sale of exhaust systems and components. As of the date hereof, the board of directors has four members:

- Jean Marc Hannequin (chairman and chief executive officer);
- Peter Lakin (director);
- Brendan Drummond (director); and
- Inmaculada Umbert (secretary).

Asientos de Galicia, S.L.

Asientos de Galicia, S.L. is a limited liability company (*Sociedad Limitada*) organised under the laws of Spain with share capital of €3,000,000 divided into 3,000,000 shares with a nominal face value of €1 each. It was incorporated on 11 December 2000 for an indefinite term and 99.9999% of its outstanding share capital is held by Faurecia Asientos para Automovil España, S.A. and 0.0001% by Faurecia Sièges d'Automobile.

The registered office of Asientos de Galicia, S.L. is located at Parque Technológico de Vigo, Calle 3-Parcella 2, 36312 Beade, Vigo (Pontevedra), Spain, and its registration number at the commercial register of Pontevedra is tomo 2544, libro 2544, folio 20, Sección 8, Hoja PO 26.997.

Its main activity of is the manufacture and sale of exhaust systems and components. As of the date hereof, the managing directors are:

- Gilles Corbel;
- Jack van den Maegdenbergh; and
- Inmaculada Umbert (secretary).

Faurecia Interior Systems España S.A.

Faurecia Interior Systems España S.A. is a joint stock company (*Sociedad Anonima*) organised under the laws of Spain with share capital of €10,800,000 divided into 1,800,000 shares, each with a nominal face value of €6. It was incorporated on 11 July 1985 for an indefinite term, and 100% of its outstanding share capital is held by Faurecia Automotive España, S.L.

The registered office of Faurecia Interior Systems España S.A. is located at Autovia A-3, Madrid Valencia, Km 334.5, Apartado de Correos 70, E-46930 Quart de Poblet (Valencia), Spain, and its registration number at the commercial register of Valencia is tomo 5579, libro 2886, folio 223, Sección 8, Hoja V- 49770 I 12.

Its main activity is manufacturing and sale of door panels and modules, cockpit and instrument panels for PSA Peugeot Citroën, Ford, Volkswagen/Audi and Seat. Faurecia Interior Systems España S.A. is also a holding company. As of the date hereof, the board of directors has four members:

- Christophe Schmitt (chairman and chief executive officer);
- Jean-Philippe Grégoire;
- Juan Pedro Mazo; and
- Inmaculada Umbert (secretary).

Faurecia Automotive Exteriors España, S.A.

Faurecia Automotive Exteriors España S.A. is a joint stock company (*Sociedad Anónima*) organised under the laws of Spain with share capital of €7,321,204 divided into 332,782 shares, each with a nominal face value of €22. It was incorporated on 25 January 1994 for an indefinite term, and 100% of its outstanding share capital is held by Faurecia Automotive España, S.L.

The registered office of Faurecia Automotive Exteriors España S.A. is located at Carretera Nacional II, Km 593, 08740 Sant Andreu de la Barca (Barcelona), Spain, and its registration number at the commercial register of Valencia is tomo 32.386, folio 219, Hoja B-209189.

Its main activity is manufacturing and marketing a variety of chemicals, plastics and derivatives. As of the date hereof, the board of directors has four members:

- Jacques Mauge (chairman and chief executive officer);
- Juan Pedro Mazo Gautier;
- Jean-Paul Thierry; and
- Inmaculada Umbert (secretary).

United Kingdom

SAI Automotive Fradley Ltd

SAI Automotive Fradley Ltd is a limited company organised under the laws of the United Kingdom with share capital of £121,700,000 divided into 121,700,000 fully paid shares with a nominal value of £1 each.

SAI Automotive Fradley Ltd was incorporated on 17 October 1989, and 100% of its outstanding share capital is held by Faurecia Automotive Holdings. The registered office of SAI Automotive Fradley Ltd is located at Fradley Park, Common Lane, Lichfield, Staffordshire, WS13 8NF, United Kingdom, and its number at the registrar of companies for England and Wales is 2433456.

The main activity of SAI Automotive Fradley Ltd is manufacturing door panels and automotive cockpits. SAI Automotive Fradley Ltd is a limited company with two managing directors:

- Jack Van den Maegdenbergh (chairman); and
- Christophe Schmitt.

Faurecia Automotive Seating UK Limited

Faurecia Automotive Seating UK Limited is a company limited by shares organised under the laws of the United Kingdom with authorised capital of £33,200,000 divided into 150,000 A ordinary shares of £100 each and 260,000 B ordinary shares with a nominal value of £70 each. The paid-up capital of Faurecia Automotive Seating UK Limited is £32,320,000 divided into 141,200 A ordinary shares of £100 each and 260,000 B ordinary with a nominal value of £70 each.

Faurecia Automotive Seating UK Limited was incorporated on 7 November 1990, and 100% of its outstanding share capital is held by Faurecia Investments. The registered office of Faurecia Automotive Seating UK Limited is located at Cherwell Ill – Middleton Close Banbury, Oxfordshire, OX 16 4RS, United Kingdom, and its number at the registrar of companies for England and Wales is 2556213.

Its main activity is manufacturing and sale of car seat components. Faurecia Automotive Seating UK Limited is a company limited by shares with two managing directors:

- Patrick Koller; and
- Frank Imbert.

SAI Automotive Washington Limited

SAI Automotive Washington Limited is a company limited by shares organised under the laws of the United Kingdom with share capital of £7,222,000 divided into 7,222,000 fully paid shares with a nominal value of £1 each.

SAI Automotive Washington Limited was incorporated on 13 October 1989, and 100% of its outstanding share capital is held by SAI Automotive Fradley Ltd. The registered office of SAI Automotive Washington Limited is located at Staithes Road, Pattinson South Industrial Estate, District 8 Washington, Tyne and Wear – NE38 8NW – United Kingdom, and its number at the registrar of companies for England and Wales is 2432086.

Its main activity is manufacturing and sale of components for car interior, acoustics and Soft Trim. SAI Automotive Washington Limited is a company limited by shares with two managing directors:

- Hervé Ferrero; and
- José Membrillera.

United States

Faurecia Automotive Seating, LLC

Faurecia Automotive Seating, LLC is a Delaware limited liability company that was formed on 30 June 2011. The principal place of business for Faurecia Automotive Seating, LLC is located at 2380 Meijer Drive, Suite B, Troy, MI 48084-7146, United States and is registered under number 2066155. Faurecia Automotive Seating, LLC is wholly owned by Faurecia Interior Systems, Inc.

The main activity of Faurecia Automotive Seating, LLC is design, development and manufacture of automotive seats and seating components for sale to original equipment manufacturers. As of the date of this Offering Circular, the Board of Managers has the following two members:

- Michael Heneka; and
- Patrick Koller.

Faurecia Interior Systems, Inc.

Faurecia Interior Systems, Inc. is a Delaware corporation that was formed on 3 March 1997. Its principal place of business is located at 2500 Executive Hills Blvd., Auburn Hills, MI 48326, United States. Faurecia Interior Systems, Inc. is registered under number 2723985 and it is wholly owned by Faurecia USA Holdings, Inc.

The main activity of Faurecia Interior Systems, Inc. is design, development and manufacture of automotive interior components, including instrument panels, door panels and cockpit assemblies, for sale to original equipment manufacturers.

As of the date of this Offering Circular, its Board of Directors has two members:

- Jean-Michel Renaudie (president and director); and
- Christophe Schmitt (director).

Faurecia Exhaust Systems, Inc.

Faurecia Exhaust Systems, Inc. is a Delaware corporation that was formed on 15 July 1988. Its principal place of business is located at 950 West 450 South, Columbus, IN 47201, United States.

Faurecia Exhaust Systems, Inc. is registered under number 2166694 and is wholly owned by Faurecia USA Holdings, Inc. The main activity of Faurecia Exhaust Systems, Inc. is the design, development and sale of exhaust systems and exhaust components for various applications to original equipment manufacturers.

As of the date of this Offering Circular, the Board of Directors has the following two members:

- Jean Marc Hannequin (director); and
- Michael Heneka (director).

Main Subsidiaries

Faurecia is the parent company of the Faurecia Group, which, at 31 December 2010, included 164 fully consolidated subsidiaries and 25 entities consolidated under the equity method. None of our subsidiaries account for more than 10% of the Group's total consolidated EBITDA, sales or assets. Our consolidated subsidiaries for each respective year are set out in the notes to the financial statements for the years ended 31 December 2010, 2009 and 2008.

Significant Change

Except as disclosed in this Offering Circular, there has been no significant change in our financial or trading position since 30 June 2011, and there has been no material adverse change in our prospects since 30 June 2011.

Litigation

Except as disclosed in this Offering Circular, we are not involved in and have no knowledge of any threatened litigation, administrative proceedings or arbitration which would have a material adverse impact on our results of operation or financial condition or on the issue and offering of the Notes.

Material Contracts

Except as disclosed in this Offering Circular, there are, at the date of this Offering Circular, no material contracts entered into other than in the ordinary course of our business, which could result in our company being under an obligation or entitlement that is material to our ability to meet our obligations to Noteholders in respect of the Notes being issued.

We are managed independently and transactions with our majority shareholder the PSA Peugeot Citroën Group are conducted at arm's length terms. These transactions (including transactions with companies accounted for by the equity method by the PSA Peugeot Citroën Group) are recognised as follows in the Group's consolidated financial statements:

	For the year ended 31 December			**For the six-months ended 30 June**	
(in € millions)	**2008**	**2009**	**2010**	**2010**	**2011**
				(unaudited)	
Sales	2,733.9	2,049.4	2,300.9	1,187.7	1,345.0
Purchases of products, services and materials	20.9	10.6	10.2	5.3	6.1
Receivables(*)	488.6	447.7	457.6	490.5	568.9
Payables(**)	265.5	154.5	170.1	150.2	177.4
(*) after no-recourse sales of receivables in the amounting to:	*300.9*	*192.4*	*197.2*	*164.8*	*214.3*
(**) o/w borrowings amounting to:	*194.0*	*128.0*	*142.0*	*125.0*	*152.0*

Conflicts of Interest

Except as disclosed in this Offering Circular, there are, at the date of this Offering Circular, no conflicts of interest which are material to the issue of the Notes between the duties of the members of our Board of Directors and their private interests and/or their other duties. For information on our relationships withour majority shareholder, see Note 32 to our 2010 consolidated financial statements and Note 19 to our 30 June 2011 interim consolidated financial statements.

Persons Having an Interest Material to the Issue

Save as disclosed in "Subscription and Sale of the Notes", to our knowledge, no person involved in the issue of the Notes has an interest material to the issue.

Responsibility

We accept responsibility for the information contained in this Offering Circular. We declare that, having taken all reasonable care to ensure that such is the case, the information contained in this Offering Circular is, to the best of our knowledge, in accordance with the facts and contains no omissions likely to affect its import.

THE ISSUER

We are a public company with limited liability (*société anonyme*) incorporated under the laws of the Republic of France, and our current share capital is €772,576,721 represented by 110,368,103 shares of par value €7 each. We were incorporated on 1 July 1929 for a term of 99 years expiring on 31 December 2027, except if the term is extended or if the company is subject to early dissolution. Our ordinary shares are listed for trading on Euronext Paris.

Our registered office is located at 2, rue Hennape, 92000 Nanterre, France, and it is registered with the *Registre du commerce et des sociétés* of Nanterre under number 542 005 376. Our telephone number is +33 (0)1 72 36 70 00.

The corporate purpose of our company is to engage in the following business activities, directly or indirectly, in France and abroad:

- To create, acquire, run, directly or indirectly manage, by acquisition of holdings, by rental or by any other means, in France and internationally, all forms of industrial companies, trading companies, and tertiary sector companies.
- To research, obtain, acquire and use patents, licenses processes and trademarks.
- To rent all types of real estate, bare or constructed.
- To provide administrative, financial and technical assistance to affiliated enterprises.
- To run plants and establishments which we own or may acquire in the future.
- To manufacture, use and/or sell, regardless of form, our own products or those of affiliated enterprises.
- To manufacture and commercialise, by direct or indirect means, all products, accessories or equipment, regardless of their nature, intended for industrial use, and in particular the automobile industry.

To directly or indirectly participate in all financial, industrial or commercial operations that may relate, directly or indirectly, to any one of the abovementioned purposes, including but not limited to setting up new companies, making asset contributions, subscribing to or purchasing shares or voting rights, acquiring an interest or holding, mergers, or in any other way and, more generally, to conduct any industrial, commercial and financial operations, and operations relating to fixed or unfixed assets, that may relate, directly or indirectly, to any one of the above-mentioned purposes, totally or partially, or to any similar or related purposes, and even to other purposes of a nature to promote our business.

LEGAL MATTERS

Certain legal matters in connection with the offering of the Notes and the Guarantees will be passed upon for us and the Guarantors by Cleary Gottlieb Steen & Hamilton LLP, as to matters of English and French law. Certain legal matters in connection with the offering of the Notes will be passed upon for the Managers by White & Case LLP, as to matters of English and French law.

STATUTORY AUDITORS

Our statutory auditors are PricewaterhouseCoopers Audit and Ernst & Young Audit. The address of PricewaterhouseCoopers Audit is 63, rue de Villiers, 92208, Neuilly-sur-Seine, France. The address of Ernst & Young Audit is Tour Ernst & Young, Faubourg de l'Arche, 92037 Paris la Défense Cedex, France. Both entities are members of the *Compagnie régionale des Commissaires aux Comptes de Versailles* and are regulated by the *Haut Conseil du Commissariat aux Comptes* and duly authorised as *Commissaires aux Comptes*. PricewaterhouseCoopers Audit and Ernst & Young Audit have audited in accordance with professional standards applicable in France and rendered unqualified audit reports on the consolidated financial statements of the Issuer for each of the fiscal years ended 31 December 2009 and 2010 prepared in accordance with IFRS as adopted by the European Union and included in this Offering Circular.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Unaudited Condensed Consolidated Interim Financial Statements
for the six months ended 30 June 2011

Statutory Auditors' review report on the interim financial information

This is a free translation into English of a report issued in French and it is provided solely for the convenience of English speaking readers. This report should be read in conjunction with and construed in accordance with French law and professional standards applicable in France.

To the Shareholders,

In compliance with the assignment entrusted to us by your Annual Shareholders' Meeting and in accordance with the requirements of article L. 451-1-2 III of the French Monetary and Financial Code *(Code monétaire et financier)*, we hereby report to you on:

- the review of the accompanying condensed interim consolidated financial statements of Faurecia, for the period from January 1, 2011 to June 30, 2011 and;
- the verification of the information contained in the interim management report.

These condensed interim consolidated financial statements were prepared under the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

I. CONCLUSION ON THE FINANCIAL STATEMENTS

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that the financial statements, taken as a whole, are free from material misstatements, as we would not become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that these condensed interim consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34—"Interim Financial Reporting", as adopted by the European Union.

II. SPECIFIC VERIFICATION

We have also verified the information provided in the interim management report on the condensed interim consolidated financial statements subject to our review.

We have no matters to report as to its fair presentation and consistency with the condensed interim consolidated financial statements.

Neuilly-sur-Seine and Paris-La Défense, July 25, 2011

The Statutory Auditors

PricewaterhouseCoopers Audit	ERNST & YOUNG Audit
Dominique Ménard	Denis Thibon

Statement of comprehensive income

(in € millions)	Notes	First-half 2011	First-half 2010	Full-year 2010
SALES	*4*	**8,150.3**	**6,825.9**	**13,795.9**
Cost of sales	*5*	(7,451.5)	(6,245.4)	(12,593.3)
Research and development costs		(111.4)	(149.6)	(303.2)
Selling and administrative expenses		(247.4)	(214.4)	(443.8)
OPERATING INCOME (LOSS)		**340.0**	**216.5**	**455.6**
Other non operating income	*6*	0.0	60.6	87.2
Other non operating expense	*6*	(32.9)	(62.8)	(123.2)
Income from loans, cash investments and marketable securities		4.6	3.4	8.1
Finance costs		(46.5)	(50.8)	(98.7)
Other financial income and expense	*7*	(12.8)	(14.2)	(25.6)
INCOME (LOSS) BEFORE TAX OF FULLY CONSOLIDATED COMPANIES		**252.4**	**152.7**	**303.4**
Current taxes	*8*	(64.0)	(54.4)	(85.9)
Deferred taxes		2.5	6.7	(3.9)
NET INCOME (LOSS) OF FULLY CONSOLIDATED COMPANIES		**190.9**	**105.0**	**213.6**
Share of net income of associates:	*11*			
Before tax		*21.8*	*10.3*	*26.7*
After tax		*15.9*	*6.7*	*18.8*
CONSOLIDATED NET INCOME (LOSS)		206.8	111.7	232.4
Attributable to owners of the parent		185.8	101.9	201.7
Attributable to minority interests		21.0	9.8	30.7
Basic earnings (loss) per share *(in €)*	*9*	1.68	0.97	1.87
Diluted earnings (loss) per share *(in €)*	*9*	1.57	0.93	1.79

OTHER COMPREHENSIVE INCOME

(in € millions)	First-half 2011	First-half 2010	Full-year 2010
CONSOLIDATED NET INCOME (LOSS)	**206.8**	**111.7**	**232.4**
Gains (losses) arising on fair value adjustments to cash flow hedges	6.3	(5.0)	(1.3)
of which recognized in equity	*5.0*	*(3.8)*	*(0.8)*
of which transferred to net income (loss) for the period	*1.3*	*(1.2)*	*(0.5)*
Exchange differences on translation of foreign operations	(33.9)	68.9	53.8
TOTAL OF OTHER COMPREHENSIVE INCOME FOR THE PERIOD	**(27.6)**	**63.9**	**52.5**
TOTAL COMPREHENSIVE INCOME (EXPENSE) FOR THE PERIOD	**179.2**	**175.6**	**284.9**
Attributable to owners of the parent	161.1	160.2	250.3
Attributable to minority interests	18.1	15.4	34.6

Consolidated balance sheet

ASSETS

(in € millions)	*Notes*	June 30, 2011	Dec. 31, 2010
Goodwill	*10*	1,226.9	1,230.8
Intangible assets		441.5	435.2
Property, plant and equipment		1,591.9	1,575.5
Investments in associates	*11*	38.1	43.6
Other equity interests		38.0	15.3
Other non-current financial assets	*13*	28.0	27.8
Other non-current assets		15.5	14.5
Deferred tax assets		87.7	86.2
TOTAL NON-CURRENT ASSETS		**3,467.6**	**3,428.9**
Inventories, net		852.9	734.0
Trade accounts receivables	*12*	1,889.4	1,387.7
Other operating receivables		287.2	223.3
Other receivables and prepaid expenses		100.9	100.7
Other current financial assets		4.0	0.0
Cash and cash equivalents	*16*	731.5	605.8
TOTAL CURRENT ASSETS		**3,865.9**	**3,051.5**
TOTAL ASSETS		**7,333.5**	**6,480.4**

EQUITY AND LIABILITIES

(in € millions)	*Notes*	June 30, 2011	Dec. 31, 2010
EQUITY			
Capital stock	*14*	772.6	772.6
Additional paid-in capital		282.4	282.4
Treasury stock		(1.4)	(10.4)
Retained earnings		(346.9)	(529.8)
Translation adjustments		63.0	94.0
Net income (loss) for the period attributable to owners of the parent		185.8	201.7
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENTS	*14*	**955.5**	**810.5**
Minority interests		83.0	87.7
TOTAL EQUITY		**1,038.5**	**898.2**
Long-term provisions	*15*	216.2	214.5
Non-current financial liabilities	*16*	1,192.8	1,114.9
Other non-current liabilities		1.5	1.3
Deferred tax liabilities		28.5	29.2
TOTAL NON-CURRENT LIABILITIES		**1,439.0**	**1,359.9**
Short-term provisions	*15*	370.0	416.6
Current financial liabilities	*16*	797.9	687.7
Prepayments from customers		134.2	87.8
Trade payables		2,793.1	2,419.9
Accrued taxes and payroll costs		597.4	452.8
Other payables		163.4	157.5
TOTAL CURRENT LIABILITIES		**4,856.0**	**4,222.3**
TOTAL EQUITY AND LIABILITIES		**7,333.5**	**6,480.4**

Consolidated statement of cash flows

(in € millions)	First-half 2011	First-half 2010	Full-year 2010
I- OPERATING ACTIVITIES			
Consolidated net income (loss)	206.8	111.7	232.5
Depreciation and amortization	234.2	244.2	497.8
Deferred tax (benefits) charges	(2.5)	(6.7)	3.9
Increase (decrease) in long-term provisions	3.5	(2.3)	(5.9)
Share of net income of associates, net of dividends received	4.1	8.3	(3.8)
Capital (gains) losses on disposals of non-current assets	0.2	(1.0)	(0.4)
Others (*)	19.8	(62.2)	(86.4)
CASH FLOW FROM OPERATIONS	**466.1**	**292.0**	**637.7**
Increase (decrease) in short-term provisions	(46.2)	(20.6)	(35.3)
Change in inventories	(123.7)	(63.0)	(80.7)
Change in trade accounts receivables	(546.6)	(336.6)	(33.6)
Change in trade payables	425.4	346.2	298.6
Change in other operating receivables and payables	119.1	88.1	(47.8)
Change in other receivables and payables	18.6	22.8	(14.8)
(Increase) decrease in working capital requirement	**(153.4)**	**36.9**	**86.4**
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	**312.7**	**328.9**	**724.1**
II- INVESTING ACTIVITIES			
Additions to property, plant and equipment	(176.8)	(123.9)	(304.3)
Capitalized development costs	(94.6)	(69.1)	(154.3)
Acquisitions of investments	(49.9)	45.7	30.2
Proceeds from disposal of property, plant and equipment	6.5	8.7	17.3
Proceeds from disposal of financial assets	0.0	30.3	31.0
Change in investment-related receivables and payables	(10.8)	11.2	25.9
Other movements	(4.0)	(28.6)	(39.8)
NET CASH USED BY INVESTING ACTIVITIES	**(329.6)**	**(125.7)**	**(394.0)**
NET CASH PROVIDED (USED) BY OPERATING AND INVESTING ACTIVITIES (I)+(II)	**(16.9)**	**203.2**	**330.1**
III- FINANCING ACTIVITIES			
Issuance of shares by Faurecia and fully-consolidated companies (net of costs)	0.0	3.9	4.2
Dividends paid to owners of the parent company	(27.6)	0.0	0.0
Dividends paid to minority interests in consolidated subsidiaries	(12.3)	(5.4)	(6.0)
Issuance of debt securities and increase in other financial liabilities	224.4	38.1	77.6
Repayment of debt and other financial liabilities	(18.9)	(110.1)	(188.0)
Net cash provided (used) by financing activities	165.6	(73.5)	(112.2)
IV- OTHER CHANGES IN CASH AND CASH EQUIVALENTS			
Impact of exchange rate changes on cash and cash equivalents	(19.0)	31.5	30.1
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**129.7**	**161.2**	**248.0**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	**605.8**	**357.8**	**357.8**
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD (NOTE 16)	**735.5**	**519.0**	**605.8**

(*) O/w badwill from Plastal Germany and Plastal Spain acquisition: €84.3 million for the full year 2010 and €60 million the first half-year 2010.

Consolidated statement of changes in equity

(in € millions)	Number of shares	Capital stock	Additional paid-in capital	Treasury Stock	Retained earnings and net income (loss) for the period	Fair value and translation adjustments: Translation adjustments	Fair value and translation adjustments: Cash flow hedges	Equity attributable to owners of the parent	Minority interests	Total
BALANCE AS OF DEC. 31, 2009 BEFORE APPROPRIATION OF NET INCOME (LOSS)	**89,448,504**	**626.1**	**130.1**	**(10.4)**	**(523.6)**	**44.1**	**(9.5)**	**256.9**	**45.8**	**302.7**
Net income (loss) for the period					101.9			101.9	9.8	111.7
Translation adjustments						63.3		63.3	5.6	68.9
Changes in fair value of currency and interest rate hedging instruments							(5.0)	(5.0)		(5.0)
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD					**101.9**	**63.3**	**(5.0)**	**160.2**	**15.4**	**175.6**
Issue of share capital	20,918,224	146.4	152.3					298.7	3.9	302.6
2009 dividends								0.0	(5.5)	(5.5)
Measurement of stock options					1.4			1.4		1.4
Purchases and sales of treasury stock								0.0		0.0
Changes in scope of consolidation								0.0	3.3	3.3
BALANCE AS OF JUNE 30, 2010 BEFORE APPROPRIATION OF NET INCOME (LOSS)	**110,366,728**	**772.5**	**282.4**	**(10.4)**	**(420.3)**	**107.4**	**(14.5)**	**717.1**	**62.9**	**780.0**
Net income (loss) for the period					99.8			99.8	20.9	120.7
Translation adjustments						(13.4)		(13.4)	(1.7)	(15.1)
Changes in fair value of currency and interest rate hedging instruments							3.7	3.7		3.7
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD					**99.8**	**(13.4)**	**3.7**	**90.1**	**19.2**	**109.3**
Issue of share capital								0.0	0.3	0.3
2009 dividends								0.0	(0.5)	(0.5)
Measurement of stock options and shares grant					3.2			3.2		3.2
Purchases and sales of treasury stock								0.0		0.0
Option component of convertible bonds								0.0		0.0
Changes in scope of consolidation								0.0	5.9	5.9
BALANCE AS OF DEC. 31, 2010 BEFORE APPROPRIATION OF NET INCOME (LOSS)	**110,366,728**	**772.5**	**282.4**	**(10.4)**	**(317.3)**	**94.0**	**(10.8)**	**810.5**	**87.7**	**898.2**
Net income (loss) for the period					185.8			185.8	21.0	206.8
Translation adjustments						(31.0)		(31.0)	(2.9)	(33.9)
Changes in fair value of currency and interest rate hedging instruments							6.3	6.3		6.3
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD					**185.8**	**(31.0)**	**6.3**	**161.1**	**18.1**	**179.2**
Issue of share capital	1,375	0.1						0.1		0.1
2010 dividends					(27.6)			(27.6)	(25.1)	(52.7)
Measurement of stock options and shares grant					4.7			4.7		4.7
Purchases and sales of treasury stock				9.0	(2.2)			6.8		6.8
Option component of convertible bonds								0.0		0.0
Changes in scope of consolidation								0.0	2.3	2.3
BALANCE AS OF JUNE 30, 2011 BEFORE APPROPRIATION OF NET INCOME (LOSS)	**110,368,103**	**772.6**	**282.4**	**(1.4)**	**(156.6)**	**63.0**	**(4.5)**	**955.5**	**83.0**	**1,038.5**

Notes to the interim consolidated financial statements

Faurecia SA and its subsidiaries ("Faurecia") form one of the world's leading automotive equipment suppliers in four major vehicle businesses: Automotive Seating, Emissions Control Technologies, Interior Systems and Automotive Exteriors. The Group has operations in 33 countries, spanning 238 sites.

Faurecia's registered office is located in Nanterre, in the Hauts-de-Seine region of France. The Company is quoted on the Eurolist market of Euronext Paris.

The interim consolidated financial statements were approved by Faurecia's Board of Directors on July 25, 2011.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The interim consolidated financial statements of the Faurecia Group have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, including International Accounting Standards (IASs) and related Interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC).

The interim consolidated financial statements comply with IAS 34, Interim Financial Reporting, which permits entities to present condensed information. They should therefore be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2010.

The standards used to prepare the interim consolidated financial statements for the six months ended June 30, 2011 and comparative data for 2010 are those published in the *Official Journal* of the European Union (OJEU) as of June 30, 2011, and whose application was mandatory as of that date.

Since January 1, 2011, the Group has applied the amendments and revisions to the existing standards IAS 1, IAS 21, IAS 24R, IAS 28, IAS 31, IAS 32, IAS 34, IAS 39, IFRS 3R, IFRS 7, IFRS 8; these amendments did not have any impact on the interim consolidated financial statements.

NOTE 2 CHANGES IN SCOPE OF CONSOLIDATION

2-1 First-half 2011

The Angell-Demmel operations in Germany have been consolidated in the Interior Systems business following the acquisition in January 2011. Faurecia Technical Center India, fully owned by Faurecia, was consolidated from January 1, 2011. Yutaka, in India, in the Emission Control Technologies business, was acquired and integrated from February 1, 2011.

2-2 Reminder of change in scope of consolidation introduced in 2010

The entities of the Emcon Group were integrated as part of Faurecia's Emissions Control Technologies business following the transfer of all of the shares in the Emcon Technologies Group to Faurecia by Emcon Holdings.

Faurecia acquired the German and Spanish operations of Plastal in the Automotive Exteriors business respectively on March 31, 2010 and September 30, 2010; these operations were consolidated from their respective acquisition date.

Faurecia consolidated the following companies as from January 1, 2010: (i) Korea-based Faurecia Shin Sung—which was set up in 2007—as part of the Interior Systems business, (ii) Faurecia Metalloprodukcia in Russia and Faurecia Metalloprodukcia Holding in France—which were both formed in 2009—as part of the Emissions Control Technologies business, (iii) Faurecia Informatique Tunisie (also formed in 2009), and (iv) Orcia in Turkey, which was acquired in 2008 and is consolidated by the equity method. Faurecia sold 40% of Faurecia ADP Holding during the first half of 2010.

2-3 Impact on consolidated data of changes in scope of consolidation

The changes in scope of consolidation during the period did not have a material impact on the presentation of the Group's interim consolidated financial statements.

NOTE 3 SEASONAL FLUCTUATIONS IN BUSINESS LEVELS

Business levels in the automotive industry are traditionally higher in the first half of the year than in the second half.

NOTE 4 INFORMATION BY OPERATING SEGMENT

4-1 Key figures by operating segment

In accordance with the option available under IFRS 8, the Automotive Seating and Interior Systems business units have been aggregated into the Interior Modules segment and the Emissions Control Technologies and Automotive Exteriors units have been aggregated into the Other Modules segment.

These business units have similar economic characteristics, notably in terms of medium-term earnings outlook, type of customer and manufacturing processes.

FIRST-HALF 2011

(in € millions)	Interior Modules	Other Modules	Other	Total
Sales	**4,413.0**	**3,774.6**	**147.8**	**8,335.4**
Inter-segment eliminations	(26.8)	(10.5)	(147.8)	(185.1)
Consolidated sales	**4,386.2**	**3,764.1**	**0.0**	**8,150.3**
Operating income (loss) before allocation of costs	220.7	132.6	(13.3)	340.0
Allocation of costs	(8.4)	(4.9)	13.3	0.0
Operating income	**212.3**	**127.7**	**0.0**	**340.0**
Other non-operating income				0.0
Other non-operating expense				(32.9)
Finance costs, net				(41.9)
Other financial income and expense				(12.8)
Corporate income tax				(61.5)
Share of net income in associates				15.9
NET INCOME FOR THE PERIOD				**206.8**
Segment assets				
Property, plant and equipment, net	959.7	623.0	9.2	1,591.9
Other	2,859.0	1,867.8	34.2	4,761.0
TOTAL SEGMENT ASSETS	**3,818.7**	**2,490.8**	**43.4**	**6,352.9**
Investments in associates				38.1
Other equity interests				38.0
Short and long-term financial assets				780.8
Tax assets (current and deferred)				123.7
TOTAL ASSETS				**7,333.5**
Segment liabilities	**2,464.0**	**1,720.6**	**54.8**	**4,239.4**
Borrowings				1,990.7
Tax liabilities (current and deferred)				64.8
Equity and minority interests				1,038.6
TOTAL LIABILITIES				**7,333.5**
Capital expenditure	100.9	70.1	5.8	176.8
Depreciation of property, plant and equipment	(99.1)	(50.3)	(1.6)	(151.0)
Impairment in value of property, plant and equipment	2.2	(0.4)		1.8
Headcounts	56,293	25,409	1,478	83,180

FIRST-HALF 2010

(in € millions)	Interior Modules	Other Modules	Other	Total
Sales	**3,901.4**	**2,958.3**	**113.3**	**6,973.0**
Inter-segment eliminations	(22.3)	(11.5)	(113.3)	(147.1)
Consolidated sales	**3,879.1**	**2,946.8**	**0.0**	**6,825.9**
Operating income (loss) before allocation of costs	144.2	89.2	(16.9)	216.5
Allocation of costs	(11.1)	(5.8)	16.9	0.0
Operating income	**133.1**	**83.4**	**0.0**	**216.5**
Other non-operating income				60.6
Other non-operating expense				(62.8)
Finance costs, net				(47.4)
Other financial income and expense				(14.2)
Corporate income tax				(47.7)
Share of net income in associates				6.7
NET INCOME FOR THE PERIOD				**111.7**
Segment assets				
Property, plant and equipment, net	957.6	579.8	8.9	1,546.3
Other	2,644.6	1,735.4	43.5	4,423.5
TOTAL SEGMENT ASSETS	**3,602.2**	**2,315.2**	**52.4**	**5,969.8**
Investments in associates				27.4
Other equity interests				4.4
Short and long-term financial assets				564.1
Tax assets (current and deferred)				104.7
TOTAL ASSETS				**6,670.4**
Segment liabilities	**2,268.9**	**1,597.9**	**77.7**	**3,944.5**
Borrowings				1,871.3
Tax liabilities (current and deferred)				74.6
Equity and minority interests				780.0
TOTAL LIABILITIES				**6,670.4**
Capital expenditure	67.5	52.6	3.8	123.9
Depreciation of property, plant and equipment	(105.8)	(47.0)	(1.7)	(154.5)
Impairment in value of property, plant and equipment	(2.0)	(0.1)	—	(2.1)
Headcounts	49,493	20,763	1,243	71,499

FULL-YEAR 2010

(in € millions)	Interior Modules	Other Modules	Other	Total
Sales	**7,708.0**	**6,153.7**	**239.0**	**14,100.7**
Inter-segment eliminations	(44.2)	(21.6)	(239.0)	(304.8)
Consolidated sales	**7,663.8**	**6,132.1**	**0.0**	**13,795.9**
Operating income (loss) before allocation of costs	284.2	216.7	(45.3)	455.6
Allocation of costs	(29.1)	(16.2)	45.3	0.0
Operating income	**255.1**	**200.5**	**0.0**	**455.6**
Other non-operating income				87.2
Other non-operating expense				(123.2)
Finance costs, net				(90.6)
Other financial income and expense				(25.6)
Corporate income tax				(89.8)
Share of net income in associates				18.8
NET INCOME FOR THE PERIOD				**232.4**
Segment assets				
Property, plant and equipment, net	947.3	620.1	8.1	1,575.5
Other	2,460.6	1,582.8	33.1	4,076.5
TOTAL SEGMENT ASSETS	**3,407.9**	**2,202.9**	**41.2**	**5,652.0**
Investments in associates				43.6
Other equity interests				15.3
Short and long-term financial assets				648.1
Tax assets (current and deferred)				121.4
TOTAL ASSETS				**6,480.4**
Segment liabilities	**2,153.7**	**1,464.3**	**100.5**	**3,718.5**
Borrowings				1,802.6
Tax liabilities (current and deferred)				61.1
Equity and minority interests				898.2
TOTAL LIABILITIES				**6,480.4**
Capital expenditure	172.5	124.4	7.4	304.3
Depreciation of property, plant and equipment	(208.0)	(96.2)	(3.3)	(307.5)
Impairment in value of property, plant and equipment	(6.7)	(2.0)		(8.7)
Headcounts	51,385	22,868	1,423	75,676

4-2 Sales by operating segment

(in € millions)	First-half 2011	%	First-half 2010	%	Full-year 2010	%
Interior Modules						
• Automotive Seating	2,547.6	31	2,313.7	34	4,571.2	33
• Interior Systems	1,838.6	23	1,565.4	23	3,092.6	23
	4,386.2	**54**	**3,879.1**	**57**	**7,663.8**	**56**
Other Modules						
• Emissions Control Technologies	2,848.7	35	2,317.8	34	4,781.4	34
• Automotive Exteriors	915.4	11	629.0	9	1,350.7	10
	3,764.1	**46**	**2,946.8**	**43**	**6,132.1**	**44**
TOTAL	**8,150.3**	**100**	**6,825.9**	**100**	**13,795.9**	**100**

4-3 Sales by major customer

Sales by major customer break down as follows:

SALES BY MAJOR CUSTOMER (*)

(in € millions)	First-half 2011	%	First-half 2010	%	Full-year 2010	%
VW Group	1,650.1	20	1,319.2	19	2,767.7	20
PSA Peugeot Citroën	1,345.0	16	1,187.7	17	2,300.9	17
Ford Group	846.3	10	781.4	11	1,487.7	11
Renault-Nissan	787.1	10	771.8	11	1,442.1	10
GM	621.4	8	599.4	9	1,231.9	9
Others	2,900.4	36	2,166.4	32	4,565.6	33
TOTAL	**8,150.3**	**100**	**6,825.9**	**100**	**13,795.9**	**100**

(*) Invoiced sales.

Invoiced sales may differ from sales by end customer when products are sold to intermediary assemblers.

NOTE 5 OPERATING COSTS

5-1 Analysis by function

(in € millions)	First-half 2011	First-half 2010	Full-year 2010
Cost of sales	(7,451.5)	(6,245.4)	(12,593.3)
Research and development costs	(111.4)	(149.6)	(303.2)
Selling and administrative expenses	(247.4)	(214.4)	(443.8)
TOTAL	**(7,810.3)**	**(6,609.4)**	**(13,340.3)**

5-2 Analysis by nature

(in € millions)	First-half 2011	First-half 2010	Full-year 2010
Purchases used in production	(5,538.1)	(4,606.3)	(9,339.0)
External expenses	(718.1)	(610.2)	(1,212.6)
Payroll costs	(1,458.1)	(1,241.5)	(2,467.7)
Taxes other than on income	(26.9)	(21.8)	(46.0)
Other income and expenses (*)	131.6	87.8	171.1
Depreciation, amortization and provisions for impairment in value of non-current assets	(232.9)	(243.4)	(485.6)
Charges to and reversals of other provisions	32.2	26.1	39.5
TOTAL	**(7,810.3)**	**(6,609.3)**	**(13,340.3)**
(*) Including production taken into inventory or capitalized	*171.8*	*115.6*	*208.9*

5-3 Research and development costs

(in € millions)	First-half 2011	First-half 2010	Full-year 2010
Research and development costs, gross	(383.5)	(339.9)	(689.1)
• amounts billed to customers and changes in inventories	251.8	203.2	393.5
• capitalized development costs	93.8	71.4	154.3
• amortization of capitalized development costs	(75.1)	(85.7)	(175.5)
• charges to and reversals of provisions for impairment in value of capitalized development costs	1.6	1.4	13.6
NET EXPENSE	**(111.4)**	**(149.6)**	**(303.2)**

5-4 Depreciation, amortization and provisions for impairment in value of non-current assets

(in € millions)	First-half 2011	First-half 2010	Full-year 2010
Amortization of capitalized development costs	(75.1)	(85.7)	(175.5)
Amortization of other intangible assets	(10.3)	(5.4)	(19.5)
Depreciation of specific tooling	(6.3)	(7.9)	(11.5)
Depreciation of other items of property, plant and equipment	(142.8)	(145.8)	(292.7)
Variation of provisions for impairment in value of capitalized development costs	1.6	1.4	13.6
TOTAL	**(232.9)**	**(243.4)**	**(485.6)**

NOTE 6 OTHER NON-OPERATING INCOME AND EXPENSE

Other non-operating income and expense can be analyzed as follows:

OTHER NON-OPERATING EXPENSE

(in € millions)	First-half 2011	First-half 2010	Full-year 2010
Reorganization expenses (*)	(32.3)	(58.3)	(117.0)
Other (**)	(0.6)	(4.5)	(6.2)
TOTAL	**(32.9)**	**(62.8)**	**(123.2)**

OTHER NON-OPERATING INCOME

(in € millions)	First-half 2011	First-half 2010	Full-year 2010
Provision for contingencies	0.0	0.0	0.4
Badwill (***)	0.0	60.0	84.3
Gains on disposals of assets	0.0	0.6	2.5
Other operating income			0.0
TOTAL	**0.0**	**60.6**	**87.2**

(*) *For the six months ended June 30, 2011, this item includes €29.2 million worth of restructuring costs and €3.1 million in provisions for impairment in value of non-current assets (versus respective amounts of €104.7 million and €12.3 million for full-year 2010 and €57.4 million and €0.9 for the first half 2010). Restructuring costs include redundancy and site relocation payments for 1,535 people for the six months ended June 30, 2011.*

(**) *For the six months ended June 30, 2010, this item includes €4.4 million worth of acquisition costs relating to the purchases of Emcon and Plastal and €5.3 million for the total year 2010.*

(***) *O/w badwill from Plastal Germany and Plastal Spain acquisition: €84.3 million for the full year 2010 of which €60 million the first half-year 2010.*

NOTE 7 OTHER FINANCIAL INCOME AND EXPENSE

(in € millions)	First-half 2011	First-half 2010	Full-year 2010
Impact of discounting pension benefit obligations	(4.0)	(4.8)	(9.6)
Changes in the ineffective portion of gains and losses on currency hedges	(1.0)	(0.1)	(0.4)
Changes in fair value of currency hedged relating to debt	0.0	3.0	0.0
Changes in fair value of interest rate instruments	(0.1)	(0.3)	3.6
Translation adjustments on borrowings	(3.0)	(1.4)	(4.0)
Gains and losses on sales of securities	0.0	0.0	0.0
Other	(4.7)	(10.6)	(15.2)
TOTAL	**(12.8)**	**(14.2)**	**(25.6)**

NOTE 8 CORPORATE INCOME TAX

The effective corporate income tax charge can be reconciled with the theoretical tax charge as follows:

(in € millions)	First-half 2011	First-half 2010	Full-year 2010
Income (loss) before tax of fully consolidated companies	252.4	152.7	303.4
Tax at standard French tax rate of 34.43%	(86.9)	(52.6)	(104.5)
Impact on deferred taxes of changes in tax rates	(0.7)	0.4	0.0
impact on different tax rates applicable to foreign subsidiaries	20.6	20.5	31.5
Tax credits	9.8	11.7	20.4
Utilization of previously unrecognized tax loss carryforwards	18.7	9.9	26.2
Tax loss carryforwards arising during the period for which no deferred tax asset was recognized	(2.7)	(56.0)	(103.7)
Impairment of previously recognized tax assets	0.0	0.0	0.0
Permanent differences and other	(20.3)	18.4	40.3
EFFECTIVE CORPORATE INCOME TAX CHARGE	**(61.5)**	**(47.7)**	**(89.8)**

Deferred tax assets are not recognized for tax loss carryforwards that are not certain of being utilized. As of June 30, 2011, these assets amounted to €730.5 million, compared with €803.3 million as of December 31, 2010.

NOTE 9 EARNINGS PER SHARE

(in € millions)	First-half 2011	First-half 2010	Full-year 2010
Number of shares outstanding at the period end	**110,368,103**	**110,366,728**	**110,366,728**
Adjustments:			
• treasury stock	(25,750)	(270,814)	(270,814)
• impact of share issues weighted based on the period between the date of the share issue and the period end	(893)	(4,507,242)	(2,235,098)
BASIC WEIGHTED AVERAGE NUMBER OF SHARES	**110,341,460**	**105,588,672**	**107,860,816**
Weighted impact of dilutive instruments:			
• stock subscription options	3,624	0	0
• share grants	1,344,500	662,000	1,344,500
• bonds with conversion option	6,884,859	3,820,988	3,408,805
WEIGHTED AVERAGE NUMBER OF SHARES AFTER DILUTION	**118,574,443**	**110,071,660**	**112,614,121**

Basic and diluted earnings per share (in €)

	First-half 2011	First-half 2010	Full-year 2010
Basic earnings (loss) per share	1.68	0.97	1.87
Diluted (loss) per share	1.57	0.93	1.79

Basic earnings per share are calculated by dividing net income by the weighted average number of shares outstanding during the period, excluding treasury stock.

NOTE 10 GOODWILL

(in € millions)	Gross	Impairment	Net
As of January 1, 2010	**1,550.6**	**(510.7)**	**1,039.9**
Acquisitions, minority interest buyouts and price adjustments	178.7		178.7
Impairment of goodwill		0.0	0.0
Translation adjustments and other movements	12.6	(0.4)	12.2
As of December 31, 2010	**1,741.9**	**(511.1)**	**1,230.8**
Acquisitions, minority interest buyouts and price adjustments	7.0		7.0
Translation adjustments and other movements	(11.1)	0.2	(10.9)
As of June 30, 2011	**1,737.8**	**(510.9)**	**1,226.9**

Net goodwill breaks down as follows by business:

(in € millions)	June 30, 2011	Dec. 31, 2010
Automotive Seating	792.2	792.4
Emissions Control Technologies	325.1	335.8
Interior Systems	13.5	6.5
Automotive Exteriors	96.1	96.1
TOTAL	**1 226.9**	**1 230.8**

There was no indication that any goodwill was impaired at June 30, 2011.

NOTE 11 INVESTMENTS IN ASSOCIATES

As of June 30, 2011 this item broke down as follows:

(in € millions)	% of share capital held (*)	Faurecia's share of equity	Dividends received by the Group	Faurecia's share of sales	Faurecia's share of equity in total shares
Vanpro Assentos Lda (**)	50	0.0	0.0	34.3	13.5
Teknik Malzeme (***)	50	5.7	0.0	24.7	37.6
Copo Iberica Sa	50	3.0	0.0	10.7	7.9
Componentes de Vehiculos de Galicia SA	50	2.9	0.0	3.3	4.3
Faurecia Japon NHK Co. Ltd (**)	50	0.0	0.0	84.8	39.7
Arsed d.o.o.	50	0.6	0.0	8.8	6.2
Kwang Jin Faurecia Ltd	50	1.2	0.0	14.1	10.0
AD Tech	50	1.3	0.0	2.3	5.7
Total	**—**	**14.7**	**0.0**	**183.0**	**124.9**
SAS Group	50	23.4	(20.0)	460.9	368.0
TOTAL	**—**	**38.1**	**(20.0)**	**643.9**	**492.9**

(*) Percent interest held by the company that owns the shares.
(**) As the Group's share of this company's net equity is negative it is recorded under liabilities as a provision for contingencies and charges.
(***) Orcia was consolidated in Teknik Malzeme.

11-1 Movements in investments in associates

(in € millions)	First-half 2011	First-half 2010	Full-year 2010
Group share of equity at beginning of period	43.6	31.0	31.0
Dividends	(20.0)	(15.0)	(15.0)
Share of net income of associates	15.9	6.7	18.8
Changes in scope of consolidation and other	(0.9)	2.8	4.8
Capital increase	0.0	0.9	0.9
Translation adjustments	(0.5)	1.0	3.1
Group share of equity at period end	**38.1**	**27.4**	**43.6**

11-2 Group share of assets and liabilities of associates

(in € millions)	June 30, 2011	Dec. 31, 2010
Non-current assets	49.0	39.7
Current assets	410.1	388.0
Cash and cash equivalents	33.8	42.9
TOTAL ASSETS	**492.9**	**470.6**
Equity	32.3	35,1
Borrowings	29.0	18,9
Other non-current liabilities	17.9	33.7
Non-financial current liabilities	413.7	382.9
TOTAL EQUITY AND LIABILITIES	**492.9**	**470.6**

NOTE 12 TRADE ACCOUNTS RECEIVABLE

In accordance with an annually renewable trade receivables sale program set up in May 2007, the Group can sell a portion of the receivables of a number of its French subsidiaries to a group of financial institutions. Under the related agreement substantially all of the risks and rewards relating to the sold receivables are transferred to the financial institutions concerned.

Other receivables sale agreements are in force between certain of the Group's European subsidiaries and a number of their banks, providing for the transfer of substantially all of the risks and rewards of the sold receivables.

The following table shows the amount of sold receivables with maturities beyond June 30, 2011 for which substantially all the risks and rewards have been transferred, and which have therefore been derecognized:

(In € millions)	June 30, 2011	Dec. 31, 2010	Dec. 31, 2009
Receivables sold and derecognized	386.5	377.9	290.76

Individually impaired trade receivables are as follows:

(In € millions)	June 30, 2011	Dec. 31, 2010	Dec. 31, 2009
Total trade accounts receivable, gross	1,907.0	1,409.6	1,047.0
Provision for impairment of receivables	(17.6)	(21.9)	(21.1)
TOTAL TRADE ACCOUNT RECEIVABLES, NET	**1,889.4**	**1,387.7**	**1,025.9**

Given the high quality of Group counterparties, late payments do not represent a material risk and generally arise from administrative issues.

As of June 30, 2011, past due trade accounts receivable represented €74.6 million, breaking down as follows:

- €34 million less than one month past due;
- €13 million between one and two months past due;
- €8 million between two and three months past due;
- €9.1 million between three and six months past due;
- €10.5 million more than six months past due.

NOTE 13 OTHER NON-CURRENT FINANCIAL ASSETS

	June 30, 2011			Dec. 31, 2010
(In € millions)	Gross	Provisions	Net	Net
Loans with maturity longer than one year	27.7	(6.9)	20.8	19.4
Interest rate derivatives	0.0	0.0	0.0	0.0
Other	7.9	(0.7)	7.2	8.4
TOTAL	**35.6**	**(7.6)**	**28.0**	**27.8**

NOTE 14 EQUITY

14-1 Capital stock and additional paid-in capital

As of June 30, 2011 the Company's capital stock totaled €772,576,721 divided into 110,368,103 fully paid-up common shares with a par value of €7 each. Shares which have been registered in the name of the same holder for at least two years carry double voting rights.

14-2 Employee stock options and share grants

A - STOCK SUBSCRIPTION OPTIONS

The Company has a policy of issuing stock options to the managers of Group companies and their over 50%-owned subsidiaries allowing them to subscribe for newly-issued Faurecia shares.

As of June 30, 2011, a total of 1,518,703 stock subscription options were outstanding.

Exercising these options would result in:

- capital stock being increased by €10.6 million;
- additional paid-in capital being increased by €54.2 million.

Details of the stock subscription option plans as of June 30, 2011 are set out in the table below:

Date of Shareholders' Meeting	Date of Board Meeting / Adjusted exercise price (in €)	Adjusted number of options granted	Of which granted to senior executive management /Executive Committee members	Start of exercise period / Expiration of exercised period	Options exercised	Options forfeited	Adjusted number of options outstanding as of June 30, 2011
	September 12, 1996			September 13, 2001			
May 3, 1995	22.92	133,750	42,800	September 11, 2011	97,905	10,700	25,145
	June 26, 1997			June 27, 2002			
May 31, 1994	34.4	63,180	17,550	June 25, 2012	36,855	19,305	7,020
June 5, 1997	February 22, 2002			February 23, 2006			
June 1, 2001	47.01	411,489	81,315	February 22, 2012	32,994	135,369	243,126
June 1, 2001	November 28, 2002			November 29, 2006			
May 14, 2002	35.65	315,315	118,170	November 27, 2012	106,583	134,105	74,627
	April 14, 2004			April 14, 2008			
May 14, 2002	49.73	313,560	127,530	April 13, 2014	—	139,815	173,745
	April 19, 2005			April 18, 2009			
May 25, 2004	54.45	321,750	142,740	April 18, 2015	—	120,510	201,240
	April 13, 2006			April 12, 2010			
May 23, 2005	45.2	340,800	168,000	April 12, 2016	—	133,800	207,000
	April 16, 2007			April 17, 2011			
May 23, 2005	44.69	346,200	172,800	April 17, 2017	—	84,600	261,600
	April 10, 2008			April 10, 2012			
May 29, 2007	28.38	357,000	174,000	April 10, 2016	—	31,800	325,200
TOTAL							**1,518,703**

B - STOCK PURCHASE OPTIONS

Between 1999 and 2001, the Company granted stock options to the managers of Group companies and their over 50%-owned subsidiaries, allowing them to purchase existing Faurecia shares. There are no more outstanding stock purchase options as of June 30, 2011.

C - SHARE GRANTS

In 2010 Faurecia implemented a share grant plan for executives of Group companies. These shares are subject to service and performance conditions.

The fair value of these plans has been measured by reference to the market price of Faurecia's shares at the grant date, less an amount corresponding to the expected dividends due on the shares but not paid during the vesting period and an amount reflecting the cost of the shares being subject to a lock-up period. The corresponding expense will be deferred and recognized over the share vesting period.

Details of the share grant plans as of June 30, 2011 are set out in the table below:

Date of Shareholders' Meeting	Date of Board Meeting	Maximum number of free shares that can be granted for		Performance condition
		reaching the objective	exceeding the objective	
February 8, 2010	June 23, 2010	662,000	860,600	2011 target for pretax income
	July 21, 2010	682,500	887,250	2012 target for pretax income

NOTE 15 LONG- AND SHORT-TERM PROVISIONS

LONG-TERM PROVISIONS

(in € millions)	June 30, 2011	Dec. 31, 2010
Provisions for pensions and other employee benefits		
• Pensions	159.5	157.3
• Long-service awards	21.5	20.9
• Healthcare costs	32.9	33.1
	213.9	211.3
Provisions for early retirement costs	2.3	3.2
TOTAL LONG-TERM PROVISIONS	**216.2**	**214.5**

SHORT-TERM PROVISIONS

(in € millions)	June 30, 2011	Dec. 31, 2010
Restructuring	152.2	169.2
Risks on contracts and customer warranties	101.0	123.5
Claims and litigation	41.5	43.9
Other	75.3	80.0
TOTAL SHORT-TERM PROVISIONS	**370.0**	**416.6**

NOTE 16 NET DEBT

(in € millions)	June 30, 2011	Dec. 31, 2010
Bonds	193.5	191.8
Bank borrowings	803.1	726.1
Loan from PSA	152.0	142.0
Other borrowings	5.5	5.7
Obligations under finance lease	31.5	37.0
Non-current derivatives	7.2	12.3
SUB-TOTAL NON-CURRENT FINANCIAL LIABILITIES	**1,192.8**	**1,114.9**
Current portion of long term debt	62.1	78.7
Short-term borrowings [(1)]	733.9	608.0
Payments issued [(2)] (a)		0.4
Current derivatives	1.9	0.6
SUB-TOTAL CURRENT FINANCIAL LIABILITIES	**797.9**	**687.7**
TOTAL	**1,990.7**	**1,802.6**
Derivatives classified under non-current and current assets (b)	(4.0)	0.0
Cash and cash equivalents (b)	(731.5)	(605.8)
NET DEBT	**1,255.2**	**1,196.8**
Net cash and cash equivalent - (a) - (b)	735.5	605.4
(1) *Including bank overdrafts.*	208.8	162.7

(2) *Payments awaiting clearance by the bank as they fall due on a non-banking day. The contra-entry is an increase in cash and equivalents under assets.*

16-1 OCEANE bonds and syndicated credit facility

Since November 28, 2008, Faurecia has had access to a €1,420 million credit facility.

This facility comprises a syndicated bank loan of €1,170 million and a €250 million loan from Faurecia's majority shareholder PSA Peugeot Citroën. The two loans are correlated so that the drawdowns made by Faurecia on the PSA Peugeot Citroën loan are proportionate to those made on the syndicated bank loan, based on the same rates and periods.

The overall facility is divided into a €20 million tranche expiring in November 2011, a €690 million tranche expiring in November 2013 following the exercise by the banks and PSA of an option to extend the expiration, and a €710 million tranche expiring in November 2013.

As of June 30, 2011, the undrawn portion of this credit facility amounted to €556 million.

The contracts relating to this credit facility include covenants, notably a change of control clause relating to PSA and provisions concerning compliance with consolidated financial ratios. As of June 30, 2011, the Group complied with all of these ratios.

The financial ratios with which the Group is required to comply are as follows:

	Adjusted net debt (*)/ EBITDA (**)	EBITDA (**)/ net interest
		Ceiling
June 30, 2011 and subsequent six-month periods	3.5:1	4.50:1

(*) Adjusted net debt = consolidated net debt + adjustments for certain commitments given, based on definitions provided in the credit agreement (e.g. mortgages or collateralized liabilities).

(**) Earnings before interest, tax, depreciation and amortization = Operating income + depreciation, amortization and provisions for impairment in value of property, plant and equipment and intangible assets, corresponding to the past 12 months.

Furthermore, any asset disposal representing over 15% of the Group's total consolidated assets requires the prior approval of banks representing two-thirds of the syndicate.

On November 26, 2009 Faurecia issued €211.3 million worth of OCEANE bonds convertible into new shares or exchangeable for existing shares. The bonds mature on January 1, 2015 and bear annual interest of 4.50% payable on January 1 each year, as from January 1, 2011. Each bond has a nominal value of €18.69.

Subject to certain conditions, Faurecia may redeem the bonds in advance at any time as from January 15, 2013, at a price equal to their par value plus accrued interest, provided that all of the outstanding bonds are redeemed. The bonds can be converted by their holders at any time as from their date of issue. The criteria relating to their compulsory early redemption include a change of control clause relating to PSA.

In accordance with IAS 39, the fair value of the OCEANE bonds is split into two components: (i) a liability component calculated based on prevailing market interest rates for similar bonds with no conversion option and (ii) an equity component corresponding to the conversion option, calculated based on the difference between the fair value of the OCEANE bonds and the liability component. These two components were recognized at the bond issue date in respective amounts of €184.3 million and €23.3 million. As of June 30, 2011 the liability component was €191.7 million before hedging.

16-2 Securitization and factoring programs

Part of Faurecia's financing requirements are met through receivables sale programs (see Note 12).

As of June 30, 2011, financing under these programs—corresponding to the cash received as consideration for the receivables sold—totaled €541.8 million versus €524.5 million as of December 31, 2010.

(in € millions)	June 30, 2011	Dec. 31, 2010
Financing	587.8	566.8
Guarantee reserve deducted from borrowings	(46.0)	(42.3)
Cash received as consideration for receivables sold	541.8	524.5
Receivables sold and derecognized	(386.5)	(377.9)

16-3 Analysis of borrowings by interest rate and currency

As of June 30, 2011, 81.6% of the Group's borrowings were at variable rates before taking into account the impact of hedging, representing €1 663.9 million. Interest on variable rate borrowings has been partially hedged with a maturity within the next two years (see Note 17.2).

ANALYSIS OF BORROWINGS

(in € millions)	June 30, 2011	
Variable rate borrowings	1,613.1	81.0%
Fixed rate borrowings	377.6	19.0%
TOTAL	**1,990.7**	**100.0%**

Borrowings (taking into account currency swaps) break down as follows by repayment currency:

(in € millions)	June 30, 2011		Dec. 31, 2010	
Euro	1,633.9	82.1%	1,472.7	81.7%
US Dollar	277.9	14.0%	279.6	15.5%
Other currencies	78.9	4.0%	50.3	2.8%
TOTAL	**1,990.7**	**100.0%**	**1,802.6**	**100.0%**

The weighted average interest rate on outstanding borrowings was 3.78% for the first half of 2011.

16-4 Fair-value hierarchy

The Group's financial instruments that are measured at fair value break down as follows by level of fair value measurement: Level 1 (quoted prices in active markets) for short-term cash investments and Level 2 (inputs based on observable market data) for currency and interest rate instruments.

NOTE 17 HEDGING OF CURRENCY AND INTEREST RATE RISKS

17-1 Hedging of currency risks

Currency risks relating to the commercial transactions of the Group's subsidiaries are managed centrally by Faurecia, principally using forward purchase and sale contracts and options as well as foreign currency financing. The Group Financing and Treasury Department—which reports to Group General Management—is responsible for managing this centralized system. Hedging decisions are made by a Market Risk Management Committee that meets on a monthly basis.

Faurecia hedges its commercial positions either through derivatives or by setting up loans denominated in the same currency as the subsidiary's related exposure. Currency risks on forecast transactions are hedged on the basis of estimated cash flows determined in forecasts validated by General Management, and the related derivatives are classified as cash flow hedges where a hedging relationship exists that meets the criteria in IAS 39.

Subsidiaries outside the euro zone are granted inter-company loans in their operating currencies. Although these loans are refinanced in euros and eliminated in consolidation, they contribute to the Group's currency risk exposure and are therefore hedged through swaps.

Information on hedged notional amounts:

June 30, 2011	Carrying amount			Notional amounts by maturity		
	Assets	Liabilities	Notional (*)	<1 year	1 to 5 years	>5 years
Fair value hedges						
• forward currency contracts	0.0	0.0	1.5	1.5		
• inter company loans in foreign currency swapped in euros	4.3	(1.9)	592.6	592.6		
Cash flow hedges						
• forward currency contracts	2.0	(1.8)	238.8	238.8		
Not eligible for hedge accounting	0.3	(1.6)	86.8	86.8		
	6.6	(5.3)				

(*) Notional amounts based on absolute values.

Dec. 31, 2010	Carrying amount			Notional amounts by maturity		
	Assets	Liabilities	Notional (*)	<1 year	1 to 5 years	>5 years
Fair value hedges						
• forward currency contracts	0.0	(0.1)	3.0	3.0		
• currency options						
• inter company loans in foreign currency swapped in euros	3.7	(3.7)	727.8	727.8		
Cash flow hedges						
• forward currency contracts	1	(2.7)	217.2	217.2		
Not eligible for hedge accounting	0.1	0.0	8.9	8.9		
	4.8	(6.5)				

(*) Notional amounts based on absolute values.

17-2 Interest rate hedges

Faurecia manages the hedging of interest rate risks on a central basis, through the Group Financing and Treasury Department which reports to Group General Management. Hedging decisions are made by a Market Risk Management Committee that meets on a monthly basis.

The aim of the Group's interest rate hedging policy is to reduce the impact on earnings of changes in short-term rates as the majority of its borrowings are at variable rates. The hedges set up primarily comprise euro- and dollar-denominated swaps as well as, to a lesser extent, option-based structures (caps). They cover a part of the interest payable in 2011, 2012 and in 2013 against a rise in rates.

Since 2008, certain of the Group's derivatives have qualified for hedge accounting under IAS 39. The other derivatives purchased by the Group constitute economic hedges of interest rate risks on borrowings but do not qualify for hedge accounting under IAS 39. As a result, changes in the fair value of these instruments are recognized directly in income under "Other financial income and expense".

Interest rate hedging instruments are recognized in the balance sheet at fair value, determined based on measurements confirmed by banking counterparties.

The notional amounts of the Group's interest rate hedges break down as follows:

June 30, 2011	Carrying amount		Notional amounts by maturity		
	Assets	Liabilities	<1 year	1 to 5 years	>5 years
Interest rate options			150		
Variable rate/fixed rate swaps		(7.3)	152	237	
• Accrued premiums payable		(0.2)			
	0.0	(7.5)	302	237	—

Dec. 31, 2010	Carrying amount		Notional amounts by maturity		
	Assets	Liabilities	<1 year	1 to 5 years	>5 years
Interest rate options	0.0		1,600	150	—
Variable rate/fixed rate swaps		(12.3)	157	279	—
• Accrued premiums payable		(0.5)			
	0.0	(12.8)	1,757	429	—

NOTE 18 COMMITMENTS GIVEN

(in € millions)	June 30, 2011	Dec. 31, 2010
Future minimum lease payments under operating leases	235.2	232.6
Debt collateral:		
• mortgages	12.2	15.9
Other debt guarantees	43.6	55.0
Firm orders for property, plant and equipment and intangible assets	112.6	79.5
Other	2.8	1.3
TOTAL	**406.4**	**384.3**

NOTE 19 TRANSACTIONS WITH PSA PEUGEOT CITROËN

The Faurecia Group is managed independently and transactions with the PSA Peugeot Citroën Group are conducted on arm's length terms.

These transactions (including with companies accounted for by the equity method by the PSA Peugeot Citroën Group) are recognized as follows in the Group's consolidated financial statements:

(in € millions)	June 30, 2011	Dec. 31, 2010
Sales	1,345.0	2,300.9
Purchases of products, services and materials	6.1	10.2
Receivables (*)	568.9	457.6
Payables (**)	177.4	170.1

(*) After no-recourse sales of receivables amounting to:	*214.3*	*197.2*
(**) O/w borrowings amounting to:	*152.0*	*142.0*

NOTE 20 EVENTS AFTER THE BALANCE SHEET DATE

No significant post-balance sheet events have occurred since June 30, 2011.

**Audited Consolidated financial statements
for the financial year ended 31 December 2010**

Statutory Auditors' report on the consolidated financial statements

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. 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 Annual Shareholders' Meeting, we hereby report to you, for the year ended December 31, 2010, on:

- the audit of the accompanying consolidated financial statements of Faurecia;
- the justification of our assessments;
- the specific verification required by law.

These consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these consolidated financial statements based on our audit.

I. Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group at December 31, 2010 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Without qualifying our opinion, we draw your attention to Note 1 «Accounting policies» to the consolidated financial statements which describes the new standards and amendments to existing standards applied by the Group since January 1, 2010, in particular IFRS 3 (revised)—Business Combinations.

II. Justification of our assessments

In accordance with the requirements of Article L.823-9 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we bring to your attention the following matters:

- The Company performs impairment tests on goodwill at each reporting date and also assesses whether fixed assets show any indication of impairment, based on the methods described in Notes 1-2, 1-5, 10b, 11 and 12 to the consolidated financial statements. We have reviewed the methods used to carry out these impairment tests as well as the corresponding assumptions applied by the Group.
- Note 1-16 to the consolidated financial statements concerning deferred taxes specifies that deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which they can be utilized. Our work consisted in verifying that this method had been correctly applied and reviewing the assumptions supporting the probability of recovery for these deferred tax assets.

- As part of our assessment of the accounting principles used by the Group, we verified the methods used to capitalize and amortize development costs. We also verified the recoverable amount of these assets and the appropriateness of the disclosures provided in Notes 1-3 and 1-5 to the consolidated financial statements.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III. Specific verification

As required by law and in accordance with professional standards applicable in France, we have also verified in 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, February 8, 2011

The Statutory Auditors

PricewaterhouseCoopers Audit
Dominique Ménard

ERNST & YOUNG Audit
Denis Thibon

Audited Consolidated financial statements for the financial years ended 31 December 2010

Consolidated financial statements

Consolidated statement of comprehensive income

(in € millions)	*Notes*	2010	2009	2008
SALES	*4*	**13,795.9**	**9,292.2**	**12,010.7**
Cost of sales	*5*	(12,593.3)	(8,840.1)	(11,296.8)
Research and development costs	*5*	(303.2)	(207.9)	(269.9)
Selling and administrative expenses	*5*	(443.8)	(335.9)	(352.8)
OPERATING INCOME		**455.6**	**(91.7)**	**91.2**
Other non-operating income	*6*	87.2	6.9	0.1
Other non-operating expenses	*6*	(123.2)	(141.0)	(444.4)
Income on loans, cash investments and marketable securities		8.1	12.3	14.5
Finance costs		(98.7)	(135.3)	(110.8)
Other financial income and expenses	*7*	(25.6)	(43.9)	(98.9)
INCOME (LOSS) OF FULLY CONSOLIDATED COMPANIES		**303.4**	**(392.7)**	**(548.3)**
Current taxes	*8*	(85.9)	(42.2)	(34.1)
Deferred taxes	*8*	(3.9)	6.3	5.4
NET INCOME (LOSS) OF FULLY CONSOLIDATED COMPANIES		**213.6**	**(428.6)**	**(577.0)**
Share of net income of associates	*13*			
Before tax		*26.7*	*14.8*	*15.4*
After tax		18.8	11.3	7.7
CONSOLIDATED NET INCOME (LOSS)		**232.4**	**(417.3)**	**(569.3)**
Attributable to owners of the parent		**201.7**	**(433.6)**	**(574.8)**
Attributable to minority interests		30.7	16.3	5.5
Basic earnings (loss) per share *(in euros)*	*9*	1.87	(6.85)	(23.83)
Diluted earnings (loss) per share *(in euros)*	*9*	1.79	(6.85)	(23.83)

Other comprehensive income

(in € millions)	2010	2009	2008
CONSOLIDATED NET INCOME (LOSS)	**232.4**	**(417.3)**	**(569.3)**
Gains (losses) arising on fair value adjustments to cash flow hedges	(1.3)	4.2	(22.4)
of which recognized in equity	*(0.8)*	*1.9*	*(13.7)*
of which recycled to income	*(0.5)*	*2.3*	(8.7)
Exchange differences on translation of foreign operations	53.8	8.6	(2.4)
TOTAL INCOME (EXPENSE) RECOGNIZED IN EQUITY	**284.9**	**(404.5)**	**(594.1)**
Attributable to owners of the parent	250.3	(419.0)	(602.7)
Attributable to minority interests	34.6	14.5	8.6

Balance sheet consolidated

Assets

(in € millions)	*Notes*	**Dec. 31, 2010**	**Dec. 31, 2009**	**Dec. 31, 2008**
Goodwill	*10*	1,230.8	1,039.9	1,040.2
Intangible assets	*11*	435.2	396.9	469.8
Property, plant and equipment	*12*	1,575.5	1,224.6	1,360.8
Investments in associates	*13*	43.6	31.0	40.1
Other equity interests	*14*	15.3	11.2	1.6
Other non-current financial assets (*)	*15*	27.8	23.5	26.5
Other non-current assets	*16*	14.5	18.9	8.5
Deferred tax assets	*8*	86.2	72.0	91.4
TOTAL NON-CURRENT ASSETS		**3,428.9**	**2,818.0**	**3,038.9**
Inventories, net	*17*	734.0	438.6	526.1
Trade accounts receivables	*18*	1,387.7	1,025.9	954.0
Other operating receivables	*19*	223.3	171.0	197.3
Other receivables	*20*	100.7	79.9	79.8
Other current financial assets (*)	*30*	0.0	1.7	6.0
Cash and cash equivalents	*21*	605.8	357.8	425.7
TOTAL CURRENT ASSETS		**3,051.5**	**2,074.9**	**2,188.9**
TOTAL ASSETS		**6,480.4**	**4,892.9**	**5,227.8**

(*) In accordance with IAS 1, currency and interest rate derivatives that were recognized in other financial assets have been reclassified to other non-current financial assets for fiscal year 2008.

Liabilities

(in € millions)	*Notes*	**Dec. 31, 2010**	**Dec. 31, 2009**	**Dec. 31, 2008**
SHAREHOLDERS' EQUITY				
Capital	*22*	772.6	626.1	170.8
Additional paid-in capital		282.4	130.1	198.9
Treasury stock		(10.4)	(10.4)	(11.5)
Retained earnings		(529.8)	(99.4)	385.8
Translation adjustments		94.0	44.1	33.7
Net income (loss)		201.7	(433.6)	(574.8)
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT	*22*	**810.5**	**256.9**	**202.9**
Minority interests	*23*	87.7	45.8	40.6
TOTAL SHAREHOLDERS' EQUITY		**898.2**	**302.7**	**243.5**
Long-term provisions	*24*	214.5	193.9	193.6
Non-current financial liabilities (*)	*26*	1,114.9	1,232.2	1,491.7
Other non-current liabilities		1.3	2.3	1.9
Deferred tax liabilities	*8*	29.2	7.1	38.2
TOTAL NON-CURRENT LIABILITIES		**1,359.9**	**1,435.5**	**1,725.4**
Short-term provisions	*24*	416.6	320.3	317.3
Current financial liabilities (*)	*26*	687.7	528.1	546.2
Prepayments from customers		87.8	80.8	118.8
Trade payables		2,419.9	1,730.6	1,695.2
Accrued taxes and payroll costs	*27*	452.8	371.7	366.1
Sundry payables	*28*	157.5	123.2	215.3
TOTAL CURRENT LIABILITIES		**4,222.3**	**3,154.7**	**3,258.9**
TOTAL LIABILITIES		**6,480.4**	**4,892.9**	**5,227.8**

(*) In accordance with IAS 1, currency and interest rate derivatives that were recognized in current financial liabilities have been reclassified to non-current financial liabilities for fiscal year 2008.

Consolidated cash flow statement

(in € millions)	*Notes*	Year 2010	Year 2009	Year 2008
I—OPERATING ACTIVITIES				
Consolidated net income (loss)		232.5	(417.3)	(569.3)
Depreciation and amortization		497.8	496.6	734.4
Deferred tax (benefits) charges		3.9	(6.3)	(5.4)
Increase (decrease) in long-term provisions		(5.9)	(1.4)	(12.1)
Share of net income of associates net of dividends received		(3.8)	13.7	12.3
Capital (gains) losses on disposals of non-current assets		(0.4)	(2.4)	(0.6)
Other (*)		(86.4)	15.9	15.5
CASH FLOW FROM OPERATIONS		**637.7**	**98.8**	**174.8**
Increase (decrease) in current provisions		(35.3)	(5.1)	21.2
Change in inventories		(80.7)	100.2	38.5
Change in trade accounts receivable		(33.6)	(66.8)	668.6
Change in trade payables		298.6	18.7	(423.5)
Change in other operating receivables and payables		(47.8)	(14.2)	(83.6)
Changes in other receivables and payables		(14.8)	(44.2)	52.6
(Increase) decrease in working capital requirements		**86.4**	**(11.4)**	**273.8**
CASH FLOWS PROVIDED BY OPERATING ACTIVITIES		**724.1**	**87.4**	**448.6**
II—INVESTING ACTIVITIES				
Additions to property, plant and equipment	*12*	(304.3)	(169.1)	(328.7)
Capitalized development costs		(154.3)	(104.4)	(144.7)
Acquisitions of investments (net of cash and cash equivalents)		30.2	(12.0)	(6.6)
Proceeds from disposal of property, plant and equipment		17.3	20.1	19.3
Proceeds from disposal of financial assets		31.0		
Change in investment-related receivables and payables		25.9	(24.8)	0.9
Other changes		(39.8)	(19.0)	(13.3)
CASH FLOW PROVIDED BY INVESTING ACTIVITIES		**(394.0)**	**(309.2)**	**(473.1)**
NET CASH (USED) PROVIDED BY OPERATING AND INVESTING ACTIVITIES (I)+(II)		**330.1**	**(221.8)**	**(24.5)**
III—FINANCING ACTIVITIES				
Issuance of shares by Faurecia and fully-consolidated companies (net of costs)		4.2	446.1	
Option component of convertible bonds			23.3	
Dividends paid to shareholders of the parent company				
Dividends paid to minority interests in consolidated subsidiaries		(6.0)	(9.3)	(12.3)
Issue of debt and new financial liabilities		77.6	214.4	1,142.3
Repayment of debt and other financial liabilities		(188.0)	(502.7)	(1,209.6)
CASH FLOW PROVIDED BY (USED IN) FINANCING ACTIVITIES		**(112.2)**	**171.8**	**(79.6)**
IV—OTHER CHANGES IN CASH AND CASH EQUIVALENTS				
Impact of exchange rate changes on cash and cash equivalents		30.1	(17.9)	(13.7)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**248.0**	**(67.9)**	**(117.8)**
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**357.8**	**425.7**	**543.5**
CASH AND CASH EQUIVALENTS AT END OF YEAR	*26*	**605.8**	**357.8**	**425.7**

(*) o/w badwill from Plastal Germany and Plastal Spain acquisition €84.3 million (see Note10A).

Consolidated statement of changes in equity

(in € millions)	Number of shares [1]	Capital stock	Additional paid-in capital	Treasury stock	Retained earnings and net income (loss) for the year	Evaluation adjustments: Translation adjustments	Evaluation adjustments: Cash flow hedges	Equity attributable to equity owners of the parent	Minority interests	Total
Shareholders' equity as of December 31, 2007 before appropriation of net income (loss)	**24,395,048**	**170.8**	**198.9**	**(11.5)**	**395.9**	**39.2**	**8.7**	**802.0**	**44.3**	**846.3**
Net income (loss)					(574.8)			(574.8)	5.5	(569.3)
Translation adjustments						(5.5)		(5.5)	3.1	(2.4)
Changes in fair value of hedging instruments							(22.4)	(22.4)		(22.4)
Total income (expense) recognized in equity					***(574.8)***	***(5.5)***	***(22.4)***	***(602.7)***	***8.6***	***(594.1)***
Capital increase								0.0		0.0
2007 dividend								0.0	(12.3)	(12.3)
Measurement of stock options					3.6			3.6		3.6
Purchases and sales of treasury stock								0.0		0.0
Changes in scope of consolidation								0.0		0.0
Recognition of 2007 losses of the parent company								0.0		0.0
Shareholders' equity as of December 31, 2008 before appropriation of net income (loss)	**24,395,048**	**170.8**	**198.9**	**(11.5)**	**(175.3)**	**33.7**	**(13.7)**	**202.9**	**40.6**	**243.5**
Net income (loss)					(433.6)			(433.6)	16.3	(417.3)
Translation adjustments						10.4		10.4	(1.8)	8.6
Changes in fair value of hedging instruments							4.2	4.2		4.2
Total income (expense) recognized in equity					***(433.6)***	***10.4***	***4.2***	***(419.0)***	***14.5***	***(404.5)***
Capital increase	65,053,456	455.3	(9.3)					446.1		446.1
2008 dividend								0.0	(9.3)	(9.3)
Measurement of stock options					3.4			3.4		3.4
Purchases and sales of treasury stock				1.1	(0.9)			0.2		0.2
Option component of convertible bonds					23.3			23.3		23.3
Changes in scope of consolidation								0.0		0.0
Recognition of 2008 losses of the parent company			(59.5)		59.5			0.0		0.0
Shareholders' equity as of December 31, 2009 before appropriation of net income (loss)	**89,448,504**	**626.1**	**130.1**	**(10.4)**	**(523.6)**	**44.1**	**(9.5)**	**256.9**	**45.8**	**302.7**
Net income (loss)					201.7			201.7	30.7	232.4
Translation adjustments						49.9		49.9	3.9	53.8
Changes in fair value of hedging instruments							(1.3)	(1.3)		(1.3)
Total income (expense) recognized in equity					***201.7***	***49.9***	***(1.3)***	***250.3***	***34.6***	***284.9***
Capital increase	20,918,224	146.4	152.3					298.7	4.2	302.9
2009 dividend								0.0	(6.0)	(6.0)
Measurement of stock options					4.6			4.6		4.6
Purchases and sales of treasury stock								0.0		0.0
Option component of convertible bonds								0.0		0.0
Changes in scope of consolidation								0.0	9.1	9.1
Shareholders' equity as of December 31, 2010 before appropriation of net income (loss)	**110,366,728**	**772.5**	**282.4**	**(10.4)**	**(317.3)**	**94.0**	**(10.8)**	**810.5**	**87.7**	**898.2**

(1) Including 270,814 treasury shares as of Dec. 31, 2008, Dec 31, 2009 and Dec 31, 2010 (see Note 22.3).

Notes to the consolidated financial statements

Faurecia S.A. and its subsidiaries ("Faurecia") form one of the world's leading automotive equipment suppliers in four vehicle businesses: Automotive Seating, Emissions Control Technologies, Interior Systems and Automotive Exteriors. The Group has operations in 32 countries, spanning 200 sites.

Faurecia's registered office is located in Nanterre, in the Hauts-de-Seine region of France. The Company is quoted on the Eurolist market of Euronext Paris.

The consolidated financial statements were approved by Faurecia's Board of Directors on February 7, 2011.

The accounts were prepared on a going concern basis.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Faurecia Group have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union and available on the European Commission website:

They can be viewed on the European Commission's website at http://ec.europa.eu/internal_market/ accounting/ias_fr.htm#adopted-commission

These standards include International Financial Reporting Standards and International Accounting Standards (IAS), a well as the related International Financial Reporting Interpretations Committee (IFRIC) interpretations.

The standards used to prepare the 2010 consolidated financial statements and comparative data for 2009 and 2008 are those published in the Official Journal of the European Union (OJEU) as of December 31, 2010, whose application was mandatory at that date.

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all of the years presented.

Faurecia has applied the following new standards and amendments to existing standards since January 1, 2010:

- Revised IFRS 3 Business Combinations. Business combinations carried out as from January 1, 2010 are recognized as follows:
  - the identifiable assets acquired and liabilities assumed are measured at fair value as of the acquisition date,
  - any non-controlling interest in the acquiree (i.e. minority interest) is measured either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. This choice of measurement method is made on an acquisition-by-acquisition basis,
  - acquisition-related costs are accounted for as expenses in the periods in which they are incurred and are included on the line "Other operating expense" on the consolidated statement of comprehensive income,
  - any contingent price adjustments arising from a business combination is recognized at its acquisition date fair value. After the acquisition date, contingent consideration is measured at fair value at the end of each subsequent reporting period. Any changes in the fair value of contingent consideration arising more than one year after the acquisition date (the measurement period) are recognized in income. Changes in fair value with one year of the acquisition date are recognized in income if they clearly result from events after the acquisition date. Other changes are recognized as an adjustment to goodwill.

  The Group applied the revised version of IFRS 3 in accounting for its acquisitions in 2010 and in particuler its acquisitions of Emcon and Plastal Germany and Spain. See Note 10 for further information;
- IAS 27: Changes in scope of consolidation

  The revised version of IAS 27 specifies (i) the circumstances in which an entity must present consolidated financial statements of another entity and (ii) the accounting for changes in the level of ownership interests in a subsidiary. Application of this standard did not have any impact on the consolidated financial statements;

- IFRS 5: amendments to this standard require the reclassification of assets and liabilities of a subsidiary in the event of a disposal resulting in a loss of control of said subsidiary. Application of this standard did not have any impact on the consolidated financial statements;
- IAS 39: eligible hedged items
- The amendments adopted provide additional guidance on applying hedge accounting. They did not affect the presentation of the consolidated financial statements;
- IAS 17: the amendments to this standard—which concern the classification of the land element of leases as an operating or finance lease—did not have any impact on the interim consolidated financial statements.

The other standards, interpretations and amendments whose application was required beginning in 2010 had no material impact on the accounts as from December 31, 2010.

1.1 Consolidation principles

Companies which are at least 20%-owned are consolidated where one or more of the following criteria are met: annual sales of over €20 million, total assets of over €20 million, and/or debt of over €5 million.

Non-consolidated companies are not material, either individually or in the aggregate.

Subsidiaries controlled by the Group are fully consolidated. Control is presumed to exist where the Group holds more than 50% of a company's voting rights, and may also arise as a result of shareholders' agreements.

Subsidiaries are fully consolidated as of the date on which control is transferred to the Group. They are deconsolidated as of the date that control ceases.

Companies over which the Group exercises significant influence but not control -generally through a shareholding representing between 20% and 50% of the voting rights are accounted for by the equity method.

The Faurecia Group's financial statements are presented in euros.

The functional currency of foreign subsidiaries is generally their local currency. The assets and liabilities of these companies are translated into euros at the year-end exchange rate and income statement items are translated at the average exchange rate for the year. The resulting currency translation adjustments are recorded in equity.

Certain companies located outside the eurozone which carry out the majority of their transactions in euros may, however, use euros as their functional currency.

All material intercompany transactions are eliminated in consolidation, including intercompany gains.

The accounting policies of subsidiaries and companies accounted for by the equity method are not significantly different from those applied by the Group.

1.2 Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired entity as of the date of acquisition.

In accordance with IAS 36, goodwill is not amortized but is tested for impairment at least once a year and more often if there is an indication that it may be impaired. For the purpose of impairment testing, goodwill is allocated to cash-generating units (CGUs). A CGU is defined as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

The CGU to which goodwill is allocated represents the lowest level within the business segment at which goodwill is monitored for internal management purposes. The Group has identified the following CGUs:

- Automotive Seating;
- Emissions Control Technologies;
- Automotive Exteriors;
- Automotive Seating.

The carrying amount of an asset thus grouped is compared to the higher of its market value and value in use, which is equal to the present value of the net future cash flows expected, and their net market value including costs of disposal.

1.3 Intangible assets

A - RESEARCH AND DEVELOPMENT EXPENDITURE

The Faurecia Group incurs certain development costs in connection with producing and delivering modules for specific customer orders which are either a) not sold to the customer, or b) paid for by the customer on delivery of each part, without the customer guaranteeing full financing of the costs incurred. In accordance with IAS 38, these development costs are recorded as an intangible asset where the company concerned can demonstrate:

- its intention to complete the project as well as the availability of adequate technical and financial resources to do so;
- how the customer contract will generate probable future economic benefits and the company's ability to measure these reliably;
- its ability to measure reliably the expenditure attributable to the contracts concerned (costs to completion).

These capitalized costs are amortized to match the quantities of parts delivered to the customer, over a period not exceeding five years except under exceptional circumstances.

Research costs, and development costs that do not meet the above criteria, are expensed as incurred.

B - OTHER INTANGIBLE ASSETS

Other intangible assets include development and purchase costs relating to software used within the Group—which are amortized on a straight-line basis over a period of between one and three years—as well as patents and licenses.

1.4 Property, plant and equipment

Property, plant and equipment are stated at acquisition cost, or production cost in the case of assets produced by the Group for its own use, less accumulated depreciation.

Maintenance and repair costs are expensed as incurred, except when they increase productivity or prolong the useful life of an asset, in which case they are capitalized.

In accordance with the amended version of IAS 23, borrowing costs on qualifying assets arising subsequent to January 1, 2009 are included in the cost of the assets concerned.

Property, plant and equipment are depreciated by the straight-line method over the estimated useful lives of the assets, as follows:

Buildings	20 to 30 years
Leasehold improvements, fixtures and fittings	10 to 20 years
Machinery, tooling and furniture	3 to 10 years

Certain tooling is produced or purchased specifically for the purpose of manufacturing parts or modules for customer orders, which are either a) not sold to the customer, or b) paid for by the customer on delivery of each part, without the customer guaranteeing full financing of the costs incurred. In accordance with IAS 16, this tooling is recognized as property, plant and equipment.

It is depreciated to match the quantities of parts delivered to the customer over a maximum of three years, in line with the rate at which models are replaced.

Investment grants are recorded as a deduction from the assets that they were used to finance.

Property, plant and equipment acquired under finance leases which transfer substantially all the risks and rewards incidental to ownership of the asset to the lessee are recorded under assets at the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The recognized assets are subsequently depreciated as described above. An obligation of the same amount is recorded as a liability.

1.5 Cash generating units and impairment tests

Impairment tests are carried out whenever there is an indication that an asset may be impaired. Impairment testing consists of comparing the carrying amount of an asset, or group of assets, with the higher of its market value and value in use. Value in use is defined as the present value of the net future cash flows expected to be derived from an asset or group of assets.

The assets are grouped at the lowest levels for which there are separately identifiable cash flows (Cash Generating Units, or CGUs).

Impairment tests are performed on each group of intangible assets (development costs) and property, plant and equipment attributable to a customer contract. This is done by comparing the aggregate carrying amount of the group of assets concerned with the present value of the expected net future cash flows to be derived from the contract.

An impairment loss is recorded when the assets' carrying amount is higher than the present value of the expected net future cash flows. A provision is also recorded for losses to completion on loss-making contracts.

Impairment testing is also carried out on general and corporate assets grouped primarily by type of product and geographic area.

The cash inflows generated by the assets allocated to these CGUs are largely interdependent due to the high overlap among the various manufacturing flows, the optimization of capacity utilization, and the centralization of research and development activities.

Manufacturing assets whose closure is planned are tested independently for impairment.

1.6 Financial assets and liabilities (excluding derivatives)

A - DEFINITIONS

In accordance with IAS 39, the Group classifies its financial assets in the following categories: loans and receivables, available-for-sale financial assets, and financial assets at fair value through profit or loss. They are recorded on the following balance sheet items: "Other equity interests" (Note 14), "Other non-current financial assets" (Note 15), "Trade account receivables" (Note 18), "Other operating receivables" (Note 19), "Other receivables excluding taxes" (Note 20) and "Cash and cash equivalents" (Note 21).

The Group does not use the IAS 39 categories of "Held-to-maturity investments" or "Financial assets held for trading".

The Group's financial liabilities fall within the IAS 39 categories of (i) financial liabilities at fair value through profit or loss, and (ii) other financial liabilities measured at amortized cost.

They are recorded on the following balance sheet items: "Short-term debt" and "long-term debt" (Note 26), "Accrued taxes and payroll costs" (Note 27) and "Other payables" (Note 28).

Financial assets and liabilities are broken down into current and non-current components for maturities at the balance sheet date: under or over a year.

B - RECOGNITION AND MEASUREMENT OF FINANCIAL ASSETS

Equity interests

Equity interests correspond to the Group's interests in the capital of non-consolidated companies. They are carried on the balance sheet at cost. This value is subject to impairment testing based on the most appropriate financial analysis criteria. An impairment loss is recognized where appropriate. The criteria generally applied are the Group's equity in the underlying net assets and the earnings outlook of the company concerned.

Loans and other financial assets

Loans and other financial assets are stated at nominal value which corresponds to amortized cost, calculated using the effective interest method.

Provisions are booked on a case-by-case basis where there is a risk of non-recovery.

Cash and cash equivalents

Cash and cash equivalents include current account balances and units in money market funds that are readily convertible to a known amount of cash and are not subject to a significant risk of impairment in the event of changes in interest rates. They are measured at fair value

C - RECOGNITION AND MEASUREMENT OF FINANCIAL LIABILITIES

The Group's financial liabilities are generally measured at amortized cost using the effective interest method.

1.7 Inventories and work-in-progress

Inventories of raw materials and supplies are stated at cost, determined by the FIFO method (First-In, First-Out).

Finished and semi-finished products, as well as work-in-progress, are stated at production cost, determined by the FIFO method. Production cost includes the cost of materials and supplies as well as direct and indirect production costs, excluding overhead not linked to production and borrowing costs.

Work-in-progress includes the costs of internally-manufactured specific tooling or development work which is sold to customers, i.e. where the related risks and rewards are transferred. These costs are recognized in the income statement over the period in which the corresponding sales are made, as each technical stage is validated by the customer, or when the tooling is delivered if the contract does not provide for specific technical stages.

Provisions are booked for inventories for which the probable realizable value is lower than cost.

1.8 Foreign currency transactions

Transactions in foreign currency are converted at the exchange rate prevailing on the transaction date. Receivables and payables are converted at the year-end exchange rate. resulting gain or loss is recorded in the income statement as operating income or expenses for operating receivables and payables, and under "Other financial income and expense" for other receivables and payables.

1.9 Derivatives

Faurecia uses derivative instruments traded on organized markets or purchased over-the-counter from first-rate counterparties to hedge currency and interest rate risks.

They are recorded at fair value in the balance sheet.

CURRENCY HEDGES

The effective portion of changes in the fair value of instruments used to hedge future revenues is recorded in equity and taken to operating income when the hedged revenues are received.

Changes in the fair value of instruments used to hedge trade receivables and payables are recorded as operating income or expense.

The portion of the change in fair value of these hedges that is ineffective (time value of the hedges) is recorded under "Other financial income and expense" together with changes in the fair value of instruments used to hedge other receivables and payables.

INTEREST RATE HEDGES

Changes in the fair value of interest rate hedges are recorded directly in "Other financial income and expense" when the hedging relationship cannot be demonstrated under IAS 39, or where the the Group has elected not to apply hedge accounting principles.

1.10 Minority interests

This item corresponds to minority shareholders' interests in the equity of consolidated subsidiaries.

1.11 Provisions for pensions and other post-employment benefits

The Group's liability for pensions and other employee benefits is determined on an actuarial basis using the projected unit credit method. The valuation takes into account the probability of employees staying with the Group up to retirement age and expected future salary levels. Benefit obligations are partially funded by contributions to external funds. In cases where the funds are permanently allocated to the benefit plan concerned, their value is deducted from the related liability.

Actuarial gains and losses are recognized according to the corridor method over the expected average remaining working lives of the employees participating in the plans.

Periodic pension and other employee benefit costs are recognized as operating expenses over the benefit vesting period, except for the interest cost, which is recorded under "Other financial income and expense" in accordance with the alternative method under IAS 19. The impact of changes in the present value of external funds is also recorded under this item.

1.12 Stock option, share grant and free shares plans

Stock options and share grant plans for managers of Group companies. Options granted after November 7, 2002 that had not vested as of January 1, 2005 are measured at fair value as of the grant date using the Black & Scholes option pricing model. The fair value of stock options is recognized in payroll costs on a straight-line basis over the vesting period (the period between the grant date and the vesting date), with a corresponding adjustment to equity.

Free shares are measured at fair value by reference to the market price of Faurecia's shares at the grant date, less (i) an amount corresponding to the expected dividends due on the shares but not paid during the vesting period and (ii) an amount reflecting the cost of the shares being subject to a lock-up period. The fair value is recognized in payroll costs on a straight-line basis over the vesting period, with a corresponding adjustment to equity.

1.13 Restructuring and reorganization provisions

A provision is booked when Group General Management has decided to streamline the organization structure and announced the program to the employees affected by it or their representatives.

1.14 Recognition sales

Sales are recognized when the risks and rewards incidental to ownership of the modules or parts produced are transferred. This generally corresponds to when the goods are shipped.

For development contracts or the sale of tooling, sales are recognized when the technical stages are validated by the customer. If no such technical stages are provided for in the contract, sales are recognized when the related study is completed or the tooling is delivered.

1.15 Operating income

Operating income is the Faurecia Group's principal performance indicator.

It corresponds to net income of fully consolidated companies before:

- other operating income and expense, corresponding to material, unusual and non-recurring items including reorganization expenses and early retirement costs, the impact of exceptional events such as the discontinuation of a business, the closure or sale of an industrial site, disposals of non-operating buildings, impairment losses recorded for property, plant and equipment or intangible assets, as well as other material and unusual losses;
- income on loans, cash investments and marketable securities;
- finance costs;
- other financial income and expense, which includes the impact of discounting the pension benefit obligation and the return on related plan assets, the ineffective portion of interest rate and currency hedges, changes in value of interest rate and currency instruments for which the hedging relationship does not satisfy the criteria set forth in relationship cannot be demonstrated under IAS 39, and gains and losses on sales of shares in subsidiaries;
- taxes.

1.16 Deferred tax

Deferred taxes are recognized using the liability method for temporary differences arising between the tax bases for assets and liabilities and their carrying amounts on the consolidated financial statements. Temporary differences mainly arise from tax loss carryforwards and consolidation adjustments to subsidiaries' accounts.

Deferred taxes are measured using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available in the short or medium term against which the temporary differences can be utilized.

Where appropriate, an accrual is booked to cover taxes payable on the distribution of retained earnings of subsidiaries and associates which are not considered as having been permanently reinvested.

1.17 Use of estimates

The preparation of financial statements in accordance with IFRS requires the use of estimates and assumptions when measuring certain assets, liabilities, income, expenses and obligations. These estimates and assumptions are primarily used when calculating the impairment of property, plant and equipment, intangible assets and goodwill, as well as for measuring pension and other employee benefit obligations. They are based on historical experience and other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates and assumptions.

The results of the sensitivity tests carried out on the carrying amounts of goodwill, property, plant and equipment and provisions for pensions and other employee benefits are provided in Notes 10, 12 and 25, respectively. In addition, Note 11 "Intangible Assets" describes the main assumptions used for measuring intangible assets.

1.18 Earnings per share

Basic earnings per share are calculated by dividing net income attributable to owners of the parent by the weighted average number of shares outstanding during the year, excluding treasury stock.

Diluted earnings per share are calculated by the treasury stock method, which consists of multiplying the number of outstanding stock options by the ratio of the average exercise price for outstanding stock options and the average share price for the year. For the purpose of calculating diluted earnings per share, the Group adjusts net income attributable to owners of the parent and the weighted average number of shares outstanding for the effects of all dilutive potential ordinary shares (including stock options, free shares and convertible bonds).

NOTE 2 CHANGES IN SCOPE OF CONSOLIDATION

2.1 Change in scope of consolidation in 2010

The entities of the Emcon Group were integrated as part of Faurecia's Emissions Control Technology business following the transfer of all of the shares in the Emcon Technologies Group to Faurecia by Emcon Holdings. This transaction was approved by Faurecia's shareholders at an Extraordinary General Meeting held on February 8, 2010. Faurecia's 50% ownership interest in Arvin Sango held since the Emcon acquisition was sold in June 2010.

On March 31, 2010 and September 30, 2010, respectively, Faurecia acquired the German and Spanish operations of Plastal, a leading supplier of plastic exterior parts for the automotive industry. They were consolidated as of the acquisition date.

Faurecia also acquired, as part of the Interior Systems business, part of the operations of the Rennes Visteon France plant on December 17, 2010 and the company Incalplas in August 2010; and, as part of the Automotive Seating business, the seating comfort operations of Hoerbiger Automotive Komfortsysteme on December 23, 2010.

In addition, Faurecia consolidated the following companies as from January 1, 2010: South Korea-based Faurecia Shin Sung, established in 2007, as part of the Interior Systems business, Russia-based Faurecia Metalloprodukcia and France-based Faurecia Metalloprodukcia Holding, as part of the Emissions Control Technologies business, and Faurecia Informatique Tunisie, established in 2009. The Turkey-based company Orcia, which was acquired in 2008, is consolidated by the equity method as from January 1, 2010. Faurecia sold 40% of Faurecia ADP Holding during the first half of 2010.

2.2 Reminder of change in scope of consolidation introduced in 2009

Faurecia JIT and Sequencing in Korea (Emissions Control Technologies) and Faurecia Automotive Development in Russia (Interior Systems), both incorporated in 2008, have been fully consolidated in the Group's 2009 financial statements.

2.3 Impact on consolidated data of changes in scope of consolidation.

The impact related to Emcon and Plastal acquisitions are described in Note 10a.

The other changes in scope of consolidation during the period did not have a material impact on the presentation of the Group's consolidated financial statements.

NOTE 3 EVENTS AFTER THE BALANCE SHEET DATE

Faurecia acquired the assets of Angell-Demmel Europe GmbH on January 17, 2011, after it received authorisation to do so by the German and Austrian antitrust authorities. Faurecia acquired a 21.2% share of the company Aminex A/S on January 17, 2011.

NOTE 4 INFORMATION BY OPERATING SEGMENT

For internal reporting purposes the Group is structured into the following four business units based on the type of products and services provided:

- Automotive Seating (design of vehicle seats, manufacture of seating frames and adjustment mechanisms, and assembly of complete seating units);
- Emissions Control Technologies (design and manufacture of exhaust systems);
- Interior Systems (design and manufacture of instrument panels, door panels and modules, and acoustic components);
- Automotive Exteriors (design and manufacture of front ends and safety modules).

These business units are managed on an independent basis in terms of reviewing their individual performance and allocating resources. The tables below show reconciliation between the indicators used to measure the performance of each segment—notably operating income—and the consolidated financial statements. Borrowings, other operating income and expense, financial income and expense, and taxes are monitored at Group level and are not allocated to the various segments.

In accordance with the option available under IFRS 8, the Automotive Seating and Interior Systems business units have been aggregated into the Interior Modules segment and the Emissions Control Technologies and Automotive Exteriors units have been aggregated into the Other Modules segment.

These business units have similar economic characteristics, notably in terms of medium-term earnings outlook, type of customer and manufacturing processes.

4.1 Key figures by operating segment

2010

(in € millions)	Interior Modules	Other modules	Other	Total
Sales	**7,708.0**	**6,153.7**	**239.0**	**14,100.7**
Inter-segment eliminations	(44.2)	(21.6)	(239.0)	(304.8)
Consolidated sales	**7,663.8**	**6,132.1**	**0.0**	**13,795.9**
Operating income (loss) before allocation of costs	284.2	216.7	(45.3)	455.6
Allocation of costs	(29.1)	(16.2)	45.3	0.0
Operating income (loss)	**255.1**	**200.5**	**0.0**	**455.6**
Other operating income				87.2
Other operating expenses				(123.2)
Financial costs net				(90.6)
Other financial income and expenses				(25.6)
Corporate income tax				(89.8)
Share of net income of associates				18.8
NET INCOME (LOSS)				**232.4**
Segment assets				
Net property, plant and equipment	947.3	620.1	8.1	1,575.5
Other segment assets	2,460.6	1,582.8	33.1	4,076.5
Total segment assets	**3,407.9**	**2,202.9**	**41.2**	**5,652.0**
Investments in associates				43.6
Equity interests				15.3
Short- and long-term financial assets				648.1
Tax assets (current and deferred)				121.4
TOTAL ASSETS				**6,480.4**
Segment liabilities	**2,153.7**	**1,464.3**	**100.5**	**3,718.5**
Borrowings				1,802.6
Tax liabilities (current and deferred)				61.1
Equity and minority interests				898.2
TOTAL LIABILITIES				**6,480.4**
Capital expenditure	172.5	124.4	7.4	304.3
Depreciation of items of property plant and equipment	(208.0)	(96.2)	(3.3)	(307.6)
Impairment of property, plant and equipment	(6.7)	(2.0)		(8.7)
Headcount	51.385	22.868	1.423	75.676

2009

(in € millions)	**Interior Modules**	**Other modules**	**Other**	**Total**
Sales	**6,649.3**	**2,712.4**	**205.4**	**9,567.1**
Inter-segment eliminations	(46.7)	(22.8)	(205.4)	(274.9)
Consolidated sales	**6,602.6**	**2,689.6**	**0.0**	**9,292.2**
Operating income (loss) before allocation of costs	(91.6)	50.0	(50.1)	(91.7)
Allocation of costs	(38.7)	(11.4)	50.1	0.0
Operating income (loss)	**(130.3)**	**38.6**	**0.0**	**(91.7)**
Other operating income				6.9
Other operating expenses				(141.0)
Financial costs, net				(123.0)
Other financial income and expenses				(43.9)
Corporate income tax				(35.9)
Share of net income of associates				11.3
NET INCOME (LOSS)				**(417.3)**
Segment assets				
Net property, plant and equipment	951.2	261.8	11.6	1,224.6
Other segment assets	2,374.1	726.1	37.5	3,137.7
Total segment assets	**3,325.3**	**987.9**	**49.1**	**4,362.3**
Investments in associates	31.0			31.0
Equity interests				11.2
Short- and long-term financial assets				401.9
Tax assets (current and deferred)				86.5
TOTAL ASSETS				**4,892.9**
Segment liabilities	**2,039.4**	**667.0**	**89.3**	**2,795.7**
Borrowings				1,760.3
Tax liabilities (current and deferred)				34.2
Equity and minority interests				302.7
TOTAL LIABILITIES				**4,892.9**
Capital expenditure	114.6	45.9	8.6	169.1
Depreciation of items of property, plant and equipment	(230.7)	(61.6)	(3.4)	(295.7)
Impairment of property, plant and equipment	(9.8)	(1.2)		(11.0)
Headcount	47.407	9.877	1.130	58,414

2008

(in € millions)	Interior Modules	Other modules	Other	Total
Sales	**8,332.6**	**3,718.5**	**219.6**	**12,270.7**
Inter-segment eliminations	(23.6)	(16.8)	(219.6)	(260.0)
Consolidated sales	**8,309.0**	**3,701.7**	**0.0**	**12,010.7**
Operating income (loss) before allocation of costs	3.7	124.1	(36.6)	91.2
Allocation of costs	(28.3)	(8.3)	36.6	
Operating income (loss)	**(24.6)**	**115.8**	**0.0**	**91.2**
Other income and expenses				(444.3)
Financial costs net				(96.3)
Other financial income and expenses				(98.9)
Corporate income tax				(28.7)
Share of net income of associates				7.7
NET INCOME (LOSS)				**(569.3)**
Segment assets				
Net property, plant and equipment	1,058.1	278.3	24.4	1,360.8
Other segment assets	2,517.7	699.0	20.8	3,237.5
Total segment assets	**3,575.8**	**977.3**	**45.2**	**4,598.3**
Investments in associates	40.1	0.0	0.0	40.1
Equity interests				1.6
Short- and long-term financial assets				466.8
Tax assets (current and deferred)				121.0
TOTAL ASSETS				**5,227.8**
Segment liabilities	**2,166.2**	**678.9**	**(11.5)**	**2,833.6**
Borrowings				2,079.6
Tax liabilities (current and deferred)				71.1
Equity and minority interests				243.5
TOTAL LIABILITIES				**5,227.8**
Capital expenditure	253.7	63.1	11.9	328.7
Depreciation of items of property, plant and equipment	(236.4)	(63.7)	(3.3)	(303.4)
Impairment of property, plant and equipment	(10.5)			(10.5)
Headcount	50.720	9.787	850	61.357

Sales by operating segment break down as follows:

Sales by operating segment

(in € millions)	2010	%	2009	%	2008	%
Interior Modules						
- Automotive Seating	4,571.2	33	3,990.9	43	5,004.3	42
- Interior systems	3,092.6	23	2,611.7	28	3,304.7	27
	7,663.8	56	6,602.6	71	8,309.0	69
Other modules						
- Emissions Control Technologies	4,781.4	34	1,826.1	20	2,755.4	23
- Automotive Exteriors	1,350.7	10	863.5	9	946.3	8
	6,132.1	44	2,689.6	29	3,701.7	31
TOTAL	**13,795.9**	**100**	**9,292.2**	**100**	**12,010.7**	**100**

4.2 Sales by major customer

Sales by major customer break down as follows:

Sales by major customer (*)

(in € millions)	2010	%	2009	%	2008	%
VW Group	2,767.7	20	1,824.7	20	2,156.9	18
PSA Peugeot Citroën	2,300.9	17	2,049.4	22	2,733.9	23
Ford Group	1,487.7	11	875.1	9	1,114.1	9
Renault-Nissan	1,442.1	10	1,164.3	13	1,273.9	11
GM	1,231.9	9	506.1	5	820.8	7
BMW	1,037.0	8	857.8	9	1,070.4	9
Other	3,528.6	25	2,014.8	22	2,840.7	23
TOTAL	**13,795.9**	**100**	**9,292.2**	**100**	**12,010.7**	**100**

(*) Sales invoiced.

Sales invoiced may differ from sales by end customer when products are transferred to intermediary assembly companies.

4.3 Key figures by geographic region

Sales are broken down by destination region. Other items are presented by the region where the companies involved operate.

2010

(in € millions)	France	Germany	Other European countries	North America	South America	Asia	Other countries	Total
Sales	2,214.5	3,294.1	3,426.8	2,496.9	636.6	1,407.7	319.3	13,795.9
Net property, plant and equipment	322.9	233.5	488.3	284.8	67.5	125.4	53.0	1,575.4
Capital expenditure	63.2	27.1	52.6	72.4	23.2	42.6	23.3	304.4
Number of employees as of December 31	14.663	11.283	24.021	12.571	4.770	6.598	1.770	75.676

2009

(in € millions)	France	Germany	Other European countries	North America	South America	Asia	Other countries	Total
Sales	2,059.0	2,334.4	2,413.1	1,077.7	335.1	827.0	245.9	9,292.2
Net property, plant and equipment	359.6	104.6	443.8	173.2	43.4	73.5	26.5	1,224.6
Capital expenditure	68.7	18.0	43.4	23.2	10.0	15.6	11.2	190.1
Number of employees as of December 31	15.530	7.410	18.613	7.488	2.969	4.185	2.219	58.414

2008

(in € millions)	France	Germany	Other European countries	North America	South America	Asia	Other countries	Total
Sales	2,745.2	3,055.4	3,015.6	1,774.3	329.1	733.0	358.1	12,010.7
Net property, plant and equipment	419.0	121.1	482.4	149.9	84.1	83.2	21.1	1,360.8
Capital expenditure	102.9	15.7	97.3	32.0	32.4	39.5	10.4	330.2
Number of employees as of December 31	16.489	8.215	20.658	7.801	2.679	3.654	1.861	61.357

NOTE 5 ANALYSIS OF OPERATING EXPENSES

5.1 Analysis of operating expenses by function

(in € millions)	2010	2009	2008
Cost of sales	(12,593.3)	(8,840.1)	(11,296.8)
Research and development costs	(303.2)	(207.9)	(269.9)
Selling and administrative expenses	(443.8)	(335.9)	(352.8)
TOTAL	**(13,340.3)**	**(9,383.9)**	**(11 919.5)**

5.2 Analysis of operating expenses by nature

(in € millions)	2010	2009	2008
Purchases consumed	(9,339.0)	(6,049.0)	(8,196.8)
External costs	(1,212.6)	(834.5)	(1,075.8)
Personnel costs	(2,467.7)	(1,922.3)	(2,257.5)
Taxes other than on income	(46.0)	(48.7)	(52.4)
Other operating income and expenses (1)	171.1	10.6	101.5
Depreciation, amortization and provisions for impairment in value of non-current assets	(485.6)	(487.0)	(467.1)
Charges to and reversals of provisions	39.5	(53.1)	28.6
TOTAL	**(13,340.3)**	**(9,383.9)**	**(11,919.5)**

(1) Including inventoried and capitalized production	208.9	78.7	126.3

5.3 Personnel costs

(in € millions)	2010	2009	2008
Wages and salaries (*)	(1,952.8)	(1,496.5)	(1,784.5)
Payroll taxes	(514.9)	(425.8)	(473.0)
TOTAL	**(2,467.7)**	**(1,922.3)**	**(2,257.5)**

(*) Of which temporary employee costs	(164.4)	(89.5)	(198.2)

Details of expenses relating to the Group's stock option plans and pension costs are provided in Notes 22.2 and 25, respectively.

5.4 Research and development costs

(in € millions)	2010	2009	2008
Gross research and development costs	(689.1)	(493.2)	(613.0)
—amounts billed to customers and changes in inventories	393.5	361.6	362.5
—capitalized development costs	154.3	104.4	144.7
—amortization of capitalized development costs	(175.5)	(161.1)	(168.8)
—charges to and reversals of provisions for impairment of capitalized development costs	13.6	(19.6)	4.7
NET EXPENSE	**(303.2)**	**(207.9)**	**(269.9)**

5.5 Depreciation, amortization and provisions for impairment in value of non-current assets

(in € millions)	2010	2009	2008
Amortization of capitalized development costs	(175.5)	(161.1)	(168.8)
Depreciation of items of property, plant and equipment	(19.5)	(12.1)	(9.3)
Depreciation of specific tooling	(11.5)	(12.9)	(13.9)
Depreciation and impairment of other items of property, plant and equipment items	(292.7)	(281.3)	(279.8)
Provisions for impairment of capitalized development costs	13.6	(19.6)	4.7
TOTAL	**(485.6)**	**(487.0)**	**(467,1)**

NOTE 6 OTHER INCOME AND EXPENSE

Other non-operating income and expense are analyzed as follows:

OTHER NON-OPERATING INCOME

(in € millions)	2010	2009	2008
Provisions for contingencies	0.4	0.0	0.0
Badwill from the acquisition of Plastal Germany and Plastal Spain	84.3	0.0	0.0
Losses on disposals of assets	2.5	6.9	0.0
Other	0.0	0.0	0.1
TOTAL	**87.2**	**6.9**	**0,1**

OTHER NON-OPERATING EXPENSES

(in € millions)	2010	2009	2008
Provisions for contingencies	0.0	0.0	(2.5)
Provisions for impairment of goodwill (Vehicle Interiors)	0.0	0.0	(247.9)
Provisions for impairment of assets (Vehicle Interiors)	0.0	0.0	(16.3)
Other provisions for impairment of assets	0.0	0.0	(4.0)
Reorganization expenses (*)	(117.0)	(129.5)	(165.3)
Losses on disposals of assets	0.0	0.0	(8.2)
Other (**)	(6.2)	(11.5)	(0.2)
TOTAL	**(123.2)**	**(141.0)**	**(444.4)**

(*) *As of December 31, 2010, this item included restructuring costs in the amount of €104.7 million and in the amount of €12.3 million, versus, respectively, €119.8 million and €9.7 million in 2009 and €162.2 million and €3.0 million in 2008.*

(**) *This item includes the cost of acquisition of Emcon and Plastal principally in the amount of € 7.6 million in 2009 and € 5.3 million in 2010*

RESTRUCTURING

Reorganization costs (117.0 million euros) include redundancy and site relocation payments for 2,776 people and breakdown by country as follows:

	Millions of euros	Employees
France	32.9	771
Germany	59.3	977
Spain	14.1	688
Great Britain	7.6	93
Other	3.1	247
TOTAL	**117.0**	**2,776**

NOTE 7 OTHER FINANCIAL INCOME AND EXPENSE

(in € millions)	Year 2010	Year 2009	Year 2008
Impact of discounting the pension benefit obligation	(9.6)	(10.5)	(9.8)
Changes in the ineffective portion of currency hedges (1)	(0.4)	(2.9)	(37.5)
Changes in the value of currency hedges relating to debt	0.0	(1.7)	1.4
Changes in the value of interest rate hedges (2)	3.6	(6.0)	(23.7)
Translation differences on borrowings	(4.0)	(14.8)	(20.9)
Gains on sales of securities	0.0	0.0	0.1
Other	(15.2)	(8.0)	(8.5)
TOTAL	**(25.6)**	**(43.9)**	**(98.9)**

(1) The expense recorded in 2008 includes an expense of €22 million in changes in the intrinsic value of instruments used as economic hedges of currency risks on forecast transactions which do not qualify for hedge accounting under IAS 39. Consequently, this unrealized loss was recorded on the income statement in 2008 as it could not be recognized in equity.

The instruments concerned correspond to options and if they are exercised at maturity any realized loss would result in a symmetrical gain recorded on the realized transactions.

(2) The decrease in the fair value of interest rate instruments relates primarily to changes in the intrinsic value of instruments used as economic hedges of interest rate risks which did not qualify for hedge accounting under IAS 39 as of December 31, 2007. In 2008, a corresponding €20.0 million gain on changes in interest rates was recorded under financial income.

NOTE 8 CORPORATE INCOME TAX

Corporate income tax can be analyzed as follows:

(in € millions)	2010	2009	2008
Current taxes			
—Current corporate income tax	(85.9)	(42.2)	(34.1)
—Taxes on intra-group distributions, tax reassessments, carry back			
	(85.9)	(42.2)	(34.1)
Deferred taxes			
—Deferred taxes for the period	(3.9)	6.3	20.7
—Impairment of deferred tax assets previously recorded			(15.3)
Deferred taxes	(3.9)	6.3	5.4
TOTAL	**(89.8)**	**(35.9)**	**(28.7)**

New tax regulations in France applicable as from January 1, 2010:

The 2010 Finance Law passed in December 2009 introduced a “territorial economic contribution” (CET) to replace the business tax (TP). The CET has two components: the corporate real estate tax (CFE) and the corporate value added tax (CVAE). The CFE is calculated on the lease price of the assets subject to the real estate tax. The CVAE is assessed at 1.5% of the value added. The CET is assessed at 3% of the value added.

The overall amount of the CET (i.e. the sum of the value added contribution and the land tax levy) is capped at 3% of the company’s value added. The value added generated by the Group’s French operations is much higher than their taxable earnings because the French tax group has reported tax losses for the past several years whereas the value added figure is positive. Consequently the Group has classified the CET as an operating expense rather than a component of corporate income tax and the CET due as from 2010 will be included in the operating income line, in the same way as the local business tax levied until 2009.

8.1 Analysis of the tax charge

The effective corporate income tax charge can be reconciled with the theoretical tax charge as follows:

(in € millions)	2010	2009	2008
Pre-tax income of consolidated companies	303.4	(392.7)	(548.3)
Tax at 34.43%	*(104.5)*	*135.2*	*188.8*
Effect of rate changes on deferred taxes recognized on the balance sheet	0.0	(2.0)	0.2
Effect of local rate differences	31.5	(1.4)	2.3
Tax credits	20.4	10.1	21.8
Use of non-capitalized loss carryforwards	26.2	6.6	18.2
Non-capitalized tax losses	(103.7)	(183.9)	(154.2)
Impairment of tax asset carryforwards	0.0		(15.3)
Permanent differences	40.3	(0.5)	(90.5)
Corporate tax recognized	**(89.8)**	**(35.9)**	**(28.7)**

8.2 Analysis of tax assets and liabilities

(in € millions)	Dec. 31, 2010	Dec. 31, 2009	Dec. 31, 2008
Current taxes			
—Assets	35.2	14.5	29.6
—Liabilities	(31.9)	(27.1)	(32.9)
	3.3	**(12.6)**	**(3.3)**
Deferred taxes			
—Assets (*)	86.2	72.0	91.4
—Liabilities	(29.2)	(7.1)	(38.2)
	57.0	**64.9**	**53.2**
(*) *Of which tax assets on tax losses*	40.0	45.1	40,4

Changes in deferred taxes recorded on the balance sheet break down as follows:

(in € millions)	2010	2009	2008
NET AMOUNT AT THE BEGINNING OF THE YEAR	**64.9**	**53.2**	**46.0**
—Deferred taxes for the period carried to income	(3.9)	6.3	20.7
—Deferred taxes recognized directly in equity	*0.0*		
—Effect of currency fluctuations and other movements	*(4.0)*	*5.4*	*1.8*
—Impairment of tax asset carryforwards	0.0		(15.3)
NET AMOUNT AT THE END OF THE YEAR	**57.0**	**64.9**	**53,2**

8.3 Impairment of tax asset carryforwards

(in € millions)	Dec. 31, 2010	Dec. 31, 2009	Dec. 31, 2008
N+1	32.6	5.3	18.1
N+2	7.0	4.6	3.1
N+3	9.5	6.7	2.8
N+4	28.1	12.6	3.7
N+5 and above	220.3	207.9	197.5
Unlimited	505.8	461.2	411.6
TOTAL	**803.3**	**698.3**	**636,8**

NOTE 9 EARNINGS PER SHARE

(in € millions)	2010	2009	2008
Number of shares outstanding at year end [(1)]	**110,366,728**	**89,448,504**	**24,395,048**
Adjustments:			
—treasury stock	(270,814)	(270,814)	(270,814)
—weighted impact of share issues prorated	(2,235,098)	(25,843,154)	
Weighted average number of shares before dilution	**107,860,816**	**63,334,536**	**24,124,234**
Weighted impact of dilutive instruments			
Stock options [(2)]	0		4,195
Free shares attributed [(3)]	1,344,500		
Bonds with conversion option [(4)]	3,408,805	11,306,058	
Weighted average number of shares after dilution	**112,614,121**	**74,640,594**	**24,128,429**

(1) *Changes in the number of shares outstanding as of December 31 are analyzed as follows:*

As of December 31, 08: Number of Faurecia shares outstanding	*24,395,048*
Capital increase	*65,053,456*
As of December. 31, 09: Number of Faurecia shares outstanding	*89,448,504*
Capital increase	*20,918,224*
As of December. 31, 10: Number of Faurecia shares outstanding	*110,366,728*

(2) *As of December 31, 2010 1,523,998 stock options were outstanding and exercisable, compared with 1,594,223 as of December 31, 2009 and 1,435,183 as of December 31, 2008. Taking into account the average Faurecia share price for 2010, none of the stock options have a dilutive impact.*

(3) *The number of free shares to be granted as of December 31, 2010 subject to attendance and performance requirements was 1,344,500 (see Note 22.2 c).*

(4) *Bonds with conversion option have a dilutive effect when the net interest per share deriving from the conversion is less than the basic earnings per share.*

The dilutive impact of the bonds was calculated using the treasury stock method.

In relation to stock options, this method consists of comparing the number of shares that would have been issued if all outstanding stock options had been exercised to the number of shares that could have been acquired at fair value (in this case the average Faurecia share price for the year was €15.922 in 2010).

Earnings per share

Earnings per share break down as follows:

(in € millions)	Year 2010	Year 2009	Year 2008
Net income (loss)	**201.7**	**(433.6)**	**(574.8)**
Basic earnings (loss) per share	1.87	(6.85)	(23.83)
After dilution	1.79	(6.85)	(23.83)

NOTE 10A BUSINESS COMBINATIONS

Emcon Technologies

On October 30, 2009 Faurecia signed an agreement to acquire the Emcon Technologies group—a leading player at that time in emissions control technologies (formerly Arvin Industries)—from One Equity Partners LP11 (OEP), the private equity arm of JPMorgan Chase & Co. The transaction was cleared by the relevant antitrust authorities, notably in Europe and the United States, in early 2010.

The acquisition involved EMCON Holdings transferring to Faurecia all of the shares in the EMCON Technologies group. As consideration for this transfer, Faurecia issued 20,918,224 shares to EMCON Holdings, representing 18.95% of Faurecia's capital and 16.41% of its voting rights. As part of the deal, Faurecia also assumed US$22.3 million (€15.8 million) worth of EMCON Holdings' liabilities.

The deal was approved by Faurecia's shareholders at an Extraordinary General Meeting held on February 8, 2010.

The main advantages that Faurecia expects to gain from this transaction are as follows:

- enhanced worldwide and regional positioning within the emissions control industry;
- additional research and innovation capacities in new technologies for emissions reduction;
- entry into the commercial and off-road vehicles markets; and
- broader customer base.

Out of the initial purchase price of €314.5 million (excluding acquisition related costs recorded as expenses) €142.2 million has been allocated to the net assets acquired and €172.3 million to goodwill, taking into account the following fair value adjustments:

- €24.6 million for technologies and customer relationships, based on a valuation by an independent expert;
- €11.1 million for estimated additional contingent liabilities related to provisions for claims and litigation;
- €32.9 million and €21.8 million, respectively, for property, plant and equipment and other current assets;
- €28.1 million for deferred tax assets and liabilities.

The goodwill recognized on the acquisition mainly corresponds to human capital and the synergies expected to be generated in terms of revenue and cost reductions.

Acquisition-related costs have been recognized as expenses in an aggregate amount of €9 million of which €6.6 million were recorded in 2009 and the balance in 2010.

The table below shows a breakdown of Emcon Technologies' net assets acquired by Faurecia.

(in € millions)	**IFRS historical values**	**Fair value adjustments**	**Fair value**
Intangible assets	7.8	24.6	32.4
Property, plant and equipment	143.2	32.9	176.1
Other non-current assets	48.2	1.7	49.9
TOTAL NON-CURRENT ASSETS	**199.3**	**59.1**	**258.4**
Inventories, net	125.6		125.6
Trade accounts receivables	253.1		253.1
Other current assets	36.1	21.8	57.9
Cash and cash equivalents	60.6		60.6
TOTAL CURRENT ASSETS	**475.4**	**21.8**	**497.2**
TOTAL ASSETS	**674.6**	**81.0**	**755.6**
Provision and non-current liabilities	117.2	40.9	158.1
Non-current financial liabilities	0.8		0.8
TOTAL NON-CURRENT LIABILITIES	**118.0**	**40.9**	**158.9**
Trade payables	282.3		282.3
Other current liabilities	87.0		87.0
Current financial liabilities	85.2		85.2
TOTAL CURRENT LIABILITIES	**454.5**	**0.0**	**454.5**
TOTAL LIABILITIES	**572.5**	**40.9**	**613.4**
Net assets acquired			**142.2**
Goodwill			172.3
Consideration			**314,5**

As the business combination did not have a material impact on Faurecia's consolidated financial statements between January 1, 2010 and February 8, 2010, Emcon's accounts have been included in the consolidated financial statements since January 1, 2010. Emcon's total contribution to Faurecia's consolidated revenue and operating income was €2,416.1 million and €32 million respectively in 2010.

Plastal Germany and Plastal Spain

On February 3, 2010 Faurecia signed an agreement with a view to acquiring the German operations of Plastal, a first-rate supplier of exterior plastic parts; it included an option to acquire the operations of Plastal Spain and an option to acquire the operations of Plastal France, both subsidiaries of Plastal Germany. The acquisition of the German operations was completed on March 31, 2010, and that of the Spanish operations on September 30, 2010 upon approval by the corresponding antitrust authorities. The option to acquire Plastal France has not been exercised.

The main advantages that Faurecia expects to gain from this transaction are as follows:

- enhanced positioning within the European market for automotive exterior parts;
- stronger positioning, primarily with German automakers.

The acquisition of Plastal Germany's operations took the form of a asset deal, while that of the Spanish operations was a share purchase. These two acquisitions are considered a business combination under the revised IFRS 3. The German and Spanish Plastal operations have been acquired for a net consideration of €49.9 million net (excluding acquisition related costs recognized as expenses) including the option to buy the Plastal Spain shares valued as of the acquisition of the German assets. This consideration was allocated to net assets acquired and liabilities assumed. Plastal's unique situation (Plastal Germany had been in reorganization proceedings since June 2009) explains the bargain terms obtained for these acquisitions, resulting in the recognition of an €84.3 million gain carried to the line other income (see Note 6), taking into account the following fair value adjustments:

- €6.5 million to fair value for customer relationships, based on a valuation by an independent expert;
- €(17) million restatement to fair value of property, plant and equipment;
- Option to buy the Plastal Spain and Plastal France shares for €4.1 million;
- €1.8 million for deferred tax assets and liabilities.

The business combination was accounted for provisionally as the fair values assigned to the assets acquired and liabilities assumed may be amended within the one-year period following the March 31, 2010 acquisition date for Plastal Germany and September 30, 2010 for Plastal Spain.

Acquisition-related costs have been recognized as expenses in an aggregate amount of €3.8 million of which €1 million were recorded in 2009 and the balance in 2010.

The table below shows a breakdown of Plastal Germany and Plastal Spain net assets acquired by Faurecia.

(in € millions)	IFRS historical values	Fair value adjustments	Fair value
Intangible assets	3.7	6.5	10.2
Property, plant and equipment	156.3	(17.0)	139.3
Other non-current assets	3.9	1.8	5.7
TOTAL NON-CURRENT ASSETS	**163.9**	**(8.7)**	**155.2**
Current assets	75.4	4.1	79.5
Cash and cash equivalents	18.5	0.0	18.5
TOTAL CURRENT ASSETS	**93.9**	**4.1**	**98.0**
TOTAL ASSETS	**257.8**	**(4.6)**	**253.2**
Non-current liabilities	35.9	0.0	35.9
Non-current financial liabilities	18.6	0.0	18.6
TOTAL NON-CURRENT LIABILITIES	**54.5**	**0.0**	**54.5**
Current liabilities	56.5	0.0	56.5
Current financial liabilities	7.9	0.0	7.9
TOTAL CURRENT LIABILITIES	**64.5**	**0.0**	**64.5**
TOTAL LIABILITIES	**119.0**	**0.0**	**119.0**
Net assets acquired			**134.2**
Badwill			(84.3)
Consideration			**49,9**

Plastal's total contribution to Faurecia's consolidated sales and operating income, respectively, was €386.5 million and €19 million for the period from April 1, 2010 to December 31, 2010.

NOTE 10B GOODWILL

(in € millions)	Gross amount	Impairment	Net amount
Net carrying amount as of December 31, 2007	**1,552.0**	**(263.4)**	**1,288.6**
Acquisitions and minority interest buyouts	1.3		1.3
Impairment of Vehicle Interiors goodwill		(247.9)	(247.9)
Translation adjustments and other movements	(2.5)	0.7	(1.8)
Net carrying amount as of December 31, 2008	**1,550.8**	**(510.6)**	**1,040.2**
Acquisitions and minority interest buyouts	1.6		1.6
Impairment of Vehicle Interiors goodwill			0.0
Translation adjustments and other movements	(1.8)	(0.1)	(1.9)
Net carrying amount as of December 31, 2009	**1,550.6**	**(510.7)**	**1,039.9**
Acquisitions and minority interest buyouts	178.7		178.7
Impairment of Vehicle Interiors goodwill			0.0
Translation adjustments and other movements	12.6	(0.4)	12.2
Net carrying amount as of December 31, 2010	**1,741.9**	**(511.1)**	**1,230.8**

Breakdown of the net amount of goodwill by operating segment:

(in € millions)	Dec. 31, 2010	Dec. 31, 2009	Dec. 31, 2008
Automotive Seating	792.4	792.6	792.6
Emissions Control Technologies	335.8	151.2	151.5
Interior Systems	6.5	0.0	0.0
Automotive Exteriors	96.1	96.1	96.1
TOTAL	**1,230.8**	**1,039.9**	**1,040.2**

In accordance with the accounting policies described in Notes 1.2 and 1.5, the carrying amount of each CGU to which goodwill has been allocated has been compared to the higher of the CGU's value in use and its market value net of selling costs. Value in use corresponds to the present value of net future cash flows expected to be derived from the CGU's in question.

The cash flow forecasts used to calculate value in use were based on the Group's 2011-2014 medium-term business plan which was drafted in mid-2010 and adjusted at the end of the year based on the latest assumptions in the 2011 budget. The volume assumptions used in the 2011-2014 medium-term plan are based on external information sources.

The main assumption affecting value in use is the level of operating income used to calculate future cash flows and particularly the terminal value. The operating margin assumption for 2014 is 5.5% for the Group as a whole.

Projected cash flows for the last year of the medium-term business plan (2014) have been projected to infinity by applying a growth rate determined based on analysts' trend forecasts for the automotive market. The growth rate applied for the year-end 2010, 2009 and 2008 tests was 1.5%.

Faurecia called on an independent expert to calculate the weighted average cost of capital used to discount future cash flows. The market parameters used in the expert's calculation were based on a sample of 10 companies operating in the automotive supplier sector (seven in Europe and three in the United States). Taking into account these parameters and a market risk premium of 5.25% to 5.75%, the weighted average cost of capital used to discount future cash flows was set at 9.0% (on the basis of a range of values provided by the independent expert) in 2010 (9% in 2009). This rate was applied for the impairment tests carried out on all of the Group's CGU's. They all bear the same specific risks relating to the automotive supplier sector and the CGU'S multinational operation does not justify using geographically different discount rates.

The decrease in the value in use of the Interior Systems business at the end of 2008 resulted in the Group fully writing down the €247.9 million in residual goodwill on the business. This write-down was the direct consequence of the contraction in both the European and US automotive markets, which Faurecia believed would affect automakers' orders and lead to lower income than originally forecast.

The tests performed at year-end 2010 did not show any indication of further impairment in goodwill.

The table below shows the sensitivity of the impairment test results to changes in the assumptions used as of December 31, 2010 to determine the value in use of the CGU's to which the Group's goodwill is allocated:

Sensitivity *(in € millions)*	**Test income (value in use - net carrying value)**	**Cash flow discount rate + 0.5pt**	**Growth rate to infinity-0.5 pt**	**Operating income for a terminal value of -0.5pt**
Automotive Seating	1,420.0	(165.0)	(135.0)	(172.0)
Emissions Control Technologies	1,296.0	(138.0)	(115.0)	(201.0)
Interior Systems	1,326.0	(119.0)	(97.0)	(119.0)
Automotive Exteriors	519.0	(45.0)	(36.0)	(58.0)

NOTE 11 INTANGIBLE ASSETS

Intangible assets break down as follows:

(in € millions)	Development costs	Software and other	Total
NET AS OF JANUARY 1, 2008	**494.1**	**17.3**	**511.4**
Additions	144.7	9.8	154.5
Funding of amortization provisions	(168.8)	(9.3)	(178.1)
Funding of provisions	1.8	0.0	1.8
Translation adjustments and other	(22.3)	2.5	(19.8)
NET AS OF DECEMBER 31, 2008	**449.5**	**20.3**	**469.8**
Additions	104.2	2.6	106.8
Funding of amortization provisions	(161.1)	(12.1)	(173.2)
Funding of provisions	(19.6)	0.0	(19.6)
Translation adjustments and other	(3.6)	16.7	13.1
NET AS OF DECEMBER 31, 2009	**369.4**	**27.5**	**396.9**
Additions	154.6	4.8	159.4
Funding of amortization provisions	(175.5)	(19.5)	(195.0)
Funding of provisions	13.6	0.0	13.6
Translation adjustments and other (*)	15.1	45.2	60.3
NET AS OF DECEMBER 31, 2010	**377.2**	**58.0**	**435.2**

(*) See note 10A.

The carrying amount of development costs allocated to a customer contract as well as the associated specific tooling is compared to the present value of the expected net future cash flows to be derived from the contract based on the best possible estimate of future sales. The volumes taken into account in Faurecia's business plans are the best estimates by the Group's marketing department based on automakers' forecasts where available.

NOTE 12 PROPERTY, PLANT AND EQUIPMENT

(in € millions)	Land	Buildings	Plant, tooling and equipment	Specific tooling	Other property, plant and equipment and property, plant and equipment in progress	Total
NET AS OF JANUARY 1, 2008	**57.6**	**348.7**	**718.0**	**27.2**	**257.4**	**1,408.9**
Additions (including own work capitalized) (1)	2.2	29.5	128.6	9.4	159.0	328.7
Disposals	(1.3)	(42.2)	(175.8)	(8.7)	(41.1)	(269.1)
Funding of depreciation, amortization and impairment provisions	(0.3)	(49.3)	(205.5)	(13.8)	(24.8)	(293.7)
Non-recurring impairment losses	0.1	(5.1)	(14.9)	(0.3)	(0.3)	(20.5)
Depreciation written off on disposals	1.1	38.5	168.2	8.2	38.8	254.8
Currency translation adjustments	(2.1)	(12.2)	(26.5)	(0.1)	(2.7)	(43.6)
Entry into scope of consolidation & other movements	0.8	35.2	110.9	2.0	(153.6)	(4.7)
NET AS OF DECEMBER 31, 2008	**58.1**	**343.1**	**703.0**	**23.9**	**232.7**	**1,360.8**
Additions (including own work capitalized) (1)	1.0	20.8	78.1	15.4	74.8	190.1
Disposals	(1.7)	(45.2)	(171.7)	(1.9)	(23.4)	(243.9)
Funding of depreciation, amortization and impairment provisions	(0.5)	(49.4)	(216.6)	(13.0)	(16.2)	(295.7)
Non-recurring impairment losses	(1.2)	(2.3)	(6.9)	(0.2)	(0.4)	(11.0)
Depreciation written off on disposals	0.3	41.9	166.6	1.3	21.5	231.6
Currency translation adjustments	0.4	4.4	5.2	0.2	1.4	11.6
Entry into scope of consolidation & other movements	1.1	52.5	95.6	(1.0)	(167.1)	(18.9)
NET AS OF DECEMBER 31, 2009	57.5	365.8	653.3	24.7	123.3	1,224.6
Additions (including own work capitalized) (1)	4.3	21.0	117.1	8.0	153.9	304.3
Disposals	(2.6)	(22.5)	(110.7)	(6.4)	(22.1)	(164.3)
Funding of depreciation, amortization and impairment provisions	(0.2)	(49.3)	(232.6)	(10.8)	(21.2)	(314.1)
Non-recurring impairment losses	0.0	(1.8)	(7.6)	(0.7)	(3.2)	(13.3)
Depreciation written off on disposals	1.7	19.7	112.6	6.4	22.0	162.4
Currency translation adjustments	1.9	13.2	31.2	0.3	6.7	53.3
Entry into scope of consolidation & other movements (*)	24.5	66.9	284.5	1.1	(54.4)	322.6
NET AS OF DECEMBER 31, 2010	**87.1**	**413.0**	**847.8**	**22.6**	**205.0**	**1,575.5**

(*) See Note 10A.
(1) Including assets held under finance leases
in 2008 0.1
in 2009 21.3
in 2010 4.0

(in € millions)	Dec. 31, 2010			Dec. 31, 2009		Dec. 31, 2008
	Gross	Depreciation	Net	Gross	Net	Net
Land	95.7	(8.6)	87.1	64.5	57.5	58.1
Buildings	1,018.5	(605.5)	413.0	945.9	365.8	343.1
Plant, tooling and technical equipment	3,123.1	(2,275.3)	847.8	2,654.7	653.3	703.0
Specific tooling	129.4	(106.8)	22.6	123.6	24.7	23.9
Other property, plant and equipment and property, plant and equipment in progress	499.0	(294.0)	205.0	406.7	123.3	232.7
TOTAL	**4,865.7**	**(3,290.2)**	**1,575.5**	**4,195.4**	**1,224.6**	**1,360.8**
Including assets subject to lease financing	135.4	(67.2)	68.2	94.2	44.8	31.8

Property, plant and equipment are often specific and dedicated to client programs. Their utilization rates are primarily dependent on the level of activity, with very few exceptions. The utilization rates for equipment are not monitored centrally or systematically.

NOTE 13 INVESTMENTS IN ASSOCIATES

As of December 31, 2010

(in € millions)	% of share capital held (*)	Faurecia's share of equity	Dividends received by the Group	Faurecia's share of sales	Faurecia's share of equity
Vanpro Assentos Lda (1)	50%	0.0	0.0	44.6	12.5
Teknik Malzeme	50%	6.5	0.0	40.0	27.0
Orcia (1)	50%	0.0	0.0	4.3	5.2
Copo Ibérica Sa	50%	2.7	0.0	16.8	6.6
Componentes de Vehiculos de Galicia SA	50%	2.7	0.0	6.7	4.7
Faurecia Japon NHK Co. Ltd (1)	50%	0.0	0.0	185.8	56.7
Arsed d.o.o.	50%	0.7	0.0	18.9	6.9
Kwang Jin Faurecia Co Ltd	50%	1.2	0.0	22.2	8.6
AD tech Co Ltd	50%	1.1	0.0	3.0	4.5
TOTAL	**—**	**14.9**	**0.0**	**342.3**	**132.7**
SAS Group	50%	28.7	(15.0)	1,579.9	337.9
TOTAL		**43.6**	**(15.0)**	**1,922.2**	**470.6**

(*) Interest held by the company holding the shares.

(1) As the Group's share of this company's net equity is negative it is recorded under liabilities as a provision for contingencies and charges.

SAS is a joint venture with Continental Automotive Gmbh which manufactures full cockpit modules with electronics and circuitry built into the instrument panels.

In order to meet the Faurecia Group's publication deadlines, the consolidated financial statements were prepared using SAS Group's accounts for the twelve months ended September 30. Specific accounts drawn up for the SAS Group as of December 31 would not give rise to any material difference.

13.1 Change in investments in associates

(in € millions)	2010	2009	2008
Group share of equity at beginning of period	31.0	40.1	44.8
Dividends	(15.0)	(25.0)	(20.0)
Share of net income of associates	18.8	11.3	7.7
Change in scope of consolidation	4.8	3.9	6.6
Capital increase	0.9	0.7	2.2
Currency translation adjustments	3.1	0.0	(1.2)
Group share of equity at end of period	**43.6**	**31.0**	**40,1**

13.2 Group share of financial items of associates

(in € millions)	Dec. 31, 2010	Dec. 31, 2009	Dec. 31, 2008
Fixed assets	39.7	32.0	31.4
Current assets	388.0	331.1	330.8
Cash and cash equivalents	42.9	33.0	40.0
TOTAL ASSETS	**470.6**	**396.1**	**402.2**
Equity	35.1	27.1	40.1
Borrowings	18.9	18.1	21.4
Other non-current liabilities	33.7	24.9	24.1
Non-current financial liabilities	382.9	326.0	316.6
TOTAL LIABILITIES	**470.6**	**396.1**	**402,2**

NOTE 14 OTHER EQUITY INTERESTS

(in € millions)	% of share capital	Dec. 31, 2010		Dec. 31, 2009	Dec. 31, 2008
				Gross	Net
SCI Messei	100	0.4	0.1	0.1	0.1
Faurecia Technology Center India Ltd	100	3.6	3.6	3.6	0.4
Changchun Xuyang Industrial Group	19	11.0	11.0		
Faurecia Shin Sung (*)				4.3	0.0
Faurecia Metalloprodukcia (*)				2.4	
Other	—	2.9	0.6	0.8	1.1
TOTAL		**17.9**	**15.3**	**11.2**	**1.6**

(*) Companies consolidated as of 1/01/10.

NOTE 15 OTHER NON CURRENT FINANCIAL ASSETS

(in € millions)	Dec. 31, 2010 Gross	Dec. 31, 2010 Provisions	Dec. 31, 2010 Net	Dec. 31, 2009 Net	Dec. 31, 2008 Net
Loans with maturity longer than one year	26.4	(7.0)	19.4	17.7	19.3
Interest rate derivatives	0.0	0.0	0.0	0.1	1.4
Other	9.4	(1.0)	8.4	5.6	5.8
TOTAL	**35.8**	**(8.0)**	**27.8**	**23.4**	**26.5**

NOTE 16 OTHER NON CURRENT ASSETS

This line includes:

(in € millions)	Dec. 31, 2010	Dec. 31, 2009	Dec. 31, 2008
Pension plan surpluses	0.2	0.0	0.0
Guarantee deposits and other	14.3	18.9	8.5
TOTAL	**14.5**	**18.9**	**8.5**

NOTE 17 INVENTORIES AND WORK IN PROGRESS

(in € millions)	Dec. 31, 2010 Gross	Dec. 31, 2010 Provisions	Dec. 31, 2010 Net	Dec. 31, 2009 Net	Dec. 31, 2008 Net
Raw materials and supplies	312.3	(34.9)	277.4	157.6	210.6
Work-in-progress	316.9	(24.8)	292.1	183.0	190.3
Semi-finished and finished products	194.4	(29.9)	164.5	98.0	125.2
TOTAL	**823.6**	**(89.6)**	**734.0**	**438.6**	**526.1**

NOTE 18 TRADE ACCOUNTS RECEIVABLE

Under an annually renewable trade receivables sale program set up in May 2007, the Group can sell a portion of the receivables of a number of its French subsidiaries to a group of financial institutions, transferring substantially all of the risks and rewards relating to the receivables sold to the financial institutions concerned.

Other receivables sale agreements are in force between certain of the Group's European subsidiaries and a number of their banks, providing for the transfer of substantially all of the risks and rewards of the receivables sold.

The following table shows the amount of receivables sold with maturities beyond December 31, 2010, for which substantially all the risks and rewards have been transferred, and which have therefore been derecognized:

(in € millions)	Dec. 31, 2010	Dec. 31, 2009	Dec. 31, 2008
Receivables sold and derecognized	377.9	290.7	388.5

Individually impaired trade receivables are as follows:

(in € millions)	Dec. 31, 2010	Dec. 31, 2009	Dec. 31, 2008
Gross total trade receivables	1,409.6	1,047.0	972.9
Provision for impairment of receivables	(21.9)	(21.1)	(19.0)
TRADE TRADE ACCOUNTS RECEIVABLE, NET	**1,387.7**	**1,025.9**	**953.9**

Given the high quality of Group counterparties, late payments do not represent a material risk. They generally arise from administrative issues.

Late payments as of December 31, 2010 were €64.5 million, breaking down as follows:

- €35.4 million less than one month past due;
- €7.6 million one to two months past due;
- €4.3 million two to three months past due;
- €7.5 million three to six months past due;
- €9.7 million more than six months past due.

NOTE 19 OTHER OPERATING RECEIVABLES

(in € millions)	Dec. 31, 2010	Dec. 31, 2009	Dec. 31, 2008
Down payments	61.6	39.5	41.9
Other receivables (1)	161.7	131.5	155.4
TOTAL	**223.3**	**171.0**	**197.3**
(1) Including the following amounts for VAT and other tax receivables	154.9	127.0	149.4

NOTE 20 OTHER RECEIVABLES

(in € millions)	Dec. 31, 2010	Dec. 31, 2009	Dec. 31, 2008
Short-term portion of loans	3.5	0.1	0.1
Prepaid expenses	14.6	4.6	17.0
Current taxes	35.3	14.5	29.6
Other sundry payables	47.3	60.7	33.1
TOTAL	**100.7**	**79.9**	**79,8**

NOTE 21 CASH AND CASH EQUIVALENTS

As of December 31, 2010, cash and cash equivalents included current account balances in the amount of €532.5 million (versus €292.2 million as of December 31, 2009 and €374.9 million as of December 31, 2008) and short-term investments in the amount of €73.3 million (versus €65.6 million as of December 31, 2009 and €50.8 million as of December 31, 2008).

The carrying amount of marketable securities is almost identical to market value as they are held on a very short term basis.

NOTE 22 SHAREHOLDERS' EQUITY

22.1 Capital

Following the capital increase resulting from the issue at par of 20,918,224 new shares, as of December 31, 2010, Faurecia's capital stock totaled €772,567,096 divided into 110,366,728 fully paid-in shares with a par value of €7 each.

The Group's capital is not subject to any external restrictions. Shares which have been registered in the name of the same holder for at least two years carry double voting rights.

As of December 31, 2010, Peugeot SA held 57.43% of Faurecia's capital and 63.26% of the voting rights.

22.2 Employee stock options and share grants

A) STOCK SUBSCRIPTION OPTIONS

Faurecia has a policy of issuing stock options to the executives of Group companies.

As of December 31, 2010, a total of 1,523,998 stock options were outstanding.

The exercise of these options would result in increasing:

- the capital stock by €10.7 million;
- additional paid-in capital by €54.4 million.

Details of the stock subscription option plans as of December 31, 2010 are set out in the table below:

Date of Shareholders' Meeting	Date of Board Meetings Adjusted € exercise price	Number of options granted (adjusted)	Including granted to senior executive management	Start of exercise period Last exercise date	Options exercised	Options cancelled	Adjusted number of options outstanding as of Dec. 31, 2010
	09/12/1996			09/13/2001			
05/03/1995	22.92	133,750	42,800	09/11/2011	97,905	10,700	25,145
	06/26/1997			06/27/2002			
05/31/1994	34.40	63,180	17,550	06/25/2012	36,855	19,305	7,020
06/05/1997	02/22/2002			02/23/2006			
06/01/2001	47.01	411,489	81,315	02/22/2012	32,994	133,029	245,466
06/01/2001	11/28/2002			11/29/2006			
05/14/2002	35.65	315,315	118,170	11/27/2012	106,583	133,520	75,212
	04/14/2004			04/14/2008			
05/14/2002	49.73	313,560	127,530	04/13/2014	—	139,230	174,330
	04/19/2005			04/18/2009			
05/25/2004	54.45	321,750	142,740	04/18/2015	—	119,925	201,825
	04/13/2006			04/12/2010			
05/23/2005	45.20	340,800	168,000	04/12/2016	—	133,200	207,600
	04/16/2007			04/17/2011			
05/23/2005	44.69	346,200	172,800	04/17/2017	—	84,000	262,200
	04/10/2008			04/10/2012			
05/29/2007	28.38	357,000	174,000	04/10/2016	—	31,800	325,200
TOTAL							**1,523,998**

Movements in the aggregate number of options under all of the plans in force were as follows:

(in € millions)	2010	2009	2008
Total at beginning of the period	1,594,223	1,435,183	1,258,303
adjustment related to the capital increase	0	256,093	
Options granted	0	0	297,500
Options exercised	0	0	
Options cancelled and expired	(70,225)	(97,053)	(120,620)
TOTAL AT THE END OF THE YEAR	**1,523,998**	**1,594,223**	**1 435 183**

In accordance with IFRS 2, the six plans issued since November 7, 2002 have been measured at fair value as of the grant date. The measurement was performed using the Black & Scholes option pricing model based on the following assumptions:

	11/28/2002 plan	04/14/2004 plan	04/19/2005 plan	04/13/2006 plan	04/16/2007 plan	04/10/2008 plan
Option exercise price (as of the grant date) in euros (*)	€ 35.65	€ 49.73	€ 54.45	€ 45.20	€ 44.69	€ 28.38
Share price as of the grant date in euros	€ 41.82	€ 58.45	€ 62.05	€ 53.15	€ 56.15	€ 33.10
Option vesting period	4 years	4 years	4 years	4 years	4 years	4 years
Expected share dividend	2%	2%	2%	1.5%	0.00%	0.00%
Zero coupon rate	3.57%	3.33%	2.93%	3.50%	4.41%	3.86%
Expected share price volatility	40%	40%	40%	30%	30%	30%

(*) Adjusted following the capital increase.

The fair value of the option is amortized over the vesting period, with a corresponding adjustment to equity. The related expense in 2010 totaled €2 million, compared with €3.4 million in 2009.

B) STOCK PURCHASE OPTIONS

From 1999 to 2001, Faurecia granted stock options to executives of Group companies and their over 50%-owned subsidiaries.

As of December 31, 2010, a total of 25,740 stock options were outstanding.

Details of the share grant plans as of December 31, 2010 are set out in the table below:

Date of Shareholders' Meeting	Date of Board Meetings / Adjusted € exercise price	Number of options awarded	including granted to senior executive management	Start of exercise period / Last exercise date	Options exercised	Options cancelled	Number of options outstanding as of Dec. 31, 2010
	04/26/2001			04/26/2005			
05/22/2000	46.59	50,895	—	04/25/2011	19,305	5,850	25,740
TOTAL							**25,740**

C) FREE SHARES ATTRIBUTED

In 2010 Faurecia implemented a share grant plan for executives of Group companies. These shares are subject to service and performance conditions.

The fair value of this plan has been measured by reference to the market price of Faurecia's shares at the grant date, less an amount corresponding to the expected dividends due on the shares but not paid during the vesting period and an amount reflecting the cost of the shares being subject to a lock-up period. The corresponding expense will be deferred and recognized over the share vesting period. The amount recognized in expenses for the period is €2.6 million.

Details of the share grant plans as of December 31, 2010 are set out in the table below:

Date of Shareholders' Meeting	Date of Board Meetings	Maximum number of free shares that can be granted for reaching the objective	exceeding the objective	Performance conditions
	06/23/2010	662,000	860,600	2011 target for pretax income
02/08/2010	07/21/2010	682,500	887,250	2012 target for pretax income

22.3 Treasury stock

As of December 31, 2010, Faurecia held 270,814 shares of treasury stock, reflecting the following transactions:

- 200,000 shares contributed by ECTRA in 1999;
- 19,613 shares purchased in 2000 for €0.8 million;
- 96,361 shares purchased in 2001 for €4.2 million;
- 96,860 shares purchased in 2002 for €3.8 million;
- 32,745 shares purchased in 2004 for €1.0 million;
- 74,285 shares purchased in 2005 for €2.3 million;
- 30,000 shares purchased in 2005 for €1.8 million;
- 33,650 shares purchased in 2006 for €1.3 million;
- 31,340 shares purchased in 2007 for €1.0 million;

The cost of the shares held in treasury stock as of December 31, 2010 totaled €10.4 million, representing an average cost of €38.43 per share.

These shares are held to cover the exercise of stock options granted to Group company executives resolved upon by Board of Directors on April 26, 2001. The number of remaining exercisable stock options on December 31, 2010 covered 25,740 shares (see Note 22.2b).

NOTE 23 MINORITY INTERESTS

Changes in minority interests were as follows:

(in € millions)	2010	2009	2008
Balance as of January 1	45.8	40.6	44.3
Increase in minority shareholder interests	4.2	0.0	
Other changes in scope of consolidation	9.1	0.0	
Minority interests in net income for the year	30.7	16.3	5.5
Dividends paid to minority interests	(6.0)	(9.3)	(12.3)
Translation adjustments	3.9	(1.8)	3.1
BALANCE AS OF DECEMBER 31	**87.7**	**45.8**	**40.6**

NOTE 24 LONG AND SHORT TERM PROVISIONS

24.1 Long-term provisions

LONG-TERM PROVISIONS

(in € millions)	2010	2009	2008
Provisions for pension and other post-employment obligations			
Pension obligations	157.3	143.2	139.6
Long-service awards	20.9	19.2	19.5
Healthcare costs	33.1	26.3	27.5
	211.3	**188.7**	**186.6**
Provisions for early retirement costs	3.2	5.2	7.0
	214.5	**193.9**	**193.6**

CHANGES IN LONG-TERM PROVISIONS

(in € millions)	2010	2009	2008
Balance of provisions at beginning of year	**193.9**	**193.6**	**209.3**
Changes in scope of consolidation	25.8	0.0	0.0
Other movements	4.4	1.8	(0.8)
Funding (or reversals) of provisions	26.2	22.1	13.3
Expenses charged to the provision	(19.5)	(15.4)	(18.3)
Payments to external funds	(16.3)	(8.2)	(9.9)
BALANCE OF PROVISIONS AT END OF YEAR	**214.5**	**193.9**	**193.6**

24.2 Short-term provisions

SHORT-TERM PROVISIONS

(in € millions)	Dec. 31, 2010	Dec. 31, 2009	Dec. 31, 2008
Restructuring	169.2	157.8	200.4
Risks on contracts and customer warranties	123.5	56.7	48.9
Litigation	43.9	47.4	25.4
Other provisions	80.0	58.4	42.6
TOTAL PROVISIONS	**416.6**	**320.3**	**317.3**

Changes in these provisions in 2010 were as follows:

(in € millions)	Balance as of Dec. 31, 2009	Additions	Expenses charged	Reversals (*)	Change in scope of consolidation and other changes	Balance as of Dec. 31, 2010
Restructuring	157.8	132.1	(128.2)	(6.0)	13.5	169.2
Risks on contracts and customer warranties	56.7	29.9	(56.5)	0.0	93.4	123.5
Litigation	47.4	19.0	(26.4)	(3.0)	6.9	43.9
Other provisions	58.4	25.0	(19.9)	(0.5)	17.0	80.0
TOTAL	**320.3**	**206.0**	**(231.0)**	**(9.5)**	**130.8**	**416.6**

(*) Surplus provisions.

LITIGATION

In the normal course of business, the Group may be involved in disputes with its customers, suppliers, tax authorities in France or abroad, or other third parties.

Faurecia Systèmes d'Échappement, which has long-standing expertise in conventional impregnated ceramic-based filtration technology, is subject to a claim concerning electrostatic filtration that has been brought before the courts following its unsuccessful cooperation with a service provider. This case is continuing before the Paris District Court (Tribunal de Grande Instance) and the Paris Court of Appeal (Cour d'Appel). The Group considers that the residual risks and impact of these proceedings are not material. Provisions have also been funded for a claim concerning the repair of Blackpool (formerly Emcon) buildings at end of lease. The Group has also received a claim from Suzuki that is the subject of a request for arbitration. This claim is provisioned according to the below franchise level costs not covered by insurance.

There are no other claims or litigation in progress or pending that are likely to have a material impact on the Group's consolidated financial position.

NOTE 25 PROVISIONS FOR PENSIONS AND OTHER POST EMPLOYMENT BENEFITS

25.1 Benefit obligations

(in € millions)	Dec. 31, 2010	Dec. 31, 2009	Dec. 31, 2008
Present value of projected obligations			
Pension benefit obligations	270.3	222.9	226.1
Long-service awards	20.9	19.2	19.5
Healthcare costs	48.4	36.5	34.8
TOTAL	**339.6**	**278.6**	**280.4**
Value of plan assets			
Provisions booked in the accounts	211.3	188.7	186.6
External funds (market value)	101.6	83.6	75.2
Plan surpluses (1)	(0.2)	0.0	0.0
Actuarial gains and losses	26.9	6.3	18.6
TOTAL	**339.6**	**278.6**	**280.4**

(1) Pension plan surpluses are included in "Other non-current assets".

25.2 Pension benefit obligations

A - DESCRIPTION OF THE PLANS

In addition to the pension benefits provided under local legislation in the various countries where Group companies are located, Group employees are entitled to supplementary pension benefits and retirement bonuses.

B - ASSUMPTIONS USED

The Group's obligations under these plans are determined on an actuarial basis, using the following assumptions:

- retirement age between 62 and 65 for employees in France;
- staff turnover assumptions based on the economic conditions specific to each country and/or Group company;
- mortality assumptions specific to each country;
- estimated future salary levels until retirement age, based on inflation assumptions and forecasts of individual salary increases for each country;
- the expected long-term return on external funds;
- discount and inflation rates (or differential) based on local conditions.

The main actuarial assumptions used in the past three years to measure the pension liability are as follows:

(In %)	Euro Zone	United Kingdom	United States
DISCOUNT RATE			
2010	4.15%	5.54%	5.35%
2009	5.00%	5.83%	5.75%
2008	5.50%	5.93%	6.70%
INFLATION RATE			
2010	2.00%	3.45%	1.50%
2009	2.00%	3.50%	2.70%
2008	2.00%	3.00%	0.09%
EXPECTED RETURN ON PLAN ASSETS			
2010	3.09%	6.85%	7.50%
2009	3.20%	7.76%	7.50%
2008	2.79%	7.35%	7,61%

C - INFORMATION ON EXTERNAL FUNDS

External funds are invested as follows:

	2010		2009		2008	
(In %)	Equities	Bonds	Equities	Bonds	Equities	Bonds
France	15%	85%	11%	89%	15%	85%
United Kingdom	62%	38%	69%	31%	67%	33%
United States	64%	36%	63%	37%	59%	41%

D - PROVISIONS FOR PENSION LIABILITIES RECOGNIZED ON THE BALANCE SHEET

	2010			2009			2008		
(in € millions)	France	Abroad (*)	Total	France	Abroad	Total	France	Abroad	Total
Balance of provisions at beginning of year	**77.0**	**66.2**	**143.2**	**71.0**	**68.6**	**139.6**	**78.9**	**76.4**	**155.3**
Effect of changes in scope of consolidation (provision net of plan surpluses)	0.2	17.4	17.6	0.0	0.0	0.0	0.0	0.0	0.0
Additions	7.7	8.7	16.4	9.8	5.9	15.7	2.4	3.9	6.3
Expenses charged to the provision	(1.7)	(7.2)	(8.9)	(1.7)	(3.1)	(4.8)	(4.4)	(4.2)	(8.6)
Payments to external funds	(6.5)	(6.7)	(13.2)	(2.1)	(6.1)	(8.2)	(5.9)	(3.9)	(9.8)
Other movements	0.0	2.0	2.0	0.0	0.9	0.9	0.0	(3.6)	(3.6)
BALANCE OF PROVISIONS AT END OF YEAR	**76.7**	**80.4**	**157.1**	**77.0**	**66.2**	**143.2**	**71.0**	**68.6**	**139.6**

(*) The provision for €80.4 million on Dec. 31, 2010 relates mainly to Germany (€70.4 million).

E - CHANGES IN PENSION LIABILITIES

	Dec. 31, 2010			Dec. 31, 2009			Dec. 31, 2008		
(in € millions)	France	Abroad (*)	Total	France	Abroad	Total	France	Abroad	Total
PROJECTED BENEFIT OBLIGATION									
At beginning of the period	**80.4**	**142.5**	**222.9**	**97.1**	**129.0**	**226.1**	**114.4**	**146.1**	**260.5**
Service cost	4.5	4.0	8.5	6.7	2.2	8.9	8.5	3.0	11.5
Annual restatement	4.2	8.5	12.7	5.7	7.5	13.2	6.4	7.7	14.1
Benefits paid	(5.2)	(11.3)	(16.5)	(8.4)	(6.4)	(14.8)	(13.9)	(7.3)	(21.2)
Restatement differences	5.2	10.9	16.1	(18.3)	8.6	(9.7)	(11.2)	(10.7)	(21.9)
Other movements (including translation adjustment)	0.2	27.0	27.2	0.0	1.6	1.6	0.0	(9.4)	(9.4)
Curtailments and settlements	(0.6)	0.0	(0.6)	(2.4)	0.0	(2.4)	(11.7)	(0.4)	(12.1)
Effect of closures and plan amendments						0.0	4.6		4.6
AT END OF THE PERIOD	**88.7**	**181.6**	**270.3**	**80.4**	**142.5**	**222.9**	**97.1**	**129.0**	**226.1**
VALUE OF PLAN ASSETS									
At beginning of the period	**12.6**	**71.0**	**83.6**	**17.1**	**58.1**	**75.2**	**20.2**	**81.0**	**101.2**
Expected return on plan assets	0.3	5.1	5.4	0.6	3.9	4.5	0.6	5.5	6.1
Restatement differences	0.0	0.8	0.8	(0.6)	4.9	4.3	(0.1)	(21.9)	(22.0)
Other movements (including translation adjustment)	0.0	6.1	6.1	0.0	1.3	1.3	0.0	(7.0)	(7.0)
Employer contributions	6.5	6.7	13.2	2.1	6.1	8.2	5.9	4.0	9.9
Benefits paid	(3.5)	(4.1)	(7.6)	(6.6)	(3.3)	(9.9)	(9.5)	(3.0)	(12.5)
Curtailments and settlements	0.0	0.0	0.0					(0.5)	(0.5)
Effect of closures and plan amendments									0.0
AT END OF THE PERIOD	**15.9**	**85.6**	**101.5**	**12.6**	**71.0**	**83.6**	**17.1**	**58.1**	**75.2**
DEFERRED ITEMS									
At beginning of the period	**(9.2)**	**5.3**	**(3.9)**	**9.0**	**2.3**	**11.3**	**15.2**	**(11.3)**	**3.9**
New deferred items	5.2	10.1	15.3	(17.8)	3.6	(14.2)	(11.1)	11.2	0.1
Amortization of deferred items	(0.4)	(1.4)	(1.8)	(0.2)	(0.1)	(0.3)	(0.6)	1.3	0.7
Other movements (including translation adjustment)	0.0	1.5	1.5		(0.5)	(0.5)		1.1	1.1
Curtailments and settlements	0.5	0.1	0.6	(0.2)		(0.2)	0.9		0.9
Effect of closures and plan amendments							4.6		4.6
AT END OF THE PERIOD	**(3.9)**	**15.6**	**11.7**	**(9.2)**	**5.3**	**(3.9)**	**9.0**	**2.3**	**11.3**
BALANCE OF PROVISIONS AT END OF YEAR	**76.7**	**80.4**	**157.1**	**77.0**	**66.2**	**143.2**	**71.0**	**68.6**	**139.6**

F - PERIODIC PENSION COST

Periodic pension cost is recognized:

- in operating income for the portion relating to service cost and amortization of deferred items;
- in "Other financial income and expense" for restatement of vested rights and the expected return on external funds.

Periodic pension cost break down as follows:

	2010			2009			2008		
(in € millions)	France	Abroad	Total	France	Abroad	Total	France	Abroad	Total
Service cost	(4.5)	(4.0)	(8.5)	(6.7)	(2.2)	(8.9)	(8.5)	(3.0)	(11.5)
Restatement of projected benefits	(4.2)	(8.5)	(12.7)	(5.7)	(7.5)	(13.2)	(6.4)	(7.7)	(14.1)
Change in top-up scheme									
Expected return on plan assets	0.3	5.1	5.4	0.6	3.9	4.5	0.6	5.5	6.1
Curtailments and settlements	1.1	0.1	1.2	2.2	0.0	2.2	12.5	0.0	12.5
Amortization of deferred differences	(0.4)	(1.4)	(1.8)	(0.2)	(0.1)	(0.3)	(0.6)	1.3	0.7
Other changes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	(7.7)	(8.7)	(16.4)	(9.8)	(5.9)	(15.7)	(2.4)	(3.9)	(6.3)

a) The supplementary pension scheme for all managerial employees in France comprises:

- a defined contribution plan financed entirely by Faurecia whose contribution rate varies depending on salary tranches A or B applies;
- a defined benefit plan relating to salary tranche C.

b) In France, as from January 1, 2011, that is, when calculating its pension liability as of December 31, 2010, the Group used only voluntary retirement assumptions beginning at 62 years of age for non-management employees and at 65 years of age for management.

c) In France, pension liability increased by €8.1 million at year-end compared to 2009. This increase breaks down as follows:

- + €8.7 million relating to service cost and interest cost for 2010;
- - €5.2 million relating to lump-sum retirement bonuses and rights to capital for supplementary pension schemes;
- - €0.6 million relating to headcount reduction plans in 2010;
- + €9.1 million relating to increased lump-sum retirement bonuses according to the rates in the metallurgical collective labor agreement;
- - €3.9 million resulting from actuarial gains and losses, including a €6.8 million increase relating to the discount rate, a €10.0 million decrease relating to experience and a €0.8 million decrease for other assumptions.

G - RETIREMENT PENSION LIABILITIES IN FRANCE: SENSITIVITY TO CHANGES IN THE DISCOUNT RATE

The impact of a 0.25 percentage point increase in the discount rate for:

- total service cost for the period would be a 3.34% decrease;
- the projected benefit obligation would be a 2.71% decrease.

25.3 Long-service awards

The Group evaluates its liability for the payment of long-service awards, given to employees based on certain seniority requirements. The Group calculates its liability for the payment of long-service awards using the same method and assumptions as for its pension liability. Provisions for long-service awards have been set uside as follows:

(in € millions)	As of Dec. 31, 2010	As Dec. 31, 2009	As Dec. 31, 2008
French companies	6.9	8.5	9.0
Foreign companies	14.0	10.7	10.5
TOTAL	**20.9**	**19.2**	**19.5**

25.4 Healthcare costs

In addition to pension plans, some Group companies—mainly in the United States—cover the healthcare costs of their employees.

The related liability can be analyzed as follows:

(in € millions)	As of Dec. 31, 2010	As Dec. 31, 2009	As Dec. 31, 2008
Foreign companies	33.1	26.3	27.5
TOTAL	**33.1**	**26.3**	**27.5**

The impact of a one percentage point increase in medical cost trend rates would be:

- a 10.00 % rise in total service cost for the period and financial expenses;
- a 9.00% rise in the projected benefit obligation.

The impact of a one percentage point decrease in medical cost trend rates would be:

- 1) a 8.00% rise in total service cost for the period and financial expenses;
- 2) a 9.00% rise in the projected benefit obligation.

Expenses recognized in connection with this liability break down as follows:

EXPENSES RECOGNIZED

(in € millions)	As of Dec. 31, 2010	As Dec. 31, 2009	As Dec. 31, 2008
Service cost	(3.1)	(2.5)	(3.1)
Interest cost (*)	(2.4)	(1.9)	(1.7)
Curtailment	0.0	(0.3)	0.4
Amortization of deferred differences	(1.0)	0.3	(0.7)
TOTAL	**(6.5)**	**(4.4)**	**(5.1)**

(*) Interest cost is recorded under "Other financial income and expense".

NOTE 26 NET DEBT

26.1 Detailed breakdown

(in € millions)	Dec. 31, 2010	Dec. 31, 2009	Dec. 31, 2008
Bonds	191.8	183.7	300.0
Bank borrowings	726.1	869.1	956.4
PSA loan	142.0	128.0	194.0
Other borrowings	5.7	6.3	8.5
Obligations under finance leases	37.0	29.4	17.0
Non-current derivatives	12.3	15.7	15.8
SUBTOTAL—NON-CURRENT FINANCIAL LIABILITIES	**1,114.9**	**1,232.2**	**1,491.7**
Current portion of long-term debt	78.7	36.2	31.4
Short-term borrowings (1)	608.0	486.6	509.9
Payments issued (2) (a)	0.4		0.0
Current derivatives	0.6	5.4	4.9
SUBTOTAL—CURRENT FINANCIAL LIABILITIES	**687.7**	**528.2**	**546.2**
TOTAL	**1,802.6**	**1,760.4**	**2,037.9**
Derivatives classified under non-current and current assets	0.0	(1.4)	(7.4)
Cash and cash equivalents (b)	(605.8)	(357.8)	(425.7)
NET DEBT	**1,196.8**	**1,401.2**	**1,604.8**
Net cash and cash equivalents (b) - (a)	**605.4**	**357.8**	**425.7**
	162.7	128.0	112.5

(1) Including bank accounts

(2) Payments awaiting clearance by the bank as they fall due on a non-banking day. The contra-entry is an increase in cash and equivalents under assets.

26.2 Maturities of long-tem debt

(in € millions)	2012	2013	2014	2015	2016 and beyond	Total
Oceane bond issue	0.0	0.0	0.0	191.8	0.0	191.8
Bank borrowings	24.9	667.6	4.5	2.6	26.5	726.1
PSA loan	0.0	142.0	0.0	0.0	0.0	142.0
Other borrowings	1.2	2.3	1.4	0.8	0.0	5.7
Obligations under finance leases	26.5	4.6	1.7	1.4	2.8	37.0
TOTAL AS OF DEC. 31, 2010	**52.6**	**816.5**	**7.6**	**196.6**	**29.3**	**1,102.6**

26.3 OCEANE bond, Eurobond and syndicated credit facility

Since November 28, 2008, Faurecia has had access to an €1.42 billion credit facility.

This facility comprises a syndicated bank loan of €1.17 billion and a €250 million loan from Faurecia's majority shareholder, PSA Peugeot Citroën. The two loans are correlated so that the drawdowns made by Faurecia on the PSA Peugeot Citroën loan are proportionate to those made on the syndicated bank loan, based on the same rates and periods.

The overall facility is divided into an €20 million tranche expiring in November 2011, an €690 million expiring in November 2013 following the exercise by the banks and PSA of an option to extend the expiration, and an €710 million expiring in November 2013.

As of December 31, 2010 the undrawn portion of this credit facility was 613 million euros.
The contracts relating to this credit facility include covenants, notably a change of control clause relating to PSA and provisions concerning compliance with consolidated financial ratios. As of Dec. 31, 2010, the Group complied with all of these ratios, of which the amounts are presented below:

- a net debt ceiling of €1.8 billion was set for December 31, 2010;

• the other financial ratios with which the Group is required to comply are as follows:

	Adjusted net debt (*)/EBITDA (**) Ceiling	EBITDA (**)/net interest Floor
December 31, 2010	4 : 1	4.25 : 1
June 30, 2011 and subsequent six-month periods	3.5 : 1	4.50 : 1

(*) *Adjusted net debt = consolidated net debt + adjustments for certain obligations undertaken, based on definitions provided in the credit facility agreement (e.g. mortgages or collateralized liabilities).*
(**) *Operating income plus depreciation, amortization and funding of provisions for impairment of property, plant and equipment and intangible assets, corresponding to the past twelve months.*

Furthermore, any asset disposal representing over 15% of the Group's total consolidated assets requires the prior approval of banks representing two-thirds of the syndicate.

On November 26, 2009 Faurecia issued €211.3 million worth of OCEANE bonds convertible into or exchangeable for new or existing shares, due January 1, 2015. The bonds mature on January 1, 2015 and bear annual interest of 4.50% payable on January 1 each year, as from January 1, 2011.

Subject to certain conditions, Faurecia may redeem the bonds early, at any time beginning on January 15, 2013, at a price equal to their par value plus accrued interest, provided that all of the outstanding bonds are redeemed. The bonds can be converted by their holders at any time as from their date of issue. The criteria relating to their compulsory early redemption include a change of control clause relating to PSA.

In conformity with IAS 39, the fair value of OCEANE is calculated based on two components, a liability component, calculated based on prevailing market interest rates for similar bonds with no conversion option, and a conversion option component, calculated based on the difference between the fair value of the OCEANE (bonds) and the liability component. Upon issue these two components were €184.3 million and €23.3 million, respectively. As of December 31, 2010 the liability component was €189.2 million, before hedging.

On October 5, 2005 Faurecia carried out an €300 million bond issue due in October 2010. As the bond covenants were breached as of June 30, 2009, the bondholders were entitled to require their early redemption. Out of the intial amount issued, €291.5 million worth of the bonds were redemmed on August 14, 2009, the balance was covered on the expiry date on October 5, 2010. The early redemption in August 2009 was partially financed by an €205 million credit facility extended by a pool of French banks. The credit facility, which was to expire at end-January 2011, was subject to the same financial ratio covenants as the syndicated credit facility, and it was prepaid in full on August 17, 2010.

The Group's global contractual maturity schedule as of December 31, 2010 breaks down as follows:

	Carrying Amount		Remaining contractual maturities					
(in € millions)	Assets	Liabilities	Total	0-3 months	3-6 months	6-12 months	1-5 years	> 5 years
Other non-current financial assets	27.8		27.8				27.8	
Loans and receivables	14.5		14.5				14.5	
Other current financial assets	0.0		0.0					
Trade accounts receivables	1,387.7		1,387.7	1,384.5	2.0	1.2		
Cash and cash equivalents	605.8		605.8	605.8				
Interest on other long-term borrowings								
Syndicated credit facility		*(0.2)*	*(34.1)*	*(3.0)*	*(3.0)*	*(6.0)*	*(22.1)*	
PSA loan		*(0.1)*	*(7.4)*	*(0.6)*	*(0.6)*	*(1.2)*	*(5.0)*	
2009 OCEANE		*(10.4)*	*(48.6)*	*(10.4)*	*0.0*		*(38.2)*	
Other		*(1.9)*	*(2.4)*	*(0.8)*	*(0.8)*	*(0.8)*		
Obligations under finance leases (ST portion)		(14.1)	(14.1)	(11.9)	(0.8)	(1.4)		
Other current financial liabilities		(640.6)	(640.6)	(632.7)	(7.0)	(0.9)		
Trade accounts payable		(2,419.9)	(2,419.9)	(2,387.6)	(18.0)	(14.3)		
Bonds (excluding interest)								
2009 OCEANE		*(191.8)*	*(211.3)*				*(211.3)*	*0.0*
Bank borrowings								
Syndicated credit facility		*(665.0)*	*(665.0)*			*(20.0)*	*(645.0)*	
Other		*(81.1)*	*(81.1)*				*(54.7)*	*(26.4)*
PSA loan		(142.0)	(142.0)	0.0	0.0	0.0	(142.0)	0.0
Other borrowings		(5.7)	(5.7)				(5.7)	
Obligations under finance leases (LT portion)		(37.0)	(37.0)				(34.2)	(2.8)
Interest rate derivatives	**0.0**	**(12.8)**	**(14.2)**	**(2.6)**	**(2.3)**	**(4.4)**	**(4.9)**	**0.0**
—o/w cash flow hedges	0.0	(8.4)	(9.6)	(1.6)	(1.5)	(3.0)	(3.5)	
—o/w derivatives not qualifying for hedge accounting under IFRS	0.0	(4.4)	(4.6)	(1.0)	(0.8)	(1.4)	(1.4)	
Currency hedges	**0.0**	**(1.9)**	**(1.9)**	**(0.9)**	**(0.9)**	**(0.1)**	**0.0**	**0.0**
—o/w fair value hedges		(0.2)	(0.2)	(0.2)				
—o/w cash flow hedges		(1.7)	(1.7)	(0.7)	(0.9)	(0.1)		
TOTAL	**2,035.8**	**(4,224.5)**	**(2,289.5)**	**(1,060.2)**	**(31.4)**	**(47.9)**	**(1,120.8)**	**(29.2)**

26.4 Securitization and factoring programs

Part of Faurecia's financing requirements are met through receivables sale programs (see Note 18).

In December 2010, financing under these programs—corresponding to the cash received as consideration for the receivables sold—totaled €524.5 million, versus €440.8 million as of December 31, 2009.

(in € millions)	Dec. 31, 2010	Dec. 31, 2009	Dec. 31, 2008
Financing	566.8	481.5	626.6
Guarantee reserve deducted from borrowings	(42.3)	(40.7)	(22.1)
Cash received as consideration for receivables sold	524.5	440.8	604.5
Receivables sold and derecognized	(377.9)	(290.7)	(388.5)

26.5 Analysis of borrowings

As of December 31, 2010, the floating rate portion was 80.1% of borrowings before taking into account the impact of hedging.

Derivatives have been set up to partially hedge interest payable on variable rate borrowings against increases in interest rates (see Note 30.2).

(in € millions)	Dec. 31, 2010	
Variable rate borrowings	1,443.5	80.1%
Fixed rate borrowings	359.1	19.9%
TOTAL	**1,802.6**	**100.0%**

Borrowings, taking into account exchange rate swaps, break down by repayment currency as follows:

(in € millions)	Dec. 31, 2010		Dec. 31, 2009		Dec. 31, 2008	
Euros	1,472.7	81.7%	1,233.2	72.9%	1,533.6	75.5%
US Dollar	279.6	15.5%	242.6	14.3%	239.2	11.8%
Other currencies	50.3	2.8%	215.8	12.8%	257.6	12.7%
TOTAL	**1,802.6**		**1,691.6**		**2,030.5**	

In 2010, the weighted average interest rate on outstanding borrowings was 4.54%.

NOTE 27 ACCRUED TAXES AND PAYROLL COSTS

(in € millions)	Dec. 31, 2010	Dec. 31, 2009	Dec. 31, 2008
Accrued payroll costs	226.2	181.7	174.5
Payroll taxes	121.9	106.2	111.7
Employee profit-sharing	2.4	1.2	2.4
Other accrued taxes and payroll costs	102.3	82.6	77.5
TOTAL	**452.8**	**371.7**	**366.1**

NOTE 28 SUNDRY PAYABLES

(in € millions)	Dec. 31, 2010	Dec. 31, 2009	Dec. 31, 2008
Due to suppliers of non-current assets	54.0	19.2	44.0
Prepaid income	47.4	47.2	54.1
Current taxes	32.0	27.1	32.9
Other	22.3	29.7	44.3
Currency derivatives for operations	1.8	0.0	40.0
TOTAL	**157.5**	**123.2**	**215.3**

NOTE 29 FINANCIAL INSTRUMENTS

29.1 Financial instruments recorded in the balance sheet

FINANCIAL INSTRUMENTS RECORDED IN THE BALANCE SHEET

	Dec. 31, 2010		Breakdown by category of instrument (1)				
(in € millions)	Carrying amount	Fair value	Financial assets/liabilities at fair value through profit or loss (2)	Financial assets/liabilities at fair value through equity (2)	Available-for-sale assets	Loans and receivables	Financial liabilities measured at amortized cost
Other equity interests	15.3	15.3			15.3		
Other non-current financial assets	27.8	27.8				27.8	
Trade accounts receivables	1,387.7	1,387.7				1,387.7	
Other operating receivables	223.3	223.3				223.3	
Other receivables and prepaid expenses	100.7	100.7				100.7	
Currency derivatives	0.0	0.0				0.0	
Interest rate derivatives	0.0	0.0		0.0			
Cash and cash equivalents	605.8	605.8	605.8				
FINANCIAL ASSETS	**2,360.6**	**2,360.6**	**605.8**	**0.0**	**15.3**	**1,739.5**	**0.0**
Long-term debt (*)	1,102.5	1,102.5					1,102.5
Short-term debt	687.1	687.1					687.1
Prepayments from customers	87.8	87.8				87.8	
Trade payables	2,419.9	2,419.9				2,419.9	
Accrued taxes and payroll costs	452.8	452.8				452.8	
Sundry payables	155.7	155.7				155.7	
Currency derivatives	1.9	1.9		1.3			0.6
Interest rate derivatives	12.8	12.8	3.3	9.5			
FINANCIAL LIABILITIES	**4,920.5**	**4,920.5**	**3.3**	**10.8**	**0.0**	**3,116.2**	**1,790.2**

(1) No financial instruments were transferred between categories in 2010 or 2009.

(2) All of the instruments in this category are financial assets or liabilities designated as measured at fair value through profit or loss on initial recognition, in accordance with the criteria set out in Note 1-6.

(*) The market value of Oceane was established on the base of the end of year valuation (Dec. 31, 2010) of 24.2 euros, at 273.6 million euros.

In the balance sheet, Oceane is recorded, on the one hand, as an amount of the component for bonds with no conversion option and, on the other, as a registered component of Shareholder's equity that represents the value of the conversion option.

FINANCIAL INSTRUMENTS RECORDED IN THE BALANCE SHEET

(in € millions)	Dec. 31, 2009		Breakdown by category of instrument (1)				
	Carrying amount	Fair value	Financial assets/liabilities at fair value through profit or loss (2)	Financial assets/liabilities at fair value through equity (2)	Available-for-sale assets	Loans and receivables	Financial liabilities measured at amortized cost
Other equity interests	11.2	11.2			11.2		
Other non-current financial assets	23.3	23.3				23.3	
Trade accounts receivables	1,025.9	1,025.9				1,025.9	
Other operating receivables	171.0	171.0				171.0	
Other receivables and prepaid expenses	79.9	79.9				79.9	
Currency derivatives	1.7	1.7	1.2	0.5		0.0	
Interest rate derivatives	0.2	0.2	0.2	0.0			
Cash and cash equivalents	357.8	357.8	357.8				
FINANCIAL ASSETS	**1,671.0**	**1,671.0**	**359.2**	**0.5**	**11.2**	**1,300.1**	**0.0**
Long-term debt (*)	1,216.5	1,216.5					1,216.5
Short-term debt	528.7	528.7					528.7
Prepayments from customers	80.8	80.8				80.8	
Trade payables	1,730.6	1,730.6				1730.6	
Accrued taxes and payroll costs	371.7	371.7				371.7	
Sundry payables	123.2	123.2				123.2	
Currency derivatives	0.0	0.0				0.0	0.0
Interest rate derivatives	17.7	17.7	7.6	10.1			
FINANCIAL LIABILITIES	**4,069.2**	**4,069.2**	**7.6**	**10.1**	**0.0**	**2,306.3**	**1,745.2**

(1) *No financial instruments were transferred between categories in 2010 or 2009.*

(2) *All of the instruments in this category are financial assets or liabilities designated as measured at fair value through profit or loss on initial recognition, in accordance with the criteria set out in Note 1–6.*

(*) *The market value of Oceane was established on the base of the end of year valuation (12.31.09) of 18.95 euros, at 214.25 million euros. In the balance sheet, Oceane is recorded, on the one hand, as an amount of the component for bonds with no conversion option and, on the other, as a registered component of Shareholder's equity that represents the value of the conversion option.*

FINANCIAL INSTRUMENTS RECORDED IN THE BALANCE SHEET

(in € millions)	Dec. 31, 2008 Carrying amount	Fair value	Breakdown by category of instrument [(1)] Financial assets/liabilities at fair value through profit or loss [(2)]	Financial assets/liabilities at fair value through equity [(2)]	Available-for-sale assets	Loans and receivables	Financial liabilities measured at amortized cost
Other equity interests	1.6	1.6			1.6		
Other non-current financial assets	25.1	25.1				25.1	
Trade accounts receivables	954.0	954.0				954.0	
Other operating receivables	197.3	197.3				197.3	
Other receivables and prepaid expenses	79.8	79.8				79.8	
Currency derivatives	4.8	4.8	4.8				
Interest rate derivatives	2.6	2.6	2.6				
Cash and cash equivalents	425.7	425.7	425.7				
FINANCIAL ASSETS	**1,690.9**	**1,690.9**	**433.1**	**0.0**	**1.6**	**1,256.2**	**0.0**
Long-term debt	1,475.9	1,475.9					1,475.9
Short-term debt	541.2	541.2					541.2
Prepayments from customers	118.8	118.8				118.8	
Trade payables	1,695.2	1,695.2				1,695.2	
Accrued taxes and payroll costs	366.1	366.1				366.1	
Sundry payables	175.3	175.3				175.3	
Currency derivatives	40.0	40.0	37.7	2.3			
Interest rate derivatives	20.7	20.7	9.2	11.5			
FINANCIAL LIABILITIES	**4,433.2**	**4,433.2**	**46.9**	**13.8**	**0.0**	**2,355.4**	**2,017.1**

(1) No financial instruments were transferred between categories in 2010 or 2009.

(2) All of the instruments in this category are financial assets or liabilities designated as measured at fair value through profit or loss on initial recognition, in accordance with the criteria set out in Note 1–6.

The main measurement methods applied are as follows:

- items accounted for at fair value through profit or loss, as well as hedging instruments, are measured using a valuation technique based on rates quoted on the interbank market, such as Euribor; and exchange rates set daily by the European Central Bank;
- financial assets are primarily recognized at amortized cost calculated using the effective interest rate method;
- the fair value of trade receivables and payables related to manufacturing and sales operations corresponds to their carrying value in view of their very short maturities.

The impact of financial instruments on income:

(in € millions)	2010 Impact Income	Breakdown by category of instrument Fair value through income	Financial assets available for sale	Loans and receivables	Payables at cost amortized	Instruments derivatives
Translation differences on commercial transactions	0.3			(0.1)		0.4
Income on loans, cash investments and marketable securities	8.1	8.1				
Finance costs	(98.7)				(98.7)	
Other financial income and expenses	(25.6)			(28.9)		3.3
Net income (expense)	**(115.9)**	**8.1**	**0.0**	**(29.0)**	**(98.7)**	**3.7**

(in € millions)	2009 Impact Income	Breakdown by category of instrument: Fair value through income	Financial assets available for sale	Loans and receivables	Payables at cost amortized	Instruments derivatives
Translation differences on commercial transactions	0.1			2.4		(2.3)
Income on loans, cash investments and marketable securities	12.3	12.3				
Finance costs	(135.3)				(135.3)	
Other financial income and expenses	(10.2)			0.4		(10.6)
Net income (expense)	**(133.1)**	**12.3**	**0.0**	**2.8**	**(135.3)**	**(12.9)**

(in € millions)	2008 Impact Income	Breakdown by category of instrument: Fair value through income	Financial assets available for sale	Loans and receivables	Payables at cost amortized	Instruments derivatives
Translation differences on commercial transactions						
Income on loans, cash investments and marketable securities	34.0	34.0				
Finance costs	(130.3)				(130.3)	
Other financial income and expenses	(63.3)			(3.5)		(59.8)
Net income (expense)	**(159.6)**	**34.0**	**0.0**	**(3.5)**	**(130.3)**	**(59.8)**

As of December 31, 2010, movements in provisions for impairment break down as follows by category of financial asset:

(in € millions)	Balance as of Dec. 31, 2009	Additions	Utilizations	Reversals (surplus provisions)	Change in scope of consolidation and other changes	Balance as of Dec. 31, 10
Doubtful accounts	(21.1)	(7.7)	11.5	0.0	(4.6)	(21.9)
Shares in non-consolidated companies	(2.6)	0.0	0.0	0.0	0.0	(2.6)
Non-current financial assets	(6.2)	(1.6)	0.6	0.0	(0.8)	(8.0)
Other receivables	(1.2)	0.0	0.2	0.0	(0.5)	(1.5)
TOTAL	**(31.1)**	**(9.3)**	**12.3**	**0.0**	**(5.9)**	**(34.0)**

29.2 Financial instruments—fair value hierarchy

The Group’s financial instruments that are measured at fair value break down as follows by level of fair value measurement:

Level 1 (prices quoted in active markets) for short-term cash investments and Level 2 (measured based on observable market data) for currency and interest rate instruments.

NOTE 30 HEDGING OF CURRENCY AND INTEREST RATE RISKS

30.1 Hedging of currency risks

Currency risks relating to the commercial transactions of the Group’s subsidiaries are managed centrally by Faurecia using forward purchase and sale contracts and options as well as foreign currency financing. Faurecia manages the hedging of interest rate risks on a central basis, through the Group Finance and Treasury Department, which reports to Group General Management. Hedging decisions are made by a Market Risk Management Committee that meets on a monthly basis.

Currency risks on forecast transactions are hedged on the basis of estimated cash flows determined in forecasts validated by General Management; these forecasts are updated on a regular basis. The related derivatives are classified as cash flow hedges when there is a hedging relationship that satisfies the IAS 39 criteria.

Subsidiaries outside the euro zone are granted inter-company loans in their operating currencies Although these loans are refinanced in euros and eliminated in consolidation, they contribute to the Group's currency risk exposure and are therefore hedged through swaps.

As of December 31, 2010

Currency exposure *(in € millions)*	**USD**	**CZK**	**CAD**	**MXN**	**GBP**	**PLN**	**ZAR**
Trade receivables (net of payables)	0.0	0.0	0.0	16.2	1.4	(10.3)	18.3
Financial assets (net of liabilities) (*)	279.6	1.0	35.2	17.5	(39.8)	0.0	36.3
Forecast transactions (**)	28.1	(39.0)	(8.2)	(25.5)	(9.6)	(72.1)	(42.6)
Net position before hedging	**307.7**	**(38.0)**	**27.0**	**8.2**	**(48.0)**	**(82.4)**	**12.0**
Currency hedges	(311.9)	27.0	(24.4)	(40.4)	42.0	66.3	(39.1)
Net position after hedging	(4.2)	(11.0)	2.6	(32.2)	(6.0)	(16.1)	(27.1)

(*) Including inter-company financing.
(**) Commercial exposure anticipated over the next 6 months.

As of December 31, 2009

Currency exposure *(in € millions)*	**USD**	**CZK**	**CAD**	**MXN**	**GBP**	**PLN**	**ZAR**
Trade receivables (net of payables)	13.4	(3.4)	(8.4)	(2.3)	5.4	(4.1)	(3.2)
Financial assets (net of liabilities) (*)	242.6	89.0	22.2	17.2	58.1	0.0	14.8
Forecast transactions (**)	6.9	(14.6)	(11.6)	(14.9)	(23.7)	(63.9)	3.6
Net position before hedging	**262.9**	**71.0**	**2.2**	**0.0**	**39.8**	**(68.0)**	**15.2**
Currency hedges	(256.1)	(78.4)	(11.9)	5.4	(43.3)	45.7	(15.7)
Net position after hedging	6.8	(7.4)	(9.7)	5.4	(3.5)	(22.3)	(0.5)

(*) Including inter-company financing.
(**) Commercial exposure anticipated over the next 6 months.

As of December 31, 2008

Currency exposure *(in € millions)*	**USD**	**CZK**	**CAD**	**MXN**	**GBP**	**PLN**	**ZAR**
Trade receivables (net of payables)	(9.1)	(7.5)	0.2	(4.2)	5.8	(28.2)	(1.8)
Financial assets (net of liabilities) (*)	233.1	28.1	46.5	14.7	43.9	112.1	0.0
Forecast transactions	51.5	(86.0)	(39.5)	(15.5)	(3.0)	(145.0)	0.0
Net position before hedging	**275.5**	**(65.4)**	**7.2**	**(5.0)**	**46.7**	**(61.1)**	**(1.8)**
Currency hedges (**)	(278.4)	37.7	32.3	15.5	(40.9)	(1.4)	1.8
Net position after hedging	(2.9)	(27.7)	39.5	10.5	5.8	(62.5)	0.0

(*) Including inter-company financing.
(**) Including tunnels.

Hedging instruments are recognized in the balance sheet at fair value. Said value is determined based on measurements confirmed by banking counterparties.

Information on hedged notional amounts

	Carrying amount			**Maturities**		
As of December 31, 2010 *(in € millions)*	**Assets**	**Liabilities**	**Notional amount (*)**	**< 1 years**	**1 to 5 years**	**> 5 years**
Fair value hedges						
—forward currency contracts	0.0	(0.1)	3.0	3.0	0.0	0.0
—inter-company loans in foreign currencies swapped for euros	3.7	(3.7)	727.8	727.8	0.0	0.0
Cash flow hedges						
—forward currency contracts	1.0	(2.7)	217.2	217.2	0.0	0.0
Not eligible for hedge accounting	0.1	0.0	8.9	8.9		
	4.8	**(6.5)**				

(*) Notional amounts based on absolute values.

As of December 31, 2009 *(in € millions)*	Carrying amount Assets	Liabilities	Notional amount (*)	Maturities < 1 years	1 to 5 years	> 5 years
Fair value hedges						
—forward currency contracts	0.1	(0.1)	4.0	4.0	0.0	
—currency options	0.0	0.0	0.0	0.0	0.0	
—inter-company loans in foreign currencies swapped for euros	2.2	(1.0)	523.7	523.7	0.0	
Cash flow hedges						
—forward currency contracts	1.1	(0.6)	114.2	114.2	0.0	
—currency options	0.0	0.0	0.0	0.0	0.0	
Not eligible for hedge accounting	0.0	0.0	0.0	0.0	0.0	
	3.5	**(1.7)**				

(*) Notional amounts based on absolute values.

As of December 31, 2008 *(in € millions)*	Carrying amount Assets	Liabilities	Notional amount (*)	Maturities < 1 years	1 to 5 years	> 5 years
Fair value hedges						
—forward currency contracts		(1.7)	37.6	37.6		
—currency options						
—inter-company loans in foreign currencies swapped for euros	4.8		421.0	421.0		
Cash flow hedges						
—forward currency contracts						
—currency options		(2.5)	280.0	280.0		
Not eligible for hedge accounting		44.2	50.0	50.0		
	4.8	**40.0**				
of which currency hedges for operations		40.0				
of which currency hedges for operations	4.8					

(*) Notional amounts based on absolute values.

The sensitivity of Group income and equity as of December 31, 2010 to a fluctuation in exchange rates against the euro is as follows for the main currencies to which the Group is exposed:

Currency *(in € millions)*	USD	CZK	CAD	MXN	GBP	PLN	ZAR
as of Dec. 31,2010	1.34	25.06	1.33	16.55	0.86	3.98	8.86
Currency fluctuation scenario (depreciation of currency/ EUR)	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Exchange rate after currency depreciation	**1.40**	**26.31**	**1.40**	**17.37**	**0.90**	**4.17**	**9.31**
Impact on pre-tax income	(0.21)	(0.09)	(1.80)	(0.85)	0.02	0.51	(0.88)
Impact on equity	1.07	(1.24)	0.01	0.16	(0.10)	(3.12)	0.0

These impacts reflect (i) the effect on the income statement of currency fluctuations on the year-end valuation of assets and liabilities recognized on the balance sheet, net of the impact of the change in the intrinsic value of hedging instruments (both those qualifying and not qualifying as fair value hedges) and (ii) the effect on equity of the change in the intrinsic value of hedging instruments for derivatives qualifying as cash flow hedges.

30.2 Interest-rate hedges

Faurecia manages the hedging of interest rate risks on a central basis. Said management is implemented through the Group Finance and Treasury Department, which reports to Group General Management. Hedging decisions are made by a Market Risk Management Committee that meets on a monthly basis.

The table below shows the Group's interest rate position, with assets, liabilities and derivatives broken down into fixed or variable rates. Financial assets include cash and cash equivalents and interest rate hedges include interest rate swaps as well as in-the-money options.

Dec. 31, 2010 *(in € millions)*	**Under 1 year** Fixed Rate	**Under 1 year** Variable Rate	**1 to 2 years** Fixed Rate	**1 to 2 years** Variable Rate	**2 to 5 years** Fixed Rate	**2 to 5 years** Variable Rate	**More than 5 years** Fixed Rate	**More than 5 years** Variable Rate	**Total** Fixed Rate	**Total** Variable Rate
Financial assets	0.0	606.0							0.0	606.0
Financial liabilities	0.0	(656.6)	(169.0)	(787.1)	(190.1)	0.0	0.0	0.0	(359.1)	(1,443.7)
Net position before hedging	**0.0**	**(50.6)**	**(169.0)**	**(787.1)**	**(190.1)**	**0.0**	**0.0**	**0.0**	**(359.1)**	**(837.7)**
Interest rate hedges	(157.2)	157.2	(278.5)	278.5	0.0	0.0	0.0	0.0	(435.7)	435.7
Net position after hedging	**(157.2)**	**106.6**	**(447.5)**	**(508.6)**	**(190.1)**	**0.0**	**0.0**	**0.0**	**(794.8)**	**(402.0)**

Dec. 31, 2009 *(in € millions)*	**Under 1 year** Fixed Rate	**Under 1 year** Variable Rate	**1 to 2 years** Fixed Rate	**1 to 2 years** Variable Rate	**2 to 5 years** Fixed Rate	**2 to 5 years** Variable Rate	**More than 5 years** Fixed Rate	**More than 5 years** Variable Rate	**Total** Fixed Rate	**Total** Variable Rate
Financial assets		286.0							0.0	286.0
Financial liabilities	(8.5)	(428.7)	(129.7)	(624.0)	(184.7)	(311.0)	0.0	0.0	(322.9)	(1,363.7)
Net position before hedging	**(8.5)**	**(142.7)**	**(129.7)**	**(624.0)**	**(184.7)**	**(311.0)**	**0.0**	**0.0**	**(322.9)**	**(1,077.7)**
Interest rate hedges	(34.7)	34.7	(297.8)	297.8	67.5	(67.5)	0.0	0.0	(265.0)	265.0
Net position after hedging	**(43.2)**	**(108.0)**	**(427.6)**	**(326.2)**	**(117.2)**	**(378.5)**	**0.0**	**0.0**	**(587.9)**	**(812.7)**

Dec. 31, 2008 *(in € millions)*	**Under 1 year** Fixed Rate	**Under 1 year** Variable Rate	**1 to 2 years** Fixed Rate	**1 to 2 years** Variable Rate	**2 to 5 years** Fixed Rate	**2 to 5 years** Variable Rate	**More than 5 years** Fixed Rate	**More than 5 years** Variable Rate	**Total** Fixed Rate	**Total** Variable Rate
Financial assets		321.3							0.0	321.3
Financial liabilities	0.0	(426.0)	(401.0)	(585.0)	0.0	(515.0)	0.0	0.0	(401.0)	(1,526.0)
Net position before hedging	**0.0**	**(104.7)**	**(401.0)**	**(585.0)**	**0.0**	**(515.0)**	**0.0**	**0.0**	**(401.0)**	**(1,204.7)**
Interest rate hedges	0.0	0.0	(186.8)	186.8	(87.6)	87.6	0.0	0.0	(274.4)	274.4
Net position after hedging	**0.0**	**(104.7)**	**(587.8)**	**(398.2)**	**(87.6)**	**(427.4)**	**0.0**	**0.0**	**(675.4)**	**(930.3)**

The aim of the Group's interest rate hedging policy is to reduce the impact on earnings of changes in short-term rates as the majority of its borrowings are at variable rates. The hedges arranged comprise euro- and dollar-denominated interest rate swaps, caps and other option-based structures. These hedges cover some of the borrowings due in 2011, 2012 and to a lesser extent in 2013, against a significant rise in rates.

Since 2008, certain of the Group's derivatives have qualified for hedge accounting under IAS39. The other derivatives purchased by the Group constitute economic hedges of interest rate risks on borrowings but do not qualify for hedge accounting under IAS39. As a result, changes in the fair value of these instruments are recognized directly in income under "Other financial income and expense".

Interest rate hedging instruments are recognized in the balance sheet at fair value. Said value is determined based on measurements confirmed by banking counterparties.

The notional amounts of the Group's interest rate hedges break down as follows:

(in € millions) **As of Dec. 31, 2010**	**Carrying amount** Assets	**Carrying amount** Liabilities	**Notional amounts by maturity** < 1 years	**Notional amounts by maturity** 1 to 5 years	**Notional amounts by maturity** > 5 years
Interest rate options	0.0		1,600	150	—
Variable-rate rate/fixed rate swaps		(12.3)	157	279	—
Floor			0	0	—
—Accrued premiums payable		(0.5)			
	0.0	(12.8)	1,757	429	—

(in € millions) **As of Dec. 31, 2009**	**Carrying amount** Assets	**Carrying amount** Liabilities	**Notional amounts by maturity** < 1 years	**Notional amounts by maturity** 1 to 5 years	**Notional amounts by maturity** > 5 years
Interest rate options	0.2		1,600	150	—
Variable-rate rate/fixed rate swaps		(17.7)	570	843	—
Floor	0.0				—
—Accrued premiums payable		(3.5)			
	0.2	(21.2)	2,170	993	—

As of Dec. 31, 2008 *(in € millions)*	Carrying amount Assets	 Liabilities	Notional amounts by maturity < 1 years	 1 to 5 years	 > 5 years
Interest rate options	1.4		1,915	1,750	—
Variable-rate rate/fixed rate swaps		(14.3)	301	865	—
Floor	1.2	0.0	36		—
—Accrued premiums payable		(6.4)			
	2.6	(20.7)	2,252	2,615	—

In view of the short-term rates in 2010, despite a moderate increase in the second half of the year, a number of the Group's option-based interest rate hedges are out of the money. A rise in short-term rates would therefore have an impact on financial expense.

In addition, a fluctuation in interest rates would affect "Other financial income and expense" due to the resulting change in the fair value of derivatives arranged to hedge interest due in from 2011 to 2013.

The sensitivity tests performed, assuming a 100 bp increase or decrease in average interest rates compared to the rate curve as of December 13, 2010 show that the positive or negative effect on financial expense can be estimated at €10 million, taking into account the profile of the Group's borrowings and derivatives in place as of Dec. 31, 2010.

Counterparty risk in connection to its derivatives:

Faurecia's counterparty risk connection with its derivatives is not significant as the majority of its derivatives are arranged with banks with strong ratings that form part of its banking pool.

NOTE 31 COMMITMENTS GIVEN AND CONTINGENT LIABILITIES

31.1 Commitments given

(in € millions)	Dec. 31, 2010	Dec. 31, 2009	Dec. 31, 2008
Future minimum lease payments under operating leases	232.6	104.6	109.7
Debt collateral:			
—mortgages	15.9	12.3	11.6
Other debt guarantees	55.0	27.5	20.1
Firm orders for property, plant and equipment and intangible assets	79.5	83.5	108.3
Other	1.3	0.6	1.7
TOTAL	**384.3**	**228.5**	**251.4**

Future minimum lease payments under operating leases break down as follows:

(in € millions)	Dec. 31, 2010	Dec. 31, 2009	Dec. 31, 2008
n+1	51.2	26.3	29.8
n+2	40.7	20.4	22.7
n+3	32.2	15.0	14.5
n+4	24.9	11.5	11.8
n+5 and above	83.6	31.4	30.9
TOTAL	**232.6**	**104.6**	**109.7**

Expiry dates of mortgages and guarantees:

(in € millions)	Dec. 31, 2010
—Less than a year	29.5
—1 to 5 years	18.3
—Over five years	23.1
TOTAL	**70.9**

31.2 Contingent liabilities

INDIVIDUAL TRAINING ENTITLEMENT

In accordance with the provisions of French Act No. 2004-391 dated May 4, 2004 on professional training, employees of the Group's French companies are entitled to at least twenty hours of training per calendar year, which may be carried forward for up to six years. If all or part of the entitlement is not used within six years, it is capped at 120 hours.

In 2010, the average utilization rate of this entitlement was 6.5%.

The number of unused training hours accumulated at year-end totaled 1,607,901. No provision was recorded in the financial statements for these individual training entitlements as the Group does not have sufficiently reliable historical data to accurately estimate the related contingent liability. The potential impact is not, however, considered to be material.

NOTE 32 RELATED PARTY TRANSACTIONS

32.1 Transactions with PSA Peugeot Citroën

The Faurecia Group is managed independently and transactions with the PSA Peugeot Citroën Group are conducted at arm's length terms.

These transactions (including with companies accounted for by the equity method by the PSA Peugeot Citroën Group) are recognized as follows in the Group's consolidated financial statements:

(in € millions)	Dec. 31, 2010	Dec. 31, 2009	Dec. 31, 2008
Sales	2,300.9	2,049.4	2,733.9
Purchases of products, services and materials	10.2	10.6	20.9
Receivables (*)	457.6	447.7	488.6
Payables (**)	170.1	154.5	265.5
(*) after no-recourse sales of receivables in the amounting to:	197.2	192.4	300.9
(**) o/w borrowings amounting to:	142.0	128.0	194.0

32-2 Management compensation

Total compensation for 2010 awarded to the members of the Board of Directors and the Group Executive Committee serving in this capacity at Friday, December 31, 2010 amounted to €6,293,092, including directors' fees of €212,500, compared with the year-earlier figures of €5,246,942 and €232,750 respectively.

No Faurecia stock subscription options were awarded to management in 2010.

NOTE 33 FEES PAID TO THE STATUTORY AUDITORS

(in € millions)	PricewaterhouseCoopers Amount (excl. VAT) 2010	PricewaterhouseCoopers Amount (excl. VAT) 2009	PricewaterhouseCoopers % 2010	PricewaterhouseCoopers % 2009	Ernst & Young Amount (excl. VAT) 2010	Ernst & Young Amount (excl. VAT) 2009	Ernst & Young % 2010	Ernst & Young % 2009
AUDIT								
Statutory and contractual audits	2.7	1.6	100.0%	100.0%	3.6	3.2	94.7%	100.0%
Issuer	0.6	0.3	22.2%	18.8%	0.3	0.3	7.9%	9.4%
Fully consolidated companies	2.1	1.3	77.8%	81.3%	3.3	2.9	86.8%	90.6%
Other services relating directly to the auditor's duties	0.0	0.0	0.0%	0.0%	0.2	0.0	5.3%	0.0%
Issuer	0.0	0.0	0.0%	0.0%	0.0	0.0	0.0%	0.0%
Fully consolidated companies	0.0	0.0	0.0%	0.0%	0.2	0.0	5.3%	0.0%
SUB-TOTAL	**2.7**	**1.6**	**100.0%**	**100.0%**	**3.8**	**3.2**	**100.0%**	**100.0%**
OTHER SERVICES PROVIDED BY THE NETWORK TO FULLY CONSOLIDATED COMPANIES	**0.0**	**0.0**	**0.0%**	**0.0%**	**0.0**	**0.0**	**0.0%**	**0.0%**
Legal and tax advisory services								
Fully consolidated companies	0.0	0.0	0.0%	0.0%	0.0	0.0	0.0%	0.0%
Other (disclosure required where > 10% of audit fees)	0.0	0.0	0.0%	0.0%	0.0	0.0	0.0%	0.0%
SUB-TOTAL	**0.0**	**0.0**	**0.0%**	**0.0%**	**0.0**	**0.0**	**0.0%**	**0.0%**
TOTAL	**2.7**	**1.6**	**100.0%**	**100.0%**	**3.8**	**3.2**	**100.0%**	**100.0%**

NOTE 34 INFORMATION ON THE CONSOLIDATING COMPANY

The consolidated accounts of the Faurecia Group are included in the consolidated financial statements of its parent, the PSA Peugeot Citroën Group, 75 avenue de la Grande Armée, 75116 Paris, France.

As of 12.31.10, Peugeot SA held 57.43% of the capital and 63.26% of the voting rights of Forecia SA.

NOTE 35 DIVIDENDS

The Board of Directors has decided to propose at the next shareolders' meeting a dividend of 0.25 euro per share.

Consolidated Companies as of Dec. 31, 2010

	Country	Interest of the parent company (%)	Stake (%) (1)
I—FULLY CONSOLIDATED COMPANIES			
Faurecia	France	parent company	parent company
Financière Faurecia	France	100	100
SFEA—Société Foncière pour l'Equipement Automobile	France	100	100
Faurecia Investments	France	100	100
Faurecia Services Groupe	France	100	100
Faurecia Exhaust International	France	100	100
Faurecia Netherlands Holding B.V.	Netherlands	100	100
United Parts Exhaust Systems AB	Sweden	100	100
Société Internationale de Participations	Belgium	100	100
Faurecia USA Holdings, Inc.	USA	100	100
Faurecia (China) Holding Co. Ltd	China	100	100
Faurecia Informatique Tunisie	Tunisia	100	100
INTERIOR MODULES			
Faurecia Automotive Seating	France	100	100
Faurecia Industries	France	100	100
Faurecia Automotive Holdings	France	100	100
EAK—Composants pour l'Automobile (EAK SAS)	France	51	51

	Country	Interest of the parent company (%)	Stake (%) [1]
EAK—Composants pour l'Automobile (EAK SNC)	France	51	51
Trecia	France	100	100
Siebret	France	100	100
Siemar	France	100	100
Sienor	France	100	100
Sieto	France	100	100
Sotexo	France	100	100
Siedoubs	France	100	100
Sielest	France	100	100
ECSA—Études et Construction de Sièges pour l'Automobile	France	100	100
Faurecia Intérieur Industrie	France	100	100
Faurecia Automotive Industrie	France	100	100
Automotive Sandouville	France	100	100
Société Automobile du Cuir de Vesoul	France	100	100
Faurecia ADP Holding	France	60	60
Faurecia JIT Plastique	France	100	100
Faurecia Autositze GmbH	Germany	100	100
Faurecia Automotive GmbH	Germany	100	100
Faurecia Innenraum Systeme GmbH	Germany	100	100
Faurecia Industrie N.V.	Belgium	100	100
Faurecia Asientos Para Automovil España, S.A.	Spain	100	100
Asientos de Castilla Leon, S.A.	Spain	100	100
Asientos del Norte, S.A.	Spain	100	100
Industrias Cousin Freres, S.L.	Spain	50	50
Tecnoconfort	Spain	50	50
Faurecia Automotive España, S.L.	Spain	100	100
Faurecia Interior Systems España, S.A.	Spain	100	100
Faurecia Interior Systems Salc España, S.L.	Spain	100	100
Cartera e Inversiones Enrich, S.A.	Spain	100	100
Asientos de Galicia, S.L.	Spain	100	100
Valencia Modulos de Puerta, S.L.	Spain	100	100
Incalplas, S.L.	Spain	100	100
Faurecia AST Luxembourg S.A. (ex: SAI Automotive Silux S.A.)	Luxemburg	100	100
Faurecia Automotive Seating B.V.	Netherlands	100	100
Faurecia—Assentos de Automovel, Limitada	Portugal	100	100
Sasal	Portugal	100	100
Faurecia Sistemas de Interior de Portugal. Componentes para Automoveis S.A. (ex: SAI Portugal)	Portugal	100	100
EDA—Estofagem De Assentos, Lda	Portugal	100	100
Faurecia Automotive Seating UK Limited	United Kingdom	100	100
Faurecia Midlands Limited	United Kingdom	100	100
SAI Automotive Fradley Ltd	United Kingdom	100	100
SAI Automotive Washington Limited	United Kingdom	100	100
Faurecia Interior Systems Sweden AB	Sweden	100	100
Faurecia Fotele Samochodowe Sp.Zo.o	Poland	100	100
Faurecia Walbrzych Sp.Zo.o	Poland	100	100
Faurecia Legnica Sp.Zo.o	Poland	100	100
Faurecia Grojec R&D Center Sp.Zo.o	Poland	100	100
Faurecia Gorzow Sp.Zo.o	Poland	100	100
Faurecia Interior Systems Bohemia s.r.o.	Czech Rep.	100	100
Faurecia Components Pisek s.r.o.	Czech Rep.	100	100
Faurecia Seating Talmaciu S.R.L.	Romania	100	100
Euro Auto Plastic Systems S.R.L.	Romania	50	50

	Country	Interest of the parent company (%)	Stake (%) [1]
Faurecia Slovakia s.r.o.	Slovakia	100	100
Faurecia Polifleks Otomotiv Sanayi Ve Ticaret Anonim Sirketi	Turkey	100	100
Faurecia Azin Pars Company	Iran	51	51
Faurecia Interior Systems South Africa (PTY) Ltd	South Africa	100	100
AI Manufacturers (PTY) Ltd	South Africa	100	100
Societe Tunisienne d'Equipements D'automobile	Tunisia	100	100
Faurecia Automotive Seating Canada Ltd	Canada	100	100
Faurecia Automotive Seating, INC	USA	100	100
Faurecia Interior Systems, INC.	USA	100	100
Faurecia Automotive del Uruguay	Uruguay	100	100
Faurecia Argentina S.A.	Argentina	100	100
Faurecia Automotive do Brasil Ltda	Brazil	100	100
Faurecia Sistemas Automotrices De Mexico, S.A. de C.V. (ex: Faurecia Duroplast Mexico, S.A. DE C.V.)	Mexico	100	100
Servicios Corporativos de Personal Especializado, S.A. DE C.V.	Mexico	100	100
Faurecia Interior Systems Mexico, S.A. DE C.V.	Mexico	100	100
Changchun Faurecia Xuyang Automotive Seat Co., LTD (CFXAS)	China	60	60
Faurecia (Changchun) Automotive Systems Co., LTD	China	100	100
Faurecia- Gsk (Wuhan) Automotive Seating Co., Ltd	China	51	51
Faurecia (Wuxi) Seating Components Co., Ltd	China	100	100
Faurecia (Shanghai) Management Company, Ltd	China	100	100
Faurecia (Shanghai) Automotive Systems Co., Ltd	China	100	100
Faurecia (Wuhan) Automotive Seating Co., Ltd	China	100	100
Faurecia (Guangzhou) Automotive Systems Co., Ltd	China	100	100
Faurecia (Nanjing) Automotive Systems Co., Ltd	China	100	100
Faurecia (Shenyang) Automotive Systems Co., Ltd	China	100	100
Faurecia (Wuhan) Automotive Components Systems Co., Ltd	China	100	100
Changchun Faurecia Xuang Interior Systems Company Limited	China	60	60
Faurecia Trim Korea Ltd	South Korea	100	100
Faurecia Automotive Seating India Private Limited	India	100	100
Faurecia Japan K.K.	Japan	100	100
Faurecia Equipements Automobiles Maroc	Morocco	100	100
OOO Faurecia ADP	Russia	60	60
OOO Faurecia Automotive Development	Russia	100	100
Faurecia Shin Sung Co. Ltd	South Korea	60	60
OTHER MODULES			
Faurecia Systèmes d'Echappement	France	100	100
Faurecia Bloc avant	France	100	100
Emcon Technologies France SAS	France	100	100
Faurecia-Metalloprodukcia Holding	France	60	60
Faurecia Abgastechnik GmbH	Germany	100	100
Faurecia Kunststoffe Automobilsysteme GmbH	Germany	100	100
Leistritz Abgastechnik Stollberg GmbH	Germany	100	100
Faurecia Emissions Control Technologies, Germany GmbH	Germany	100	100
Faurecia Emissions Control Technologies, Novaferra GmbH	Germany	100	100
Faurecia Emissions Control Technologies, Finnentrop GmbH	Germany	100	100
Faurecia Exteriors GmbH	Germany	100	100
Faurecia Sistemas de Escape España, S.A.	Spain	100	100
Faurecia Emissions Control Technologies, Pampelona, S.L.	Spain	100	100
Faurecia Automotive Exteriors Espana, S.A. (ex-Plastal Spain S.A.)	Spain	100	100
Faurecia - Sistemas De Escape Portugal, Lda	Portugal	100	100
Faurecia Exhaust Systems AB	Sweden	100	100
Faurecia Magyarorszag Kipufogo-rendszer Kft	Hungary	100	100
Faurecia Exhaust Systems S.R.O.	Czech Rep.	100	100
Faurecia Automotive Czech Republic, s.r.o.	Czech Rep.	100	100
Faurecia Emissions Control Technologies, Mlada Boleslav, s.r.o	Czech Rep.	100	100
Faurecia Emissions Control Technologies UK Limited	United Kingdom	100	100

	Country	Interest of the parent company (%)	Stake (%) [1]
Faurecia Exhaust Systems South Africa LTD	South Africa	100	100
Emission Control Technologies Holdings S.A. (Pty) Ltd	South Africa	100	100
Emission Control Technologies S.A. (Ga-Rankuwa) (Pty) Ltd	South Africa	100	100
Emission Control Technologies S.A. (CapeTown) (Pty) Ltd	South Africa	100	100
Faurecia Exhaust Systems, Inc.	USA	100	100
Faurecia Emissions Control Technologies, Usa, LLC	USA	100	100
Faurecia Emissions Control Technologies, Spartanburg, Inc.	USA	100	100
Emcon Thailand LLC	USA	100	100
Faurecia Sistemas de Escape Argentina S.A.	Argentina	100	100
Faurecia Emissions Control Technologies, Cordoba	Argentina	100	100
Faurecia Sistemas de Escapamento do Brasil Ltda	Brazil	100	100
Faurecia Emissions Control Technologies, Limeira	Brazil	100	100
Faurecia Exhaust Mexicana, S.A. de C.V.	Mexico	100	100
Exhaust Services Mexicana, S.A. de C.V.	Mexico	100	100
ET Mexico Holdings I, S. de R.L.de C.V.	Mexico	100	100
ET Mexico Holdings II, S. de R.L.de C.V.	Mexico	100	100
Faurecia Honghu Exhaust Systems Shanghai, Co. Ltd (ex-SHEESC)	China	51	51
Faurecia Tongda Exhaust System (Wuhan) Co., Ltd	China	50	50
Faurecia Exhaust Systems Changchun Co., Ltd	China	51	51
Faurecia Emissions Control Technologies Development (Shanghai) Company Ltd	China	100	100
Faurecia (Qingdao) Exhaust Systems Co, Ltd	China	100	100
Faurecia (Wuhu) Exhaust Systems Co, Ltd	China	100	100
Faurecia Emissions Control Technologies Consulting (Shanghai) Co., Ltd	China	100	100
Faurecia Emissions Control Technologies (Shanghai) Co., Ltd	China	100	100
Faurecia Emissions Control Technologies (Chongqing) Co., Ltd	China	100	100
Faurecia Emissions Control Technologies (Yantai) Co., Ltd	China	100	100
Faurecia Emission Control Technologies Chengdu	China	100	100
Faurecia Emissions Control Systems Korea (ex-Daeki)	South Korea	100	100
Faurecia Jit And Sequencing Korea	South Korea	100	100
Faurecia Interior Systems Thailand Co., Ltd.	Thailand	100	100
Faurecia Emissions Control Technologies, Thailand Co., Ltd	Thailand	100	100
Et (Barbados) Holdings SRL	Barbados	100	100
Emcon Technologies Canada ULC	Canada	100	100
Emcon Technologies Hungary Holdings Kft	Hungary	100	100
Emcon Technologies Kft	Hungary	100	100
Faurecia Emissions Control Technologies, India Private Limited	India	74	74
Faurecia Emissions Control Technologies, Italy SRL	Italy	100	100
ET Dutch Holdings Cooperatie U.A.	Netherlands	100	100
ET Dutch Holding BV	Netherlands	100	100
ET Dutch Holding II BV	Netherlands	100	100
Faurecia Emissions Control Technologies Netherlands B.V.	Netherlands	100	100
OOO Faurecia Metalloprodukcia Exhaust Systems	Russia	60	60
II – COMPANIES ACCOUNTED FOR BY THE EQUITY METHOD			
INTERIOR MODULES			
Componentes De Vehiculos De Galicia, S.A.	Spain	50	50
Copo Iberica, S.A.	Spain	50	50
Vanpro Assentos Limitada	Portugal	50	50
Arsed, Podjetje Za Proizvodnjo in Trzenje Kovinske Opreme (ARSED Doo)	Slovenia	50	50
Teknik Malzeme Ticaret Ve Sanayi A.S.	Turkey	50	50
Orcia Otomotiv Yan Sanayi Ve Ticaret Anonim Sirketi	Turkey	50	50
Kwang Jin Faurecia Co. Limited	Korea	50	50
Faurecia-Nhk Co., Ltd	Japan	50	50

	Country	Interest of the parent company (%)	Stake (%) [(1)]
SAS GROUP			
Sas Automotive France	France	50	50
Cockpit Automotive Systems Douai SNC	France	50	50
SAS Autosystemtechnik Verwaltungs GmbH	Germany	50	50
SAS Autosystemtechnik GmbH und Co. KG	Germany	50	50
SAS Automotive N.V.	Belgium	50	50
SAS Autosystemstechnick, S.A.	Spain	50	50
SAS Autosystemtechnik de Portugal, Unipessoal, Lda.	Portugal	50	50
SAS Automotive Limited	United Kingdom	50	50
SAS Autosystemtechnik s.r.o.	Czech Rep.	50	50
SAS Automotive s.r.o	Slovakia	50	50
SAS Automotive RSA (Pty) Ltd	South Africa	50	50
SAS Automotive Do Brasil Ltda	Brazil	50	50
SAS Automotive Systems S.A. de C.V.	Mexico	50	50
SAS Automotive Systems & Services, S.A. DE C.V.	Mexico	50	50
SAS Automotive USA, Inc.	USA	50	50
SAS Automotriz Argentina S.A. (dormant company)	Argentina	50	50
OTHER MODULES			
AD Tech Co Ltd	South Korea	50	50

(1) Total interest of fully-consolidated companies.

Audited Consolidated financial statements
for the financial year ended 31 December 2009

Statutory Auditors' report
on the consolidated
financial statements

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. 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 the Annual Shareholders' Meeting, we hereby report to you, for the year ended December 31, 2009 on:

- the audit of the accompanying consolidated financial statements of Faurecia S.A.;
- the justification of our assessments;
- the specific verification required by law.

These consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these consolidated financial statements based on our audit.

I. Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group at December 31, 2009 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

II. Justification of our assessments

The accounting estimates used in the preparation of the consolidated financial statements for the year ended December 31, 2009 were made in the context of the financial crisis and the economic outlook remains difficult to foresee. It is in this context that, in accordance with 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 POLICIES AND OVERALL PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

- As part of our assessment of the accounting policies applied by the Company, we reviewed the criteria used for capitalizing and amortizing development costs and measuring the recoverable amount. We also ensured that Notes 1-3 and 1-5 to the consolidated financial statements disclose appropriate information.

ACCOUNTING ESTIMATES

- The Company performs impairment tests on goodwill at each balance sheet date, and also assesses whether fixed assets show any indication of impairment, based on the methods described in Notes 1-2, 1-5, 10, 11 and 12 to the consolidated financial statements. We have reviewed the methods used to carry out these impairment tests as well as the corresponding assumptions applied by the Company.
- Note 1-16 to the consolidated financial statements, concerning corporate income taxes, specifies that deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which they can be utilized. Our work consisted in verifying that this method had been correctly applied and reviewing the assumptions supporting the probability of recovery for these deferred tax assets.
- As mentioned in Note 1-17 "Use of estimates" to the consolidated financial statements, actual results may differ from estimates and assumptions.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III. Specific verification

As required by law and in accordance with professional standards applicable in France, we have also verified in the information presented in the Group's management report.

We have no matters to report as to its fair presentation and consistency with the consolidated financial statements.

Neuilly-sur-Seine and Paris-La Défense, February 22, 2010

The Statutory Auditors

PricewaterhouseCoopers Dominique Ménard	Ernst & Young Audit Laurent Miannay

Audited Consolidated financial statements for the financial years ended 31 December 2009

Consolidated financial statements

Consolidated statement of comprehensive income

(in € millions)	*Notes*	2009	2008	2007
SALES	*4*	**9,292.2**	**12,010.7**	**12,660.7**
Cost of sales	*5*	(8,840.1)	(11,296.8)	(11,914.7)
Research and development costs	*5*	(207.9)	(269.9)	(268.6)
Selling and administrative expenses	*5*	(335.9)	(352.8)	(356.3)
OPERATING INCOME (LOSS)		**(91.7)**	**91.2**	**121.1**
Other operating income and expense	*6*	(134.1)	(444.3)	(225.8)
Income from loans, cash investments and marketable securities		12.3	14.5	15.9
Finance costs		(135.3)	(110.8)	(117.0)
Other financial income and expense	*7*	(43.9)	(98.9)	(13.8)
INCOME (LOSS) BEFORE TAX OF FULLY CONSOLIDATED COMPANIES		**(392.7)**	**(548.3)**	**(219.6)**
Current taxes	*8*	(42.2)	(34.1)	(8.8)
Deferred taxes	*8*	6.3	5.4	(4.8)
NET INCOME (LOSS) OF FULLY CONSOLIDATED COMPANIES		**(428.6)**	**(577.0)**	**(233.2)**
Share of net income of associates	*13*			
Before tax		14.8	15.4	5.1
After tax		11.3	7.7	2.3
CONSOLIDATED NET INCOME (LOSS)		**(417.3)**	**(569.3)**	**(230.9)**
Attributable to owners of the parent		**(433.6)**	**(574.8)**	**(237.5)**
Attributable to minority interests		16.3	5.5	6.6
Basic earnings (loss) per share (in €)	*9*	(6.85)	(23.83)	(9.87)
Diluted earnings (loss) per share (in €)	*9*	(6.85)	(23.83)	(9.87)

OTHER COMPREHENSIVE INCOME

(in € millions)	2009	2008	2007
CONSOLIDATED NET INCOME (LOSS)	**(417.3)**	**(569.3)**	**(230.9)**
Gains (losses) arising on fair value adjustments to cash flow hedges	4.2	(22.4)	5.4
of which recognized in equity	*1.9*	*(13.7)*	*8.7*
of which recycled to income	*2.3*	*(8.7)*	*(3.3)*
Exchange differences on translation of foreign operations	8.6	(2.4)	(3.3)
TOTAL INCOME (EXPENSE) RECOGNIZED IN EQUITY	**(404.5)**	**(594.1)**	**(228.8)**
Attributable to owners of the parent	(419.0)	(602.7)	(233.3)
Attributable to minority interests	14.5	8.6	4.5

Consolidated balance sheet

ASSETS

(in € millions)	*Notes*	Dec. 31, 2009	Dec. 31, 2008	Dec. 31, 2007
Goodwill	*10*	1,039.9	1,040.2	1,288.6
Intangible assets	*11*	396.9	469.8	511.4
Property, plant and equipment	*12*	1,224.6	1,360.8	1,408.9
Investments in associates	*13*	31.0	40.1	44.8
Other equity interests	*14*	11.2	1.6	1.8
Other non-current financial assets (*)	*15*	23.5	26.5	40.7
Other non-current assets	*16*	18.9	8.5	7.2
Deferred tax assets	*8*	72.0	91.4	57.2
TOTAL NON-CURRENT ASSETS		**2,818.0**	**3,038.9**	**3,360.6**
Inventories, net	*17*	438.6	526.1	566.2
Trade accounts receivable	*18*	1,025.9	954.0	1,635.2
Other operating receivables	*19*	171.0	197.3	256.1
Other receivables and prepaid expenses	*20*	79.9	79.8	67.6
Other current financial assets (*)	*30*	1.7	6.0	25.7
Cash and cash equivalents	*21*	357.8	425.7	550.1
TOTAL CURRENT ASSETS		**2,074.9**	**2,188.9**	**3,100.9**
TOTAL ASSETS		**4,892.9**	**5,227.8**	**6,461.5**

(*) *In accordance with the revised version of IAS 1, a portion of the currency and interest rate derivatives that were included in "Other current financial assets" in 2008 and 2007 have been reclassified to "Other non-current financial assets".*

EQUITY AND LIABILITIES

(in € millions)	*Notes*	Dec. 31, 2009	Dec. 31, 2008	Dec. 31, 2007
EQUITY				
Capital stock	*22*	626.1	170.8	170.8
Additional paid-in capital		130.1	198.9	198.9
Treasury stock		(10.4)	(11.5)	(11.5)
Retained earnings		(99.4)	385.8	642.1
Translation adjustments		44.1	33.7	39.2
Net loss for the period		(433.6)	(574.8)	(237.5)
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT	*22*	**256.9**	**202.9**	**802.0**
Minority interests	*23*	45.8	40.6	44.3
TOTAL EQUITY		**302.7**	**243.5**	**846.3**
Long-term provisions	*24*	193.9	193.6	209.3
Non-current financial liabilities (*)	*26*	1,232.2	1,491.7	1,167.2
Other non-current liabilities		2.3	1.9	2.9
Deferred tax liabilities	*8*	7.1	38.2	11.2
TOTAL NON-CURRENT LIABILITIES		**1,435.5**	**1,725.4**	**1,390.6**
Short-term provisions	*24*	320.3	317.3	298.0
Current financial liabilities (*)	*26*	528.1	546.2	1,027.2
Prepayments from customers		80.8	118.8	195.9
Trade payables		1,730.6	1,695.2	2,162.6
Accrued taxes and payroll costs	*27*	371.7	366.1	427.7
Other payables	*28*	123.2	215.3	113.2
TOTAL CURRENT LIABILITIES		**3,154.7**	**3,258.9**	**4,224.6**
TOTAL EQUITY AND LIABILITIES		**4,892.9**	**5,227.8**	**6,461.5**

(*) *In accordance with the revised version of IAS 1, a portion of the currency and interest rate derivatives that were included in "Current financial liabilities" in 2008 and 2007 have been reclassified to "Non-current financial liabilities".*

Consolidated statement of cash flows

(in € millions)	*Notes*	2009	2008	2007
I - OPERATING ACTIVITIES				
Consolidated net income (loss)		(417.3)	(569.3)	(230.9)
Depreciation and amortization		496.6	734.4	538.6
Deferred tax (benefits) charges		(6.3)	(5.4)	4.8
Increase (decrease) in long-term provisions		(1.4)	(12.1)	(10.0)
Share of net income of associates, net of dividends received		13.7	12.3	(0.8)
Capital (gains) losses on disposals of non-current assets		(2.4)	(0.6)	3.1
Other		15.9	15.5	2.8
CASH FLOW FROM OPERATIONS		**98.8**	**174.8**	**307.6**
Increase (decrease) in short-term provisions		(5.1)	21.2	51.4
Change in inventories		100.2	38.5	28.2
Change in trade accounts receivable		(66.8)	668.6	105.0
Change in trade payables		18.7	(423.5)	45.9
Change in other operating receivables and payables		(14.2)	(83.6)	43.9
Change in other receivables and payables		(44.2)	52.6	(7.8)
(Increase) decrease in working capital requirement		**(11.4)**	**273.8**	**266.6**
NET CASH PROVIDED BY OPERATING ACTIVITIES		**87.4**	**448.6**	**574.2**
II - INVESTING ACTIVITIES				
Additions to property, plant and equipment	*12*	(169.1)	(328.7)	(306.8)
Capitalized development costs		(104.4)	(144.7)	(159.2)
Acquisitions of investments		(12.0)	(6.6)	(25.2)
Proceeds from disposals of property, plant and equipment		20.1	19.3	9.8
Proceeds from disposals of financial assets				
Change in investment-related receivables and payables		(24.8)	0.9	(4.7)
Other movements		(19.0)	(13.3)	4.4
NET CASH USED BY INVESTING ACTIVITIES		**(309.2)**	**(473.1)**	**(481.7)**
NET CASH PROVIDED (USED) BY OPERATING AND INVESTING ACTIVITIES (I)+(II)		**(221.8)**	**(24.5)**	**92.5**
III - FINANCING ACTIVITIES				
Issuance of shares by Faurecia and fully-consolidated companies (net of costs)		446.1		5.5
Option component of convertible bonds		23.3		
Dividends paid to owners of the parent company				
Dividends paid to minority interests in consolidated subsidiaries		(9.3)	(12.3)	(11.2)
Issuance of debt securities and increase in other financial liabilities		214.4	1,142.3	129.9
Repayment of debt and other financial liabilities		(502.7)	(1,209.6)	(193.0)
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES		**171.8**	**(79.6)**	**(68.8)**
IV - OTHER CHANGES IN CASH AND CASH EQUIVALENTS				
Impact of exchange rate changes on cash and cash equivalents		(17.9)	(13.7)	(3.8)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**(67.9)**	**(117.8)**	**19.9**
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**425.7**	**543.5**	**523.6**
CASH AND CASH EQUIVALENTS AT END OF YEAR	*26*	**357.8**	**425.7**	**543.5**

Consolidated statement of changes in equity

(in € millions)	Number of shares [(2)]	Capital stock	Additional paid-in capital	Treasury stock	Retained earnings and net income (loss) for the year	Translation adjustments	Cash flow hedges	Equity attributable to owners of the parent	Minority interests	Total
BALANCE AS OF JANUARY 1, 2007 BEFORE APPROPRIATION OF NET INCOME (LOSS)	**24,259,236**	**169.8**	**359.6**	**(12.5)**	**465.8**	**40.4**	**3.3**	**1,026.4**	**64.2**	**1,090.6**
Net loss for the year					(237.5)			(237.5)	6.6	(230.9)
Translation adjustments						(1.2)		(1.2)	(2.1)	(3.3)
Changes in fair value of currency hedging instruments							5.4	5.4		5.4
TOTAL INCOME (EXPENSE) RECOGNIZED IN EQUITY					**(237.5)**	**(1.2)**	**5.4**	**(233.3)**	**4.5**	**(228.8)**
Issue of share capital [(1)]	135,812	1.0	4.5					5.5		5.5
2006 dividend								0.0	(11.2)	(11.2)
Measurement of stock options					1.9			1.9		1.9
Purchases and sales of treasury stock				1.0	0.5			1.5		1.5
Changes in scope of consolidation								0.0	(13.2)	(13.2)
Recognition of 2006 losses of the parent company			(165.2)		165.2			0.0		0.0
BALANCE AS OF DEC. 31 2007 BEFORE APPROPRIATION OF NET INCOME (LOSS)	**24,395,048**	**170.8**	**198.9**	**(11.5)**	**395.9**	**39.2**	**8.7**	**802.0**	**44.3**	**846.3**
Net loss for the year					(574.8)			(574.8)	5.5	(569.3)
Translation adjustments						(5.5)		(5.5)	3.1	(2.4)
Changes in fair value of currency hedging instruments							(22.4)	(22.4)		(22.4)
TOTAL INCOME (EXPENSE) RECOGNIZED IN EQUITY					**(574.8)**	**(5.5)**	**(22.4)**	**(602.7)**	**8.6**	**(594.1)**
Issue of share capital [(1)]								0.0		0.0
2007 dividend								0.0	(12.3)	(12.3)
Measurement of stock options					3.6			3.6		3.6
Purchases and sales of treasury stock								0.0		0.0
Changes in scope of consolidation								0.0		0.0
Recognition of 2007 losses of the parent company								0.0		0.0
BALANCE AS OF DEC. 31 2008 BEFORE APPROPRIATION OF NET INCOME (LOSS)	**24,395,048**	**170.8**	**198.9**	**(11.5)**	**(175.3)**	**33.7**	**(13.7)**	**202.9**	**40.6**	**243.5**
Net loss for the year					(433.6)			(433.6)	16.3	(417.3)
Translation adjustments						10.4		10.4	(1.8)	8.6
Changes in fair value of currency hedging instruments							4.2	4.2		4.2
TOTAL INCOME (EXPENSE) RECOGNIZED IN EQUITY					**(433.6)**	**10.4**	**4.2**	**(419.0)**	**14.5**	**(404.5)**
Issue of share capital	65,053,456	455.3	(9.3)					446.1		446.1
2008 dividend								0.0	(9.3)	(9.3)
Measurement of stock options					3.4			3.4		3.4
Purchases and sales of treasury stock				1.1	(0.9)			0.2		0.2
Option component of convertible bonds					23.3			23.3		23.3
Changes in scope of consolidation								0.0		0.0
Recognition of 2008 losses of the parent company			(59.5)		59.5			0.0		0.0
BALANCE AS OF DEC. 31 2009 BEFORE APPROPRIATION OF NET INCOME (LOSS)	**89,448,504**	**626.1**	**130.1**	**(10.4)**	**(523.6)**	**44.1**	**(9.5)**	**256.9**	**45.8**	**302.7**

(1) Shares issued on exercise of stock options.
(2) Including 270,814 treasury shares as of December 31, 2009 as well as December 31, 2008 and December 31, 2007 (see Note 22.3).

Notes to the consolidated financial statements

Faurecia S.A. and its subsidiaries form one of the world's leading automotive equipment suppliers in four-major vehicle businesses: Automative seating, Emissions Control Technologies, Interior Systems, Automotive Exteriors. The Group has operations in 31 countries, spanning 190 sites.

Faurecia's registered office is located in Nanterre, in the Hauts-de-Seine region of France. The Company is quoted on the Eurolist market of Euronext Paris.

The consolidated financial statements —which were prepared on a going concern basis—were approved by Faurecia's Board of Directors on February 8, 2010.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Faurecia Group have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, including International Accounting Standards (IASs) and related Interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC). They can be viewed on the European Commission's website at

http://ec.europa.eu/internal_market/accounting/ias/index_en.htm.

The standards used to prepare the 2009 consolidated financial statements and comparative data for 2008 and 2007 are those published in the Official Journal of the European Union (OJEU) as of December 31, 2009, and whose application was mandatory at that date.

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all of the years presented.

The Group has applied the following new and amended standards since January 1, 2009:

- IAS 1 (revised), Presentation of Financial Statements

  In accordance with the revised version of IAS 1, currency and interest rate derivatives that were previously presented on a separate line of the balance sheet under current assets or liabilities have been reclassified to either (i) non-current or current financial assets or liabilities, or (ii) other receivables or payables. This reclassification has not affected the determination of net debt.

  The revised version of IAS 1 also introduces the notion of comprehensive income. Faurecia has elected to present comprehensive income in a separate statement below the consolidated income statement.

- IFRS 8, Operating Segments

  IFRS 8 requires segment information to be presented based on operating segments rather than a primary reporting format (business segment) and a secondary reporting format (geographic segment). The Group's operating segments are the same as the business segments previously used within the scope of IAS 14. The additional disclosures required under the new standard are provided in Note 4. Faurecia's adoption of IFRS 8 has not affected its financial position or earnings.

- IFRS 7, Financial Instruments: Disclosures

  IFRS 7 clarifies and introduces new disclosures on the fair value measurement of financial instruments and liquidity risks arising on these instruments. The requisite disclosures are provided in Notes 26 and 29.

- IAS 23 (Amendment), Borrowing Costs

  The amended version of IAS 23 requires the capitalization of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. As prescribed by the standard, the Group has applied IAS 23 on a prospective basis and has capitalized borrowing costs on qualifying assets arising subsequent to January 1, 2009. This did not have a material impact on income for the period.

1-1 Consolidation principles

Companies which are at least 20%-owned are consolidated where one or more of the following criteria are met: annual sales of over €20 million, total assets of over €20 million, and/or debt of over €5 million.

Non-consolidated companies are not material, either individually or in the aggregate.

Subsidiaries controlled by the Group are fully consolidated. Control is presumed to exist where the Group holds over 50% of a company's voting rights, and may also arise as a result of shareholders' agreements.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and are deconsolidated from the date that control ceases.

Companies over which the Group exercises significant influence but not control—generally through a shareholding representing between 20% and 50% of the voting rights—are accounted for by the equity method.

The Faurecia Group's consolidated financial statements are presented in euros.

The functional currency of foreign subsidiaries is generally their local currency. The assets and liabilities of these companies are translated into euros at the year—end exchange rate and income statement items are translated at the average exchange rate for the year. The resulting translation adjustments are recorded in equity.

Certain companies located outside the eurozone which carry out the majority of their transactions in euros may, however, use euros as their functional currency.

All material intercompany transactions are eliminated in consolidation, including intercompany gains.

The accounting policies of subsidiaries and companies accounted for by the equity method are not significantly different to those applied by the Group.

1-2 Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired entity at the date of acquisition.

In accordance with IAS 36, goodwill is not amortized but is tested for impairment at least once a year and more often if there is an indication that it may be impaired. For the purpose of impairment testing, goodwill is allocated to cash-generating units (CGUs). A CGU is defined as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

The CGU to which goodwill is allocated represents the lowest level within the business segment at which goodwill is monitored for internal management purposes. The Group has identified the following CGUs:

- Automotive Seating;
- Emissions Control Technologies;
- Interior Systems;
- Automotive Exteriors.

The carrying amount of these assets is then compared with the higher of their value in use and market value, net of selling costs. Value in use is defined as the present value of the net future cash flows expected to be derived from the assets concerned.

1-3 Intangible assets

A - RESEARCH AND DEVELOPMENT EXPENDITURE

The Faurecia Group incurs certain development costs in connection with producing and delivering modules for specific customer orders which are either a) not sold to the customer, or b) paid for by the customer on delivery of each part, without the customer guaranteeing full financing of the costs incurred. In accordance with IAS 38, these development costs are recorded as an intangible asset where the company concerned can demonstrate:

- its intention to complete the project as well as the availability of adequate technical and financial resources to complete the development;
- how the customer contract will generate probable future economic benefits and the company's ability to measure these reliably;
- its ability to measure reliably the expenditure attributable to the contracts concerned (costs to completion).

These capitalized costs are amortized to match the quantities of parts delivered to the customer, over a period not exceeding five years except under exceptional circumstances.

Research costs, and development costs that do not meet the above criteria, are expensed as incurred.

B - OTHER INTANGIBLE ASSETS

Other intangible assets include development and purchase costs relating to software used within the Group—which are amortized on a straight-line basis over a period of between one and three years—as well as patents and licenses.

1-4 Property, plant and equipment

Property, plant and equipment are stated at acquisition cost, or production cost in the case of assets produced by the Group for its own use, less accumulated depreciation.

Maintenance and repair costs are expensed as incurred, except where they serve to increase productivity or to prolong the useful life of an asset, in which case they are capitalized.

In accordance with the amended version of IAS 23, borrowing costs on qualifying assets arising subsequent to January 1, 2009 are included in the cost of the assets concerned.

Property, plant and equipment are depreciated by the straight-line method over the estimated useful lives of the assets, as follows:

Buildings	20 to 30 years
Leasehold improvements, fixtures and fittings	10 to 20 years
Machinery, tooling and furniture	3 to 10 years

Certain tooling is produced or purchased specifically for the purpose of manufacturing parts or modules for customer orders, which are either a) not sold to the customer, or b) paid for by the customer on delivery of each part, without the customer guaranteeing full financing of the costs incurred. In accordance with IAS 16, this tooling is recognized as property, plant and equipment. It is depreciated to match the quantities of parts delivered to the customer over a maximum of three years, in line with the rate at which models are replaced.

Investment grants are recorded as a deduction from the assets that they were used to finance.

Property, plant and equipment acquired under finance leases which transfer substantially all the risks and rewards incidental to ownership of the asset to the lessee are recorded under assets at the fair value of the leased asset or, if lower, the present value of the minimum lease payments. An obligation of the same amount is recorded as a liability and the recognized assets are subsequently depreciated as described above.

1-5 Cash generating units and impairment tests

Impairment tests are carried out whenever there is an indication that an asset may be impaired. Impairment testing consists of comparing the carrying amount of an asset, or group of assets, with the higher of its market value and value in use. Value in use is defined as the present value of the net future cash flows expected to be derived from an asset or group of assets.

The assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units, or CGUs).

Impairment tests are performed on each group of intangible assets (development costs) and property, plant and equipment attributable to a customer contract by comparing the aggregate carrying amount of the group of assets concerned with the present value of the expected net future cash flows to be derived from the contract. An impairment loss is recorded when the assets' carrying amount is higher than the present value of the expected net future cash flows. A provision is also recorded for losses to completion on loss-making contracts.

Impairment testing is also carried out on general and corporate assets grouped primarily by type of product and geographic area.

The cash inflows generated by the assets allocated to these CGUs are largely interdependent due to the high overlap between the various manufacturing flows, the optimization of capacity utilization, and the centralization of research and development activities.

Manufacturing assets whose closure is planned are tested independently for impairment.

1-6 Financial assets and liabilities (excluding derivatives)

A - DEFINITIONS

In accordance with IAS 39, the Group classifies its financial assets in the following categories: loans and receivables, available-for-sale financial assets, and financial assets at fair value. They are recorded under the following balance sheet items: "Other equity interests" (Note 14), "Other non-current financial assets" (Note 15), "Trade account receivables" (Note 18), "Other operating receivables" (Note 19), "Other receivables and prepaid expenses" (Note 20) and "Cash and cash equivalents" (Note 21).

The Group does not use the IAS 39 categories of "Held-to-maturity investments" or "Financial assets held for trading".

The Group's financial liabilities fall within the IAS 39 categories of (i) financial liabilities at fair value, and (ii) other financial liabilities measured at amortized cost. They are recorded under the following balance sheet items: "Short-term debt" and "Long-term debt" (Note 26), "Accrued taxes and payroll costs" (Note 27) and "Other payables" (Note 28).

Financial assets and liabilities are broken down into current and non-current components for maturities of less than and more than one year, respectively, at the balance sheet date.

B - RECOGNITION AND MEASUREMENT OF FINANCIAL ASSETS

(a) Other equity interests

Other equity interests correspond to the Group's interests in the capital of non-consolidated companies. They are carried in the balance sheet at cost. This value is subject to impairment testing based on the most appropriate financial analysis criteria, generally corresponding to the Group's equity in the underlying net assets and the earnings outlook of the company concerned. An impairment loss is recognized where appropriate.

(b) Loans and other financial assets

Loans and other financial assets are stated at nominal value which corresponds to amortized cost, calculated using the effective interest method.

Provisions are booked on a case-by-case basis where there is a risk of non-recovery.

(c) Cash and cash equivalents

Cash and cash equivalents are measured at fair value. They include current account balances and units in money market funds that are readily convertible to a known amount of cash and are not subject to a significant risk of impairment in the event of changes in interest rates.

C - RECOGNITION AND MEASUREMENT OF FINANCIAL LIABILITIES

(a) Financial liabilities measured at amortized cost

The Group's financial liabilities are generally measured at amortized cost using the effective interest method.

1-7 Inventories and work-in-progress

Inventories of raw materials and supplies are stated at cost, determined by the FIFO method (First-In, First-Out).

Finished and semi-finished products, as well as work-in-progress, are stated at production cost, determined by the FIFO method. Production cost includes the cost of raw materials and supplies as well as direct and indirect production costs, excluding overheads not linked to production and borrowing costs.

Work-in-progress includes the costs of internally-manufactured specific tooling or development work which is sold to customers, i.e. where the related risks and rewards are transferred. These costs are recognized in the income statement over the period in which the corresponding sales are made, as each technical stage is validated by the customer, or when the tooling is delivered if the contract does not provide for specific technical stages.

Provisions are booked for inventories for which the probable realizable value is lower than cost.

1-8 Foreign currency transactions

Transactions in foreign currency are converted at the exchange rate prevailing on the transaction date. Receivables and payables are converted at the year-end exchange rate and the resulting gain or loss is recorded in the income statement as operating income or expenses for operating receivables and payables, and under "Other financial income and expense" for other receivables and payables.

1-9 Derivatives

Faurecia uses derivative instruments traded on organized markets or purchased over-the-counter from first-rate counterparties to hedge currency and interest rate risks. They are recorded at fair value in the balance sheet.

Currency hedges:

The effective portion of changes in the fair value of instruments used to hedge future revenues is recorded in equity and taken to operating income when the hedged revenues are received.

Changes in the fair value of instruments used to hedge trade receivables and payables are recorded as operating income or expenses.

The portion of the change in fair value of these hedges that is ineffective (time value of the hedges) is recorded under "Other financial income and expense" together with changes in the fair value of instruments used to hedge other receivables and payables.

Interest rate hedges:

Changes in the fair value of interest rate hedges are recorded directly in "Other financial income and expense" when a hedging relationship cannot be demonstrated under IAS 39, or when the Group has elected not to apply hedge accounting principles.

1-10 Minority interests

This item corresponds to minority shareholders' interests in the net assets of consolidated subsidiaries. In the case of subsidiaries with a negative net worth, minority interests are deducted from consolidated shareholders' equity except when an agreement has been signed requiring minority shareholders to contribute to financing the company pro rata to their stake in the capital.

1-11 Provisions for pensions and other employee benefits

The Group's liability for pensions and other employee benefits is determined on an actuarial basis using the projected unit credit method. The valuation takes into account the probability of employees staying with the Group up to retirement age and expected future salary levels. Benefit obligations are partially funded by contributions to external funds. In cases where the funds are permanently allocated to the benefit plan concerned, their value is deducted from the related liability.

Actuarial gains and losses are recognized according to the corridor method over the expected average remaining working lives of the employees participating in the plans. Periodic pension and other employee benefit costs are recognized as operating expenses over the benefit vesting period, except for the interest cost, which is recorded under "Other financial income and expense" in accordance with the alternative method under IAS 19. The impact of changes in the present value of external funds is also recorded under this item.

1-12 Stock option plans

Stock options are granted to the management executives of Group companies and their over 50%-owned subsidiaries, allowing them to subscribe to new Faurecia shares or to purchase existing shares. Options granted after November 7, 2002 that had not vested as of January 1, 2005 are measured at fair value as of the grant date using the Black & Scholes option pricing model.

The fair value of stock options is recognized in payroll costs on a straight-line basis over the vesting period (the period between the grant date and the vesting date), with a corresponding adjustment to equity.

1-13 Restructuring and reorganization provisions

A provision is booked when Group General Management has decided to streamline the organization structure and announced the program to the employees affected by it or their representatives.

1-14 Revenue recognition

Sales are recognized when the risks and rewards incidental to ownership of the modules or parts produced are transferred. This generally corresponds to when the goods are shipped, or—in the case of development contracts or the sale of tooling—when the technical stages are validated by the customer. If no such technical stages are provided for in the contract, sales are recognized when the related development work is completed or the tooling is delivered.

1-15 Operating income

Operating income is the Faurecia Group's principal performance indicator. It corresponds to net income of fully consolidated companies before:

- other operating income and expense, corresponding to material unusual and non-recurring items including reorganization expenses and early retirement costs, the impact of exceptional events such as the discontinuation of a business, the closure or sale of an industrial site, disposals of non-operating buildings, impairment losses recorded for property, plant and equipment or intangible assets, as well as other material and unusual losses;
- income from loans, cash investments and marketable securities;
- finance costs;
- other financial income and expense, which includes the impact of discounting the pension benefit obligation and the return on related plan assets, the ineffective portion of interest rate and currency hedges, changes in value of interest rate and currency instruments for which a hedging relationship cannot be demonstrated under IAS 39, and gains and losses on sales of shares in subsidiaries;
- corporate income tax.

1-16 Deferred taxes

Deferred taxes are recognized using the liability method for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Temporary differences mainly arise from tax loss carryforwards and consolidation adjustments to subsidiaries' accounts.

Deferred taxes are determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available in the short or medium term against which the temporary differences can be utilized.

Where appropriate, an accrual is booked to cover taxes payable on the distribution of retained earnings of subsidiaries and associates which are not considered as having been permanently reinvested.

1-17 Use of estimates

The preparation of financial statements in accordance with IFRS requires the use of estimates and assumptions when measuring certain assets, liabilities, income, expenses and obligations. These estimates and assumptions are primarily used when calculating the impairment of property, plant and equipment, intangible assets and goodwill, as well as for measuring pension and other employee benefit obligations. They are based on historical experience and other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates and assumptions.

The results of the sensitivity tests carried out on the carrying amounts of goodwill, property, plant and equipment and provisions for pensions and other employee benefits are provided in Notes 10, 12 and 25 respectively. In addition, Note 11 "Intangible Assets" describes the main assumptions used for measuring intangible assets.

1-18 Earnings per share

Basic earnings per share are calculated by dividing net income attributable to owners of the parent by the weighted average number of shares outstanding during the year, excluding treasury stock.

Diluted earnings per share are calculated by the treasury stock method which consists of multiplying the number of outstanding stock options by the ratio between the average exercise price of outstanding stock options and the average share price for the year. For the purpose of calculating diluted earnings per share, the Group adjusts net income attributable to owners of the parent and the weighted average number of shares outstanding for the effects of all dilutive potential ordinary shares (such as stock options).

NOTE 2 CHANGES IN SCOPE OF CONSOLIDATION

2-1 2009

Faurecia JIT and Sequencing in Korea (Emissions Control Technologies) and Faurecia Automotive Development in Russia (Interior Systems), both incorporated in 2008, have been fully consolidated in the Group's 2009 financial statements.

2-2 2008

In 2008, Faurecia set up (i) a new automotive seating trim cover manufacturer called Faurecia Equipements Automobiles Maroc and (ii) Faurecia Exhaust System Rayong in Thailand and Faurecia (WUHU) Exhaust Systems in China to develop, produce and sell exhaust systems.

Also during the year, Faurecia purchased all of the shares in Al Manufacturers—a South Africa based company operating in the Vehicles Interiors business—for €2.1 million.

Faurecia Technoplast Automotive—a Russian company formed in 2007 to produce interior modules—was fully consolidated in 2008 and renamed Faurecia Automotive.

2-3 Impact on consolidated data of changes in scope of consolidation

Changes in scope of consolidation did not have a material impact on the Group's consolidated financial statements.

NOTE 3 EVENTS AFTER THE BALANCE SHEET DATE

ACQUISITION OF EMCON TECHNOLOGIES

On November 2, 2009, Faurecia announced that on October 30, 2009 it had signed an agreement to acquire the EMCON Technologies group (formerly Arvin Industries) from One Equity Partners LP 11 (OEP), the private equity arm of JP Morgan Chase & Co.

EMCON Technologies is a leader in the global exhaust emission control technology industry. Data concerning the EMCON group is provided in the prospectus approved by the AMF on January 25, 2010 under visa no. E-10-004.

Faurecia obtained clearance for the transaction from the relevant competition authorities, notably in Europe and the United States, in early 2010.

The acquisition involved EMCON Holdings transferring to Faurecia all of the shares in the EMCON Technologies group. As consideration for this transfer Faurecia issued 20,918,224 shares to EMCON Holdings, representing 18.95% of Faurecia's capital and 16.41% of its voting rights. As part of the deal Faurecia also assumed $22.3 million worth of EMCON Holdings' liabilities.

The deal was approved by Faurecia's shareholders at an Extraordinary General Meeting held on February 8, 2010, the date on which the shares were issued and the acquisition completed.

The Group is currently in the process of allocating the purchase price to EMCON's assets and liabilities.

ACQUISITION OF PLASTAL

On February 3, 2010, Faurecia signed an agreement with a view to the acquisition of the German businesses of Plastal, a leading supplier of plastic exterior parts. The acquisition is subject to the approval of the competition authorities and completion of the current reorganization procedure.

NOTE 4 INFORMATION BY OPERATING SEGMENT

For internal reporting purposes the Group is structured into the following four business units based on the type of products and services provided:

- Automotive Seating (design of vehicle seats, manufacture of seating frames and adjustment mechanisms, and assembly of complete seat units);
- Emissions Control Technologies (design and manufacture of exhaust systems);
- Interior Systems (design and manufacture of instrument panels, door panels and modules, and acoustic components);
- Automotive Exteriors (design and manufacture of front ends and safety modules).

These business units are managed on an independent basis in terms of reviewing their individual performance and allocating resources. The tables below show a reconciliation between the indicators used to measure the performance of each segment— notably operating income—and the consolidated financial statements. Borrowings, other operating income and expense, financial income and expense, and taxes are monitored at Group level and are not allocated to the various segments.

In accordance with the option available under IFRS 8, the Automotive Seating and Interior Systems business units have been aggregated into the Interior Modules segment and the Emissions Control Technologies and Automotive Exteriors units have been aggregated into the Other Modules segment.

These business units have similar economic characteristics, notably in terms of medium-term earnings outlook, type of customer and manufacturing processes.

4-1 Key figures by operating segment

2009

(in € millions)	Interior Modules	Other Modules	Other	Total
Sales	**6,649.3**	**2,712.4**	**205.4**	**9,567.1**
Inter-segment eliminations	(46.7)	(22.8)	(205.4)	(274.9)
Consolidated sales	**6,602.6**	**2,689.6**	**0.0**	**9,292.2**
Operating income (loss) before allocation of costs	(91.6)	50.0	(50.1)	(91.7)
Allocation of costs	(38.7)	(11.4)	50.1	0.0
Operating income (loss)	**(130.3)**	**38.6**	**0.0**	**(91.7)**
Other operating income and expense				(134,1)
Finance costs, net				(123.0)
Other financial income and expense				(43.9)
Corporate income tax				(35.9)
Share of net income of associates				11.3
NET LOSS FOR THE YEAR				**(417.3)**
Segment assets				
Property, plant and equipment, net	951.2	261.8	11.6	1,224.6
Other	2,374.1	726.1	37.5	3,137.7
TOTAL SEGMENT ASSETS	**3,325.3**	**987.9**	**49.1**	**4,362.3**
Investments in associates	31.0			31.0
Other equity interests				11.2
Short and long-term financial assets				401.9
Tax assets (current and deferred)				86.5
TOTAL ASSETS				**4,892.9**
Segment liabilities	**2,039.4**	**667.0**	**89.3**	**2,795.7**
Borrowings				1,760.3
Tax liabilities (current and deferred)				34.2
Equity and minority interests				302.7
TOTAL LIABILITIES				**4,892.9**
Capital expenditure	114.6	45.9	8.6	169.1
Depreciation of property, plant and equipment	(230.7)	(61.6)	(3.4)	(295.7)
Impairment in value of property, plant and equipment	(9.8)	(1.2)		(11.0)
Number of employees	**47,407**	**9,877**	**1,130**	**58,414**

2008

(in € millions)	Interior Modules	Other Modules	Other	Total
Sales	**8,332.6**	**3,718.5**	**219.6**	**12,270.7**
Inter-segment eliminations	(23.6)	(16.8)	(219.6)	(260.0)
Consolidated sales	**8,309.0**	**3,701.7**	**0.0**	**12,010.7**
Operating income (loss) before allocation of costs	3.7	124.1	(36.6)	91.2
Allocation of costs	(28.3)	(8.3)	36.6	
Operating income (loss)	**(24.6)**	**115.8**	**0.0**	**91.2**
Other operating income and expense				(444.3)
Finance costs, net				(96.3)
Other financial income and expense				(98.9)
Corporate income tax				(28.7)
Share of net income of associates				7.7
NET LOSS FOR THE YEAR				**(569.3)**
Segment assets				
Property, plant and equipment, net	1,058.1	278.3	24.4	1,360.8
Other	2,517.7	699.0	20.8	3,237.5
TOTAL SEGMENT ASSETS	**3,575.8**	**977.3**	**45.2**	**4,598.3**
Investments in associates	40.1	0.0	0.0	40.1
Other equity interests				1.6
Short and long-term financial assets				466.8
Tax assets (current and deferred)				121.0
TOTAL ASSETS				**5,227.8**
Segment liabilities	**2,166.2**	**678.9**	**(11.5)**	**2,833.6**
Borrowings				2,079.6
Tax liabilities (current and deferred)				71.1
Equity and minority interests				243.5
TOTAL LIABILITIES				**5,227.8**
Capital expenditure	253.7	63.1	11.9	328.7
Depreciation of property, plant and equipment	(236.4)	(63.7)	(3.3)	(303.4)
Impairment in value of property, plant and equipment	(10.5)			(10.5)
Number of employees	**50,720**	**9,787**	**850**	**61,357**

2007

(in € millions)	Interior Modules	Other Modules	Other	Total
Sales	**8,758.7**	**3,958.6**	**189.3**	**12,906.6**
Inter-segment eliminations	(37.5)	(19.1)	(189.3)	(245.9)
Consolidated sales	**8,721.2**	**3,939.5**	**0.0**	**12,660.7**
Operating income (loss) before allocation of costs	13.7	147.1	(39.7)	121.1
Allocation of costs	(30.2)	(9.5)	39.7	
Operating income (loss)	**(16.5)**	**137.6**	**0.0**	**121.1**
Other operating income and expense				(225.8)
Finance costs, net				(101.1)
Other financial income and expense				(13.8)
Corporate income tax				(13.6)
Share of net income of associates				2.3
NET LOSS FOR THE YEAR				**(230.9)**
Segment assets				
Property, plant and equipment, net	1,096.8	295.0	17.1	1,408.9
Other	3,234.7	1,043.2	18.8	4,296.7
TOTAL SEGMENT ASSETS	**4,331.5**	**1,338.2**	**35.9**	**5,705.6**
Investments in associates	44.8	0.0	0.0	44.8
Other equity interests				1.8
Short and long-term financial assets				623.7
Tax assets (current and deferred)				85.6
TOTAL ASSETS				**6,461.5**
Segment liabilities	2,573.4	817.0	3.1	3,393.5
Borrowings				2,197.3
Tax liabilities (current and deferred)				24.4
Equity and minority interests				846.3
TOTAL LIABILITIES				**6,461.5**
Capital expenditure	249.6	45.5	11.7	306.8
Depreciation of property, plant and equipment	(263.4)	(47.1)	(3.2)	(313.7)
Impairment in value of property, plant and equipment	(23.7)			(23.7)
Number of employees	**57,467**	**11,463**	**783**	**69,713**

Sales by operating segment break down as follows:

(in € millions)	2009	%	2008	%	2007	%
Interior modules						
• Automotive Seating	3,990.9	43	5,004.3	42	5,175.4	41
• Interior Systems	2,611.7	28	3,304.7	27	3,545.8	28
	6,602.6	**71**	**8,309.0**	**69**	**8,721.2**	**69**
Other Modules						
• Emissions Control Technologies	1,826.1	20	2,755.4	23	2,994.4	24
• Automotive Exteriors	863.5	9	946.3	8	945.1	7
	2,689.6	**29**	**3,701.7**	**31**	**3,939.5**	**31**
TOTAL	**9,292.2**	**100**	**12,010.7**	**100**	**12,660.7**	**100**

4-2 Sales by major customer

Sales (*) by major customer break down as follows:

(in € millions)	2009	%	2008	%	2007	%
PSA Peugeot Citroën	2,049.4	22	2,733.9	23	2,918.6	23
VW Group	1,824.7	20	2,156.9	18	2,119.8	17
Renault-Nissan	1,164.3	13	1,273.9	11	1,351.2	11
BMW	857.8	9	1,070.4	9	1,051.0	8
Ford Group	875.1	9	1,114.1	9	1,154.6	9
Other	2,520.9	27	3,661.5	30	4,065.5	32
TOTAL	**9,292.2**	**100**	**12,010.7**	**100**	**12,660.7**	**100**

(*) Invoiced sales.

Invoiced sales may differ from the sales by end customer when products are sold to intermediary assemblers.

4-3 Key figures by geographic area

Sales are analyzed by the country of sale; the other items are presented by location of the companies concerned.

2009

(in € millions)	France	Germany	Other European countries	North America	South America	Asia	Other countries	Total
Sales	2,059.0	2,334.4	2,413.1	1,077.7	335.1	827.0	245.9	9,292.2
Property, plant and equipment, net	359.6	104.6	443.8	173.2	43.4	73.5	26.5	1,224.6
Capital expenditure	68.7	18.0	43.4	23.2	10.0	15.6	11.2	190.1
Number of employees as of December 31	15,530	7,410	18,613	3,842	6,615	4,185	2,219	58,414

2008

(in € millions)	France	Germany	Other European countries	North America	South America	Asia	Other countries	Total
Sales	2,745.2	3,055.4	3,015.6	1,774.3	329.1	733.0	358.1	12,010.7
Property, plant and equipment, net	419.0	121.1	482.4	149.9	84.1	83.2	21.1	1,360.8
Capital expenditure	102.9	15.7	97.3	32.0	32.4	39.5	10.4	330.2
Number of employees as of December 31	16,489	8,215	20,658	4,618	5,862	3,654	1,861	61,357

2007

(in € millions)	France	Germany	Other European countries	North America	South America	Asia	Other countries	Total
Sales	3,059.8	3,022.1	3,388.9	1,853.6	292.6	752.0	291.7	12,660.7
Property, plant and equipment, net	442.9	143.9	510.6	148.3	82.9	63.0	17.3	1,408.9
Capital expenditure	113.8	15.3	96.8	26.4	29.1	19.4	6.0	306.8
Number of employees as of December 31	20,562	8,724	23,560	6,622	4,820	3,826	1,599	69,713

NOTE 5 OPERATING EXPENSES

5-1 Analysis by function

(in € millions)	2009	2008	2007
Cost of sales	(8,840.1)	(11,296.8)	(11,914.7)
Research and development costs	(207.9)	(269.9)	(268.6)
Selling and administrative expenses	(335.9)	(352.8)	(356.3)
TOTAL	**(9,383.9)**	**(11,919.5)**	**(12,539.6)**

5-2 Analysis by nature

(in € millions)	2009	2008	2007
Purchases used in production	(6,049.0)	(8,196.8)	(8,686.1)
External expenses	(834.5)	(1,075.8)	(1,118.2)
Payroll costs	(1,922.3)	(2,257.5)	(2,339.8)
Taxes other than on income	(48.7)	(52.4)	(55.2)
Other income and expense (1)	10.6	101.5	125.3
Depreciation, amortization and provisions for impairment in value of non-current assets	(487.0)	(467.1)	(475.7)
Charges to and reversals of other provisions	(53.1)	28.6	10.1
TOTAL	**(9,383.9)**	**(11,919.5)**	**(12,539.6)**
(1) Including production taken into inventory or capitalized	78.7	126.3	140.9

5-3 Payroll costs

(in € millions)	2009	2008	2007
Wages and salaries(*)	(1,496.5)	(1,784.5)	(1,854.5)
Payroll taxes	(425.8)	(473.0)	(485.3)
TOTAL	**(1,922.3)**	**(2,257.5)**	**(2,339.8)**
(*) O/w temporary employee costs	(89.5)	(198.2)	(236.2)

Details of expenses relating to the Group's stock option plans and pension costs are provided in Notes 22-2 and 25 respectively.

5-4 Research and development costs

(in € millions)	2009	2008	2007
Research and development costs, gross	**(493.2)**	**(613.0)**	**(613.1)**
• amounts billed to customers and changes in inventories	361.6	362.5	344.7
• capitalized development costs	104.4	144.7	159.2
• amortization of capitalized development costs	(161.1)	(168.8)	(158.3)
• charges to and reversals of provisions for impairment in value of capitalized development costs	(19.6)	4.7	(1.1)
NET EXPENSE	**(207.9)**	**(269.9)**	**(268.6)**

5-5 Depreciation, amortization and provisions for impairment in value of non-current assets

(in € millions)	2009	2008	2007
Amortization of capitalized development costs	(161.1)	(168.8)	(158.3)
Amortization of other intangible assets	(12.1)	(9.3)	(11.6)
Depreciation and impairment of specific tooling	(12.9)	(13.9)	(13.3)
Depreciation and impairment of other items of property, plant and equipment	(281.3)	(279.8)	(291.4)
Provisions for impairment in value of capitalized development costs	(19.6)	4.7	(1.1)
TOTAL	**(487.0)**	**(467.1)**	**(475.7)**

NOTE 6 OTHER OPERATING INCOME AND EXPENSE

(in € millions)	2009	2008	2007
Provisions for contingencies	0.0	(2.5)	(56.1)
Provisions for impairment in value of Vehicle Interiors goodwill	0.0	(247.9)	
Provisions for impairment in value of Vehicle Interiors assets	0.0	(16.3)	(44.3)
Other provisions for impairment in value of assets	0.0	(4.0)	(20.8)
Reorganization expenses (*)	(129.5)	(165.3)	(104.4)
Early retirement costs	(0.2)	0.1	(0.1)
Gains (losses) on disposals of assets, net	6.9	(8.2)	0.7
Other (**)	(11.3)	(0.2)	(0.8)
TOTAL	**(134.1)**	**(444.3)**	**(225.8)**

(*) In 2009, this item included €119.8 million worth of restructuring costs, and €9.7 million in provisions for impairment in value of non-current assets (versus respective amounts of €162.2 million and €3.0 million in 2008, and €101.7 million and €2.7 million in 2007).

(**) This item includes in 2009 the acquisition costs relating to the acquisition of Emcon and Plastal in the amount of €7.6 million.

Restructuring operations

Reorganization expenses—which totaled €129.5 million in 2009 and concerned 4,282 employees—break down as follows by country:

	In € millions	Number of employees
France	(41.8)	639
Germany	(29.2)	491
Spain	(14.1)	348
North America	(21.5)	1,600
Other	(22.9)	1,204
TOTAL	**(129.5)**	**4,282**

NOTE 7 OTHER FINANCIAL INCOME AND EXPENSE

(in € millions)	2009	2008	2007
Impact of discounting pension benefit obligations	(10.5)	(9.8)	(9.4)
Changes in the ineffective portion of gains and losses on currency hedges (1)	(2.9)	(37.5)	(1.9)
Changes in fair value of currency hedges relating to debt	(1.7)	1.4	0.8
Changes in fair value of interest rate instruments (2)	(6.0)	(23.7)	(8.7)
Translation adjustments on borrowings	(14.8)	(20.9)	3.1
Gains on sales of securities	0.0	0.1	1.7
Other	(8.0)	(8.5)	0.6
TOTAL	**(43.9)**	**(98.9)**	**(13.8)**

(1) The expense recorded in 2008 includes an expense of €22 million in changes in the intrinsic value of instruments used as economic hedges of currency risks on forecast transactions which do not qualify for hedge accounting under IAS 39. This unrealized loss was recorded in the income statement in 2008 as it could not be recognized in equity. The instruments concerned correspond to options and if they are exercised at maturity any realized loss would result in a symmetrical gain recorded on the realized transactions.

(2) The decrease in the fair value of interest rate instruments relates primarily to changes in the intrinsic value of instruments used as economic hedges of interest rate risks which did not qualify for hedge accounting under IAS 39 as of December 31, 2007. In 2008 a corresponding €20 million gain on changes in interest rates was recorded under financial income.

NOTE 8 CORPORATE INCOME TAX

Corporate income tax can be analyzed as follows:

(in € millions)	2009	2008	2007
Current taxes			
• Corporate income tax currently payable	(42.2)	(34.1)	(8.8)
• Tax on intercompany dividends, tax reassessments and carrybacks			
	(42.2)	**(34.1)**	**(8.8)**
Deferred taxes			
• Deferred taxes for the year	6.3	20.7	(3.7)
• Impairment of deferred tax assets recognized in prior periods		(15.3)	(1.1)
Deferred taxes	**6.3**	**5.4**	**(4.8)**
TOTAL	**(35.9)**	**(28.7)**	**(13.6)**

NEW TAX LEGISLATION APPLICABLE IN FRANCE FROM JANUARY 1, 2010:

Under the French Finance Act for 2010—which was adopted in December 2009—as from 2010, local business tax *(taxe professionnelle)* will be abolished and replaced by a new "territorial economic tax" *(contribution économique territoriale—CET)*. The CET comprises (i) a company land tax *(contribution foncière des entreprises—CFE)*; and (ii) a contribution based on companies' "value added" *(cotisation sur la valeur ajoutée des entreprises—CVAE)*. The CFE is calculated as a percentage of the rental value of real estate assets subject to property tax *(taxe foncière)* and the CVAE corresponds to 1.5% of the company's "value added". The overall amount of the CET (i.e. the sum of the value added contribution and the land tax levy) is capped at 3% of the company's value added.

The value added generated by the Group's French operations is much higher than their taxable earnings because the French tax group has reported tax losses for the past several years whereas the value added figure is positive. Consequently the Group has classified the CET as an operating expense rather than a component of corporate income tax and the CET due as from 2010 will be included in the operating income line, in the same way as the local business tax levied until 2009.

8-1 Analysis of the tax charge

The effective corporate income tax charge can be reconciled with the theoretical tax charge as follows:

(in € millions)	2009	2008	2007
Income (loss) before tax of fully consolidated companies	(392.7)	(548.3)	(219.6)
Tax at standard French tax rate of 34.43%	135.2	188.8	75.6
Impact on deferred taxes of changes in tax rates	(2.0)	0.2	(5.3)
Impact of different tax rates applicable to foreign subsidiaries	(1.4)	2.3	13.8
Tax credits	10.1	21.8	15.3
Utilization of previously unrecognized tax loss carryforwards	6.6	18.2	3.4
Tax loss carryforwards arising during the period for which no deferred tax asset was recognized	(183.9)	(154.2)	(111.6)
Impairment of previously recognized tax assets		(15.3)	(1.1)
Permanent differences	(0.5)	(90.5)	(3.7)
EFFECTIVE CORPORATE INCOME TAX CHARGE	**(35.9)**	**(28.7)**	**(13.6)**

8-2 Analysis of tax assets and liabilities

(in € millions)	Dec. 31, 2009	Dec. 31, 2008	Dec. 31, 2007
Current taxes			
• Assets	14.5	29.6	28.4
• Liabilities	(27.1)	(32.9)	(13.2)
	(12.6)	**(3.3)**	**15.2**
Deferred taxes			
• Assets (*)	72.0	91.4	57.2
• Liabilities	(7.1)	(38.2)	(11.2)
	64.9	**53.2**	**46.0**
(*) of which arising from tax loss carryforwards	*45.1*	*40.4*	*30.1*

Changes in deferred taxes recorded in the balance sheet can be analyzed as follows:

(in € millions)	2009	2008	2007
Net as of January 1	**53.2**	**46.0**	**38.2**
• Deferred taxes for the year recorded in the income statement	6.3	20.7	(3.7)
• Deferred taxes recognized directly in equity			
• Impact of exchange rate changes and other movements	5.4	1.8	12.6
• Impairment of deferred tax assets recognized in prior periods		(15.3)	(1.1)
Net as of December 31	**64.9**	**53.2**	**46.0**

8-3 Unrecognized deferred tax assets

(in € millions)	Dec. 31, 2009	Dec. 31, 2008	Dec. 31, 2007
Y+1	5.3	18.1	4.0
Y+2	4.6	3.1	3.3
Y+3	6.7	2.8	3.1
Y+4	12.6	3.7	4.6
Y+5 and beyond	207.9	197.5	162.8
Available indefinitely	461.2	411.6	378.8
TOTAL	**698.3**	**636.8**	**556.6**

NOTE 9 EARNINGS (LOSS) PER SHARE

(in € millions)	2009	2008	2007
Number of shares outstanding at the year-end (1)	**89,448,504**	**24,395,048**	**24,395,048**
Adjustments:			
• treasury stock	(270,814)	(270,814)	(270,814)
• impact of share issues weighted based on the period between the date of the share issue and the year-end	(25,843,154)		(58,262)
BASIC WEIGHTED AVERAGE NUMBER OF SHARES	**63,334,536**	**24,124,234**	**24,065,972**
Weighted impact of dilutive instruments:			
• stock subscription options (2)		4,195	93,935
• bonds with conversion option (3)	11,306,058		
WEIGHTED AVERAGE NUMBER OF SHARES AFTER DILUTION	**74,640,594**	**24,128,429**	**24,159,907**

(1) Changes in the number of shares outstanding between 2007 and 2009 can be analyzed as follows:

As of December 31, 2007: *number of Faurecia shares outstanding*	***24,395,048***
• *Faurecia stock options exercised in 2008*	*0*
As of December 31, 2008: *number of Faurecia shares outstanding*	***24,395,048***
Issue of share capital	*65,053,456*
• Faurecia stock options exercised in 2009	*0*
As of December 31, 2009: *number of Faurecia shares outstanding*	***89,448,504***

(2) *As of December 31, 2009, 1,594,223 stock options were outstanding and exercisable, compared with 1,435,183 as of December 31, 2008 and 1,258,303 as of December 31, 2007.L'effet dilutif conduisant au chiffre ci-dessus est calculé par la méthode du rachat d'actions (treasury stock method).*
The weighted impact of dilutive instruments was calculated using the treasury stock method.
In relation to stock options, this method consists of comparing (i) the number of shares that would have been issued if all outstanding stock options had been exercised with (ii) the number of shares that could have been acquired at fair value (i.e. the average Faurecia share price for the year, which was €9.795 in 2009.)

(3) *The dilutive impact assumes conversion of 100% of the bonds with conversion option.*

BASIC AND DILUTED EARNINGS (LOSS) PER SHARE

Basic and diluted loss per share break down as follows:

(in € millions)	**2009**	**2008**	**2007**
Net loss	**(433.6)**	**(574.8)**	**(237.5)**
Basic earnings (loss) per share	(6.85)	(23.83)	(9.87)
Diluted earnings (loss) per share	(6.85)	(23.83)	(9.87)

NOTE 10 GOODWILL

(in € millions)	**Gross**	**Impairment**	**Net**
As of January 1, 2007	**1,552.7**	**(263.4)**	**1,289.3**
Acquisitions and minority interest buyouts	10.3		10.3
Translation adjustments and other movements	(11.0)		(11.0)
As of December 31, 2007	**1,552.0**	**(263.4)**	**1,288.6**
Acquisitions and minority interest buyouts	1.3		1.3
Impairment of goodwill (Vehicle Interiors)		(247.9)	(247.9)
Translation adjustments and other movements	(2.5)	0.7	(1.8)
As of December 31, 2008	**1,550.8**	**(510.6)**	**1,040.2**
Acquisitions and minority interest buyouts	1.6		1.6
Impairment of goodwill (Interior Systems)			0.0
Translation adjustments and other movements	(1.8)	(0.1)	(1.9)
As of December 31, 2009	**1,550.6**	**(510.7)**	**1,039.9**

Net goodwill breaks down as follows by business:

(in € millions)	**Dec. 31, 2009**	**Dec. 31, 2008**	**Dec. 31, 2007**
Automotive Seating	792.6	792.6	792.5
Interior Systems	0	0	247.0
Automotive Exteriors	96.1	96.1	96.1
Emissions Control Technologies	151.2	151.5	153.0
TOTAL	**1,039.9**	**1,040.2**	**1,288.6**

In accordance with the accounting policies described in Notes 1.2 and 1.5, the carrying amount of each CGU to which goodwill has been allocated has been compared with the higher of the CGU's value in use and market value net of selling costs. Value in use corresponds to the present value of net future cash flows expected to be derived from the assets concerned.

The cash flow forecasts used to calculate value in use were based on the Group's 2009-2013 medium-term business plan which was drawn up in mid-2009 and adjusted at the end of the year based on the latest assumptions in the 2010 budget. The volume assumptions used in the 2010-2013 medium-term plan are based on external information sources which forecast a gradual recovery as from 2010. The adjusted cash flow forecasts also factor in the positive impact of cost savings generated by the Challenge 2009 plan.

The main assumption affecting value in use is the level of operating margin used to calculate future cash flows and particularly the terminal value. The operating margin assumption for 2013 is 4.0% for the Group as a whole.

Projected cash flows for the last year of the medium-term business plan (i.e. 2013) have been projected to perpetuity by applying a growth rate determined based on analysts' forecast trends for the automotive market. The growth rate applied in 2009, 2008 and 2007 was 1.5%.

Faurecia called on an independent expert to calculate the weighted average cost of capital used to discount future cash flows. The market parameters used in the expert's calculation were based on a sample of 11 companies operating in the automotive supplier sector (eight in Europe and three in the United States). Taking into account these parameters and a market risk premium of between 5.25% and 5.75%, the weighted average cost of capital used to discount future cash flows was set at 9.0% (on the basis of a range of values provided by the independent expert) in 2009 (8.6% in 2008). This rate was applied in the impairment tests carried out on all of the Group's CGUs as they all bear the same specific risks relating to the automotive supplier sector and a multinational operation does not justify using geographically different discount rates.

The decrease in the value in use of the Interior Systems business at the end of 2008 resulted in the Group fully writing down the residual goodwill on the business which amounted to €247.9 million. This write-down was the direct consequence of the contraction in both the European and US automotive markets, which Faurecia believed would affect automakers' orders and lead to lower margins than originally forecast.

The tests carried out at end-2009 did not show any indication of further impairment in goodwill.

The table below shows the sensitivity of the impairment test results to changes in the assumptions used as of December 31, 2009 to determine the value in use of the CGUs to which the Group's goodwill is allocated:

Sensitivity ***(in € millions)***	**Value in use less carrying amount**	**Rate used to discount future cash flows +0.5 pt**	**Growth rate applied to perpetuity -0.5 pt**	**Operating margin rate used to calculate terminal value -0.5 pt**
Automotive Seating	801.3	(135.9)	(110.6)	(165.6)
Emissions Control Technologies	330.7	(52.7)	(43.9)	(81.4)
Automotive Exteriors	82.1	(14.6)	(11.9)	(34.1)

NOTE 11 INTANGIBLE ASSETS

Intangible assets can be analyzed as follows:

(in € millions)	**Development costs**	**Software and other**	**Total**
NET AS OF JANUARY 1, 2007	**553.6**	**22.1**	**575.7**
Additions	159.2	6.3	165.5
Amortization	(158.3)	(11.6)	(169.9)
Net additions to provisions (*)	(37.5)	0.0	(37.5)
Translation adjustments and other movements	(22.9)	0.5	(22.4)
NET AS OF DECEMBER 31, 2007	**494.1**	**17.3**	**511.4**
Additions	144.7	9.8	154.5
Amortization	(168.8)	(9.3)	(178.1)
Net reversals of provisions (*)	1.8		1.8
Translation adjustments and other movements	(22.3)	2.5	(19.8)
NET AS OF DECEMBER 31, 2008	**449.5**	**20.3**	**469.8**
Additions	104.2	2.6	106.8
Amortization	(161.1)	(12.1)	(173.2)
Net additions to provisions (*)	(19.6)	0.0	(19.6)
Translation adjustments and other movements	(3.6)	16.7	13.1
NET AS OF DECEMBER 31, 2009	**369.4**	**27.5**	**396.9**

(*) Including €26 million in additions to provisions and €6.4 million in provision reversals for 2009, compared with €6.0 million and €7.8 million respectively for 2008.

The carrying amount of development costs attributed to a customer contract as well as the corresponding specific tooling are compared with the present value of the expected net future cash flows to be derived from the contract, based on the best possible estimate of future sales.

The volumes taken into account in Faurecia's business plans are the best estimates of the Group's marketing department based on automakers' forecasts where available.

NOTE 12 PROPERTY, PLANT AND EQUIPMENT

(in € millions)	Land	Buildings	Plant and equipment	Specific tooling	Other and assets under construction	Total
NET AS OF JANUARY 1, 2007	**58.9**	**347.3**	**762.3**	**27.8**	**256.6**	**1 452.9**
Additions (including own work capitalized) (1)	1.6	28.0	96.1	13.8	169.2	308.7
Disposals	(2.3)	(31.4)	(170.0)	(11.9)	(29.5)	(245.1)
Depreciation and provisions for impairment in value	(0.3)	(38.2)	(213.8)	(13.5)	(41.4)	(307.2)
Non-recurring impairment losses	(0.5)	(5.8)	(13.6)	(1.3)	(2.5)	(23.7)
Depreciation written off on disposals	1.5	30.1	152.0	11.9	27.4	222.9
Translation adjustments	(0.8)	(0.6)	(9.2)	(0.1)	0.2	(10.5)
Other movements	(0.5)	19.3	114.2	0.5	(122.6)	10.9
NET AS OF DECEMBER 31, 2007	**57.6**	**348.7**	**718.0**	**27.2**	**257.4**	**1,408.9**
Additions (including own work capitalized) (1)	2.2	29.5	128.6	9.4	159.0	328.7
Disposals	(1.3)	(42.2)	(175.8)	(8.7)	(41.1)	(269.1)
Depreciation and provisions for impairment in value	(0.3)	(49.3)	(205.5)	(13.8)	(24.8)	(293.7)
Non-recurring impairment losses	0.1	(5.1)	(14.9)	(0.3)	(0.3)	(20.5)
Depreciation written off on disposals	1.1	38.5	168.2	8.2	38.8	254.8
Translation adjustments	(2.1)	(12.2)	(26.5)	(0.1)	(2.7)	(43.6)
Other movements	0.8	35.2	110.9	2.0	(153.6)	(4.7)
NET AS OF DECEMBER 31, 2008	**58.1**	**343.1**	**703.0**	**23.9**	**232.7**	**1,360.8**
Additions (including own work capitalized) (1)	1.0	20.8	78.1	15.4	74.8	190.1
Disposals	(1.7)	(45.2)	(171.7)	(1.9)	(23.4)	(243.9)
Depreciation and provisions for impairment in value	(0.5)	(49.4)	(216.6)	(13.0)	(16.2)	(295.7)
Non-recurring impairment losses	(1.2)	(2.3)	(6.9)	(0.2)	(0.4)	(11.0)
Depreciation written off on disposals	0.3	41.9	166.6	1.3	21.5	231.6
Translation adjustments	0.4	4.4	5.2	0.2	1.4	11.6
Other movements	1.1	52.5	95.6	(1.0)	(167.1)	(18.9)
NET AS OF DECEMBER 31, 2009	**57.5**	**365.8**	**653.3**	**24.7**	**123.3**	**1,224.6**

(1) Including assets held under finance leases:	
In 2007	*1.9*
In 2008	*0.1*
In 2009	*21.3*

(in € millions)	Dec. 31, 2009 Gross	Dec. 31, 2009 Depreciation	Dec. 31, 2009 Net	Dec. 31, 2008 Gross	Dec. 31, 2008 Net	Dec. 31, 2007 Net
Land	64.5	(7.0)	57.5	63.7	58.1	57.6
Buildings	945.9	(580.1)	365.8	866.4	343.1	348.7
Plant and equipment	2,654.7	(2,001.4)	653.3	2,660.0	703.0	718.0
Specific tooling	123.6	(98.9)	24.7	110.2	23.9	27.2
Other and assets under construction	406.7	(283.4)	123.3	557.8	232.7	257.4
TOTAL	**4,195.4**	**(2,970.8)**	**1,224.6**	**4,258.1**	**1,360.8**	**1,408.9**
Including assets held under finance leases	94.2	(49.4)	44.8	93.5	31.8	41.3

The general and corporate assets of the Automotive Seating and Interior Systems businesses located in Europe and North America have been tested for impairment by comparing their carrying amounts with their value in use. Value in use corresponds to the present value of net future cash flows expected to be derived from the assets in each geographic area. This impairment test enabled the Group to substantiate the value of the assets concerned. A 0.5 percentage point change in the discount rate or the operating margin used in the calculations would not change the test results. Most property, plant and equipment is specific and dedicated to customer programs, and utilization rates are therefore largely dependent on activity levels. As an exception, the utilization rate or fixtures and fittings is not monitored globally or systematically.

NOTE 13 INVESTMENTS IN ASSOCIATES

As of December 31, 2009 this item broke down as follows:

(in € millions)	% interest (*)	Group share of equity	Dividends received by the Group	Group share of sales	Group share of total assets
Vanpro Assentos Lda	50%	1.2	0.0	29.1	7.3
Teknik Malzeme	50%	4.8	0.0	29.5	23.8
Copo Ibérica Sa	50%	2.4	0.0	18.6	8.6
Componentes de Vehiculos de Galicia SA	50%	3.0	0.0	6.8	5.4
Faurecia Japon NHK Co. Ltd	50%	0.0	0.0	128.7	33.3
Arsed d.o.o.	50%	0.6	0.0	21.3	8.7
Kwan Jin Faurecia Co Ltd	50%	0.5	0.0	14.4	6.0
SAS Groupe	50%	18.5	(25.0)	1,212.2	303.0
TOTAL	**—**	**31.0**	**(25.0)**	**1,460.6**	**396.1**

(*) Percent interest held by the company that owns the shares.

SAS is a joint venture with Continental Automotive GmbH which manufactures full cockpit modules with electronics and circuitry built into the instrument panels. In order to meet the Faurecia Group's publication deadlines, the consolidated financial statements are prepared using SAS Group's accounts for the twelve months ended September 30. Specific accounts drawn up for the SAS Group as of December 31 would not give rise to any material difference.

13-1 Movements in investments in associates

(in € millions)	**2009**	**2008**	**2007**
Group share of equity at beginning of year	40.1	44.8	40.1
Dividends	(25.0)	(20.0)	(1.5)
Share of net income of associates	11.3	7.7	2.3
Changes in scope of consolidation	3.9	6.6	—
Capital increase	0.7	2.2	3.3
Translation adjustments	0.0	(1.2)	0.6
Group share of equity at end of year	**31.0**	**40.1**	**44.8**

13-2 Group share of assets and liabilities of associates

(in € millions)	**Dec. 31, 2009**	**Dec. 31, 2008**	**Dec. 31, 2007**
Non-current assets	32.0	31.4	35.0
Current assets	331.1	330.8	400.7
Cash and cash equivalents	33.0	40.0	34.6
TOTAL ASSETS	**396.1**	**402.2**	**470.3**
Shareholders' equity	27.1	40.1	44.8
Borrowings	18.1	21.4	28.1
Other non-current liabilities	24.9	24.1	21.7
Non-financial current liabilities	326.0	316.6	375.7
TOTAL EQUITY AND LIABILITIES	**396.1**	**402.2**	**470.3**

NOTE 14 OTHER EQUITY INTERESTS

(in € millions)	% interest	Dec. 31, 2009 Gross	Dec. 31, 2009 Net	Dec. 31, 2008 Net	Dec. 31, 2007 Net
SCI Messei (France)	100	0.4	0.1	0.1	0.1
TFDC (India) (*)	100	3.6	3.6	0.4	0.4
Faurecia Shin Sung (South Korea)	60	4.3	4.3	0.0	0.6
Faurecia Metalloprodukcia (**)	80	2.4	2.4	0.0	0.0
Other	—	3.0	0.8	1.1	0.7
TOTAL		**13.7**	**11.2**	**1.6**	**1.8**

(*) 50%-owned in 2008 and 2007.
(**) Newly-formed company in 2009.

NOTE 15 OTHER NON-CURRENT FINANCIAL ASSETS

(in € millions)	Dec. 31, 2009 Gross	Dec. 31, 2009 Provisions	Dec. 31, 2009 Net	Dec. 31, 2008 Net	Dec. 31, 2007 Net
Long-term loans	22.7	(5.0)	17.7	19.3	21.4
Interest rate derivatives	0.1		0.1	1.4	9.0
Other	6.8	(1.2)	5.6	5.8	10.3
TOTAL	**29.6**	**(6.2)**	**23.4**	**26.5**	**40.7**

NOTE 16 OTHER NON-CURRENT ASSETS

This item includes:

(in € millions)	Dec. 31, 2009	Dec. 31, 2008	Dec. 31, 2007
Pension plan surpluses	0.0	0.0	0.1
Guarantee deposits and other	18.9	8.5	7.1
TOTAL	**18.9**	**8.5**	**7.2**

NOTE 17 INVENTORIES

(in € millions)	Dec. 31, 2009 Gross	Dec. 31, 2009 Provisions	Dec. 31, 2009 Net	Dec. 31, 2008 Net	Dec. 31, 2007 Net
Raw materials and other supplies	184.4	(26.8)	157.6	210.6	233.7
Work-in-progress	213.2	(30.2)	183.0	190.3	199.5
Finished and semi-finished products	122.9	(24.9)	98.0	125.2	133.0
TOTAL	**520.5**	**(81.9)**	**438.6**	**526.1**	**566.2**

NOTE 18 TRADE ACCOUNTS RECEIVABLE

In accordance with an annually renewable trade receivables sale program set up in May 2007 the Group can sell a portion of the receivables of a number of its French subsidiaries to a group of financial institutions. Under the related agreement substantially of all of the risks and rewards relating to the sold receivables are transferred to the financial institutions concerned.

Other receivables sale agreements have been entered into between certain of the Group's European subsidiaries and a number of their banks, providing for the transfer of substantially all of the risks and rewards of the sold receivables.

In 2009, the Group terminated a trade receivables sale agreement with one of its banks which had been renewed on November 30, 2007 for a five-year period. The majority of the receivables sales provided for under this agreement have been replaced by an increase in the number of sales under the above-described program set up in May 2007. In addition, a new trade receivables sale agreement was entered into with a financial institution in Germany.

The following table shows the amount of sold receivables with maturities beyond December 31, 2009, 2008 and 2007 for which substantially all the risks and rewards have been transferred, and which have therefore been derecognized:

(in € millions)	**Dec. 31, 2009**	**Dec. 31, 2008**	**Dec. 31, 2007**
Receivables sold and derecognized	290.7	388.5	387.5

Individually impaired trade receivables are as follows:

(in € millions)	**Dec. 31, 2009**	**Dec. 31, 2008**	**Dec. 31, 2007**
Total trade accounts receivable, gross	1,047.0	972.9	1,655.9
Provisions for impairment of receivables	(21.1)	(19.0)	(20.7)
TOTAL TRADE ACCOUNTS RECEIVABLE, NET	**1,025.9**	**953.9**	**1,635.2**

Write-downs of receivables made following the filing for Chapter 11 bankruptcy protection by the US entities of General Motors and Chrysler did not represent material amounts.

Given the high quality of Group counterparties, late payments do not represent a material risk and generally arise from administrative issues.

As of December 31, 2009 past due trade accounts receivable represented €49.2 million, breaking down as follows:

- €24.1 million less than one month past due;
- €5.9 million between one and two months past due;
- €3.6 million between two and three months past due;
- €5.4 million between three and six months past due;
- €10.2 million more than six months past due

NOTE 19 OTHER OPERATING RECEIVABLES

(in € millions)	**Dec. 31, 2009**	**Dec. 31, 2008**	**Dec. 31, 2007**
Prepayments to suppliers	39.5	41.9	68.5
Other [(1)]	131.5	155.4	187.6
TOTAL	**171.0**	**197.3**	**256.1**
(1) Including recoverable VAT and other taxes.	*127.0*	*149.4*	*182.7*

NOTE 20 OTHER RECEIVABLES AND PREPAID EXPENSES

(in € millions)	**Dec. 31, 2009**	**Dec. 31, 2008**	**Dec. 31, 2007**
Current maturities of long-term loans	0.1	0.1	0.1
Prepaid expenses	4.6	17.0	19.1
Current taxes	14.5	29.6	28.4
Other miscellaneous receivables	60.7	33.1	20.0
TOTAL	**79.9**	**79.8**	**67.6**

NOTE 21 CASH AND CASH EQUIVALENTS

As of December 31, 2009, cash and cash equivalents included current account balances €292.2 million (December 31, 2008: €374.9 million; December 31, 2007: €401.5 million) and short-term investments of €65.6 million (December 31, 2008: €50.8 million; December 31, 2007: €148.6 million).

The carrying amount of marketable securities is almost identical to market value as they are held on a very short term basis.

NOTE 22 EQUITY

22-1 Capital stock

Following the €455,374,192 capital increase resulting from the issue at par of 65,053,456 new shares, as of December 31, 2009 the Company's capital stock totaled €626,139,528 divided into 89,448,504 fully paid-up common shares with a par value of €7 each. The Company's capital is not subject to any external restrictions. Shares which have been registered in the name of the same holder for at least two years carry double voting rights.

As of December 31, 2009, Peugeot SA held 70.86% of Faurecia's capital and 75.69% of the voting rights.

22-2 Employee stock options

A - STOCK SUBSCRIPTION OPTIONS

The Company has a policy of issuing stock options to the management of Group companies and their over 50%-owned subsidiaries allowing them to subscribe for newly-issued Faurecia shares.

In view of the rights issue carried out during the year, both the price and number of shares under option had to be adjusted in order to maintain the rights of existing stock option holders. Consequently, as of December 31, 2009 a total of 1,594,223 stock subscription options were outstanding.

Exercising these options would result in:

- capital stock being increased by €11.1 million;
- additional paid-in capital being increased by €56.4 million.

Details of the stock subscription option plans as of December 31, 2009 are set out in the table below:

Date of Shareholders' Meeting	Date of Board Meeting	Adjusted exercise price (in €)	Adjusted number of options granted	Of which granted to senior executive management/executive Committee members	Start of exercise period / Expiry of exercise period	Options exercised	Options forfeited	Adjusted number of options outstanding as of Dec. 31, 2009
May 31, 1994	May 3, 1995	24.50	75,970	16,050	May 4, 2000 May 2, 2010	67,410	1,070	7,490
May 3, 1995	Sept. 12, 1996	22.92	133,750	42,800	Sept. 13, 2001 Sept. 11, 2011	97,905	—	35,845
May 31, 1994	June 26, 1997	34.40	63,180	17,550	June 27, 2002 June 25, 2012	36,855	1,755	24,570
June 5, 1997 June 1, 2001	Feb. 22, 2002	47.01	411,489	81,315	Feb. 23, 2006 Feb. 22, 2012	32,994	130,689	247,806
June 1, 2001 May 14, 2002	Nov. 28, 2002	35.65	315,315	118,170	Nov. 29, 2006 Nov. 27, 2012	106,583	130,010	78,722
May 14, 2002	April 14, 2004	49.73	313,560	127,530	April 14, 2008 April 13, 2014	—	136,890	176,670
May 25, 2004	April 19, 2005	54.45	321,750	142,740	April 18, 2009 April 18, 2015	—	115,830	205,920
May 23, 2005	April 13, 2006	45.20	340,800	168,000	April 12, 2010 April 12, 2016	—	126,600	214,200
May 23, 2005	April 16, 2007	44.69	346,200	172,800	April 17, 2011 April 17, 2017		75,600	270,600
May 29, 2007	April 10, 2008	28.38	357,000	174,000	April 10, 2012 April 10, 2016	—	24,600	332,400
TOTAL								**1,594,223**

Movements in the aggregate number of options under all of the plans in force were as follows in 2009, 2008 and 2007:

(in € millions)	2009	2008	2007
TOTAL AT BEGINNING OF YEAR	**1,435,183**	**1,258,303**	**1,265,715**
Adjustments following the rights issue	256,093		
Options granted	0	297,500	288,500
Options exercised	0		(135,812)
Options forfeited	(97,053)	(120,620)	(160,100)
TOTAL AT END OF YEAR	**1,594,223**	**1,435,183**	**1,258,303**

In accordance with IFRS 2, the six plans issued since November 7, 2002 have been measured at fair value as of the grant date. The measurement was performed using the Black & Scholes option pricing model, based on the following assumptions:

	Nov. 28, 2002 plan	April 14, 2004 plan	April 19, 2005 plan	April 13, 2006 plan	April 16, 2007 plan	April 10, 2008 plan
Option exercise price (as of grant date) (*)	€ 35.65	€ 49.73	€ 54.45	€ 45.20	€ 44.69	€ 28.38
Share price as of grant date	€ 41.82	€ 58.45	€ 62.05	€ 53.15	€ 56.15	€ 33.10
Vesting period	4 years	4 years	4 years	4 years	4 years	4 years
Expected share dividend	2.0%	2.0%	2.0%	1.5%	0.0%	0.0%
Zero coupon rate	3.57%	3.33%	2.93%	3.50%	4.41%	3.86%
Expected share price volatility	40%	40%	40%	30%	30%	30%

(*) Adjusted after the rights issue.

Changes in fair value are recorded under payroll costs over the vesting period, with a corresponding adjustment to equity. The related expense in 2009 totaled €3.4 million, compared with €3.6 million in 2008.

B - STOCK PURCHASE OPTIONS

Between 1999 and 2001, the Company granted stock options to the management of Group companies and their over 50%-owned subsidiaries, allowing them to purchase existing Faurecia shares.

Taking into account the adjustments required after the rights issue in order to maintain the rights of beneficiaries, a total of 144,589 stock purchase options were outstanding as of December 31, 2009.

Details of the stock purchase option plans as of December 31, 2009 are set out in the table below:

Date of Shareholders' Meeting	Date of Board Meeting / Adjusted exercise price (in €)	Adjusted number of options granted	Of which granted to senior executive management/executive Committee members	Start of exercise period / Expiry of exercise period	Options exercised	Options forfeited	Adjusted number of options outstanding as of Dec. 31, 2009
June 1, 1999	Sept. 4, 2000			Sept. 4, 2005			
May 22, 2000	34.19	297,180	64,233	Sept. 3, 2010	127,436	50,895	118,849
	April 26, 2001			April 26, 2005			
May 22, 2000	46.59	50,895	46,800	April 25, 2011	19,305	5,850	25,740
TOTAL							**144,589**

22-3 Treasury stock

As of December 31, 2009, Faurecia held 270,814 shares in treasury stock, reflecting the following transactions:

- 200,000 shares contributed by ECTRA in 1999;
- 19,613 shares purchased in 2000 for €0.8 million;
- 96,361 shares purchased in 2001 for €4.2 million;
- 96,860 shares purchased in 2002 for €3.8 million;

- 32,745 shares sold in 2004 for €1.0 million;
- 74,285 shares sold in 2005 for €2.3 million;
- 30,000 shares purchased in 2005 for €1.8 million;
- 33,650 shares sold in 2006 for €1.3 million;
- 31,340 shares sold in 2007 for €1.0 million.

The cost of the shares held in treasury stock as of December 31, 2009 totaled €10.4 million, representing an average cost of €38.43 per share.

These shares are being held for allocation on the exercise of stock options granted to directors and managers of the Group further to decisions of the Board of Directors on September 4, 2000 and April 26, 2001. The options outstanding as of December 31, 2009 are exercisable for 144,589 shares (see Note 22.2 b).

NOTE 23 MINORITY INTERESTS

Changes in minority interests were as follows:

(in € millions)	**2009**	**2008**	**2007**
Balance as of January 1	**40.6**	**44.3**	**64.2**
Minority interests in share issues by subsidiaries	0.0		
Other changes in scope of consolidation (*)	0.0		(13.2)
Minority interests in net income for the year	16.3	5.5	6.6
Dividends paid to minority shareholders	(9.3)	(12.3)	(11.2)
Translation adjustments	(1.8)	3.1	(2.1)
Balance as of December 31	**45.8**	**40.6**	**44.3**

(*) Of which, Faurecia Sistemas de Automotrices de Mexico (17.3)

NOTE 24 LONG- AND SHORT-TERM PROVISIONS

24-1 Long-term provisions

(in € millions)	**Dec. 31, 2009**	**Dec. 31, 2008**	**Dec. 31, 2007**
Provisions for pensions and other employee benefits			
• Pensions	143.2	139.6	155.4
• Long-service awards	19.2	19.5	21.1
• Healthcare costs	26.3	27.5	26.6
	188.7	186.6	203.1
Provisions for early retirement costs	5.2	7.0	6.2
TOTAL	**193.9**	**193.6**	**209.3**

MOVEMENTS IN LONG-TERM PROVISIONS

(in € millions)	**2009**	**2008**	**2007**
Balance at beginning of year	**193.6**	**209.3**	**220.7**
Effect of changes in scope of consolidation (provision net of plan surpluses)	0.0	0.0	
Additions to (reversals) of provisions	22.1	13.3	21.3
Expenses charged to provisions	(15.4)	(18.3)	(13.8)
Payments to external funds	(8.2)	(9.9)	(17.7)
Other movements	1.8	(0.8)	(1.2)
Balance at end of year	**193.9**	**193.6**	**209.3**

24-2 Short-term provisions

(in € millions)	Dec. 31, 2009	Dec. 31, 2008	Dec. 31, 2007
Restructuring	157.8	200.4	153.6
Risks on contracts and customer warranties	56.7	48.9	84.5
Claims and litigation	47.4	25.4	26.3
Other	58.4	42.6	33.6
TOTAL	**320.3**	**317.3**	**298.0**

Movements in these provisions in 2009 were as follows:

	Balance as of Dec. 31, 2008	Additions	Utilizations	Reversals (*)	Changes in scope of consolidation and other movements	Balance as of Dec. 31, 2009
Restructuring	200.4	135.5	(173.9)	(6.7)	2.5	157.8
Risks on contracts and customer warranties	48.9	41.1	(34.6)	(0.1)	1.4	56.7
Claims and litigation	25.5	26.7	(5.5)	(0.1)	0.9	47.4
Other	42.5	22.8	(10.2)	0.0	3.2	58.4
TOTAL	**317.3**	**226.0**	**(224.2)**	**(6.9)**	**8.0**	**320.3**

(*) Surplus provisions.

CLAIMS AND LITIGATION

In the normal course of business, the Group may be involved in disputes with its customers, suppliers, tax authorities in France or abroad, or other third parties.

The appeal court ruling in the dispute between Faurecia Interior Systems USA Inc. and Multimatic over a breach of a confidentiality agreement was handed down on December 22, 2009. The impact on the consolidated financial statements was not material.

Faurecia Systèmes d'Echappement, which has long acquired expertise in conventional impregnated ceramic-based filtration technology, is subject to a claim concerning electrostatic filtration that has been brought before the courts following its unsuccessful cooperation with a service provider. This case is continuing before the Paris District Court (Tribunal de Grande Instance) and the Paris Court of Appeal (Cour d'Appel). The Group considers that the residual risks and impact of these proceedings are not material.

To the best of the Group's knowledge, no other claims or litigation are in progress or pending that are likely to have a material impact on the Group's consolidated financial position.

NOTE 25 PROVISIONS FOR PENSIONS AND OTHER EMPLOYEE BENEFITS

25-1 Projected benefit obligation

(in € millions)	Dec. 31, 2009	Dec. 31, 2008	Dec. 31, 2007
Projected benefit obligation			
• Pension benefit obligations	222.9	226.1	260.5
• Long-service awards	19.2	19.5	21.1
• Healthcare costs	36.5	34.8	30.6
TOTAL	**278.6**	**280.4**	**312.2**
Funded status:			
• Provisions booked in the accounts	188.7	186.6	203.1
• External funds (market value)	83.6	75.2	101.3
• Plan surpluses (1)	0.0	0.0	(0.1)
• Actuarial gains and losses	6.3	18.6	7.9
TOTAL	**278.6**	**280.4**	**312.2**

(1) Pension plan surpluses are included in "Other non-current assets".

25-2 Pension liability

A - DESCRIPTION OF THE PLANS

In addition to the pension benefits provided under local legislation in the various countries where Group companies are located, Group employees are entitled to supplementary pension benefits and retirement bonuses.

B - ASSUMPTIONS USED

The Group's obligations under these plans are determined on an actuarial basis, using the following assumptions:

- retirement age—generally between 60 and 65 for employees in France;
- staff turnover assumptions based on the economic conditions specific to each country and/or Group company;
- mortality assumptions specific to each country;
- estimated future salary levels until retirement age, based on inflation assumptions and forecasts of individual salary increases for each country;
- the expected return on external funds;
- discount and inflation rates (or differential) based on local conditions.

The main actuarial assumptions used in the past three years to measure the pension liability are as follows:

(in %)	Eurozone	United Kingdom	United States
Discount rate			
2009	5.00%	5.83%	5.75%
2008	5.50%	5.93%	6.70%
2007	5.25%	5.00%	6.25%
Inflation rate			
2009	2.00%	3.50%	2.70%
2008	2.00%	3.00%	0.09%
2007	2.00%	2.70%	2.00%
Expected return on external funds			
2009	3.20%	7.76%	7.50%
2008	2.79%	7.35%	7.61%
2007	3.47%	7.53%	8.00%

C - INFORMATION ON EXTERNAL FUNDS

External funds are invested as follows:

	2009		2008		2007	
(in %)	Equities	Bonds	Equities	Bonds	Equities	Bonds
France	11%	89%	15%	85%	13%	87%
United Kingdom	69%	31%	67%	33%	70%	30%
United States	63%	37%	59%	41%	63%	37%

D - PROVISION FOR THE PENSION LIABILITY RECORDED IN THE BALANCE SHEET

	2009			2008			2007		
(in € millions)	France	Outside France	Total	France	Outside France	Total	France	Outside France	Total
Balance of provision at beginning of year	**71.0**	**68.6**	**139.6**	**78.9**	**76.4**	**155.3**	**86.4**	**78.8**	**165.2**
Effect of changes in scope of consolidation (provision net of plan surpluses)									
Allocations for the year	9.8	5.9	15.7	2.4	3.9	6.3	9.3	5.1	14.4
Expenses charged to the provision	(1.7)	(3.1)	(4.8)	(4.4)	(4.2)	(8.6)	(3.3)	(2.1)	(5.4)
Payments to external funds	(2.1)	(6.1)	(8.2)	(5.9)	(3.9)	(9.8)	(13.5)	(4.2)	(17.7)
Other movements		0.9	0.9	0.0	(3.6)	(3.6)		(1.2)	(1.2)
Balance of provision at end of year	**77.0**	**66.2**	**143.2**	**71.0**	**68.6**	**139.6**	**78.9**	**76.4**	**155.3**

E - CHANGES IN THE PENSION LIABILITY

(in € millions)	2009 France	2009 Outside France	2009 Total	2008 France	2008 Outside France	2008 Total	2007 France	2007 Outside France	2007 Total
PROJECTED BENEFIT OBLIGATION									
At beginning of year	**97.1**	**129.0**	**226.1**	**114.4**	**146.1**	**260.5**	**127.6**	**163.4**	**291.0**
Service cost	6.7	2.2	8.9	8.5	3.0	11.5	8.4	3.2	11.6
Interest cost	5.7	7.5	13.2	6.4	7.7	14.1	6.1	7.9	14.0
Benefits paid	(8.4)	(6.4)	(14.8)	(13.9)	(7.3)	(21.2)	(11.9)	(5.6)	(17.5)
Change in fair value of external funds									
—in value terms	*(18.3)*	*8.6*	*(9.7)*	*(11.2)*	*(10.7)*	*(21.9)*	*(8.8)*	*(14.5)*	*(23.2)*
—as a % of total commitments									
Other movements (including translation adjustment)	0.0	1.6	1.6	0.0	(9.4)	(9.4)	0.0	(8.4)	(8.4)
Curtailment—Settlement	(2.4)	0.0	(2.4)	(11.7)	(0.4)	(12.1)	(7.1)		(7.1)
Impact of plan amendments	0.0	0.0	0.0	4.6	0.0	4.6	0.0	0.0	0.0
At end of year	**80.4**	**142.5**	**222.9**	**97.1**	**129.0**	**226.1**	**114.4**	**146.1**	**260.5**
FUNDED STATUS									
At beginning of year	**17.1**	**58.1**	**75.2**	**20.2**	**81.0**	**101.2**	**14.8**	**82.4**	**97.2**
Expected return on external funds	0.6	3.9	4.5	0.6	5.5	6.1	0.5	5.9	6.3
Change in fair value of external funds									
—in value terms	*(0.6)*	*4.9*	*4.4*	*(0.1)*	*(21.9)*	*(22.0)*	*0.0*	*(0.4)*	*(0.4)*
—as a % of total commitments									
Other movements (including translation adjustment)	0.0	1.3	1.3	0.0	(7.0)	(7.0)	0.0	(7.4)	(7.4)
Employer contributions	2.1	6.1	8.1	5.9	4.0	9.9	13.5	4.2	17.7
Benefits paid	(6.6)	(3.3)	(9.9)	(9.5)	(3.0)	(12.5)	(8.6)	(3.5)	(12.1)
Curtailment—Settlement	0.0	0.0	0.0	0.0	(0.5)	(0.5)	0.0	0.0	0.0
Impact of plan amendments									
At end of year	**12.6**	**71.0**	**83.6**	**17.1**	**58.1**	**75.2**	**20.2**	**81.0**	**101.3**
DEFERRED ITEMS									
At beginning of year	**9.0**	**2.3**	**11.3**	**15.2**	**(11.3)**	**3.9**	**26.4**	**2.4**	**28.8**
New deferred items	(17.8)	3.6	(14.2)	(11.1)	11.2	0.1	(8.8)	(14.1)	(22.9)
Amortization of deferred items	(0.2)	(0.1)	(0.3)	(0.6)	1.3	0.7	(1.4)	0.1	(1.2)
Other movements (including translation adjustment)	0.0	(0.5)	(0.5)	0.0	1.1	1.1	0.0	0.2	0.2
Curtailment—Settlement	(0.2)	0.0	(0.2)	0.9	0.0	0.9	(1.0)	0.0	(1.0)
Impact of plan amendments	0.0	0.0	0.0	4.6	0.0	4.6	0.0	0.0	0.0
At end of year	**(9.2)**	**5.3**	**(3.9)**	**9.0**	**2.3**	**11.3**	**15.2**	**(11.3)**	**3.9**
Balance of provision at end of year	**77.0**	**66.2**	**143.2**	**71.0**	**68.6**	**139.6**	**79.0**	**76.4**	**155.3**

F - PERIODIC PENSION COST

Periodic pension cost is recognized:

- in "Operating income" for the portion relating to service cost and amortization of deferred items;
- in "Other financial income and expense" for the portion relating to the expected return on external funds and interest cost.

Periodic pension cost can be analyzed as follows:

	2009			2008			2007		
(in € millions)	France	Outside France	Total	France	Outside France	Total	France	Outside France	Total
Service cost	(6.7)	(2.2)	(8.9)	(8.5)	(3.0)	(11.5)	(8.4)	(3.2)	(11.6)
Interest cost	(5.7)	(7.5)	(13.2)	(6.4)	(7.7)	(14.1)	(6.1)	(7.9)	(14.0)
Change in top-up scheme									
Actual return on external funds	0.6	3.9	4.5	0.6	5.5	6.1	0.5	5.9	6.4
Curtailment—Settlement	2.2	0.0	2.2	12.5	0.0	12.5	6.1	0.0	6.1
Amortization of deferred items	(0.2)	(0.1)	(0.3)	(0.6)	1.3	0.7	(1.4)	0.1	(1.3)
TOTAL	**(9.8)**	**(5.9)**	**(15.7)**	**(2.4)**	**(3.9)**	**(6.3)**	**(9.3)**	**(5.1)**	**(14.4)**

a) The new supplementary pension scheme set up in 2006 for all managerial employees in France comprises:

— a defined contribution plan relating to salary tranches A and B, whose contribution rate varies depending on the employee's seniority within Faurecia;

— a defined benefit plan relating to salary tranche C.

The benefits under the defined benefit plan previously in place have been maintained for managers aged over 53 with at least ten years' seniority as of December 31, 2005.

b) In compliance with the French Social Security Financing Act for 2009, which prohibits compulsory retirement for employees aged between 65 and 70, the Group used only voluntary retirement assumptions as from January 1, 2010 when calculating its pension liability as of December 31, 2009.

c) The Group's pension liability decreased by €16.7 million in 2009, reflecting the following:

— a €12.4 million increase relating to service cost and interest cost for 2009;

— an €8.4 million decrease relating to lump-sum retirement bonuses and rights to capital for supplementary pension schemes;

— a €2.4 million decrease relating to staff reduction plans in 2009;

— a €18.3 million decrease resulting from actuarial gains and losses, including a €6.2 million increase relating to the discount rate, a €9.3 million decrease relating to the staff turnover rate and an €15.2 million decrease for changes in other assumptions and experience adjustments.

d) The defined benefit plan that existed within one of the Group's US subsidiaries was closed to new participants in 2005 and the benefits of existing participants have been frozen.

G - THE GROUP'S PENSION LIABILITY IN FRANCE

A 0.25 point increase in the difference between the discount and inflation rate applied would lead to a 5.20% decrease in total service cost and a 2.38% reduction in the projected benefit obligation.

25-3 Long-service awards

The Group calculates its liability for the payment of long-service awards using the same method and assumptions as for its pension liability. A provision has been set aside for long-service awards, as follows:

(in € millions)	Dec. 31, 2009	Dec. 31, 2008	Dec. 31, 2007
French companies	8.5	9.0	10.4
Foreign companies	10.7	10.5	10.7
TOTAL	**19.2**	**19.5**	**21.1**

25-4 Healthcare costs

In addition to pension plans, some Group companies—mainly in the United States—cover the healthcare costs of their employees.

The related liability can be analyzed as follows:

(in € millions)	Dec. 31, 2009	Dec. 31, 2008	Dec. 31, 2007
Foreign companies	26.3	27.5	26.6
TOTAL	**26.3**	**27.5**	**26.6**

The impact of a one percentage point increase in medical cost trend rates would be a 10% rise in total service cost and financial expenses and a 9% rise in the projected benefit obligation.

The impact of a one percentage point decrease in medical cost trend rates would be an 8% reduction in total service cost and financial expenses and a 9% reduction in the projected benefit obligation.

Expenses recognized in connection with this liability break down as follows:

(in € millions)	2009	2008	2007
Service cost	(2.5)	(3.1)	(3.0)
Interest cost (*)	(1.9)	(1.7)	(1.7)
Curtailment	(0.3)	0.4	0.0
Amortization of deferred items	0.3	(0.7)	(0.4)
TOTAL	**(4.4)**	**(5.1)**	**(5.1)**

(*) *Interest cost is recorded under "Other financial income and expense".*

NOTE 26 NET DEBT

26-1 Detailed breakdown

(in € millions)	Dec. 31, 2009	Dec. 31, 2008	Dec. 31, 2007
Bonds	183.7	300.0	300.0
Bank borrowings	869.1	956.4	822.6
Loan from PSA	128.0	194.0	0.0
Other borrowings	6.3	8.5	9.9
Obligations under finance leases	29.4	17.0	27.5
Non-current derivatives	15.7	15.8	0
SUB-TOTAL—NON-CURRENT FINANCIAL LIABILITIES	**1,232.2**	**1,491.7**	**1,160.0**
Current portion of long-term debt	36.2	31.4	45.5
Short-term borrowings (1)	486.6	509.9	971.4
Payments issued (2) (a)		0.0	6.6
Current derivatives	5.4	4.9	(17.4)
SUB-TOTAL—CURRENT FINANCIAL LIABILITIES	**528.2**	**546.2**	**1,006.1**
TOTAL	**1,760.4**	**2,037.9**	**2,166.1**
Derivatives classified under non-current and current assets	(1.4)	(7.4)	
Cash and cash equivalents (b)	(357.8)	(425.7)	(550.1)
NET DEBT	**1,401.2**	**1,604.8**	**1,616.0**
Net cash and cash equivalents (b)—(a)	**357.8**	**425.7**	**543.5**

(1) *Including bank accounts*	128.0	112.5	117.6

(2) *Payments awaiting clearance by the bank as they fall due on a non-banking day. The contra-entry is an increase in cash and equivalents under assets.*

26-2 Maturities of long-term debt

(in € millions)	2011	2012	2013	2014	2015 and beyond	Total
OCEANE bonds					183.7	183.7
Plain vanilla bonds						0.0
Bank borrowings	331.4	295.5	226.6	1.2	14.4	869.1
Loan from PSA		80.0	48.0			128.0
Other borrowings	1.2	1.1	2.4	1.3	0.3	6.3
Obligations under finance leases	7.1	3.7	1.5	1.2	15.9	29.4
TOTAL AT DECEMBER 31, 2009	**339.7**	**380.3**	**278.5**	**3.7**	**214.3**	**1,216.5**

26-3 OCEANE bonds, Eurobond and syndicated credit facility

Since November 28, 2008, Faurecia has had access to a €1,420 million credit facility comprising a syndicated bank loan of €1,170 million and a €250 million loan from Faurecia's majority shareholder PSA Peugeot Citroën. The two loans are correlated so that the drawdowns made by Faurecia on the PSA Peugeot Citroën loan are proportionate to those made on the syndicated bank loan, based on the same rates and periods. The overall facility is divided into (i) a €710 million tranche expiring in November 2013, (ii) a €150 million tranche expiring in November 2011, and (iii) a €560 million tranche expiring in November 2012 following the option by the banks to extend a tranche expiring in November 2011 by an additional year.

The banks can extend by a further year the tranche that is currently due to expire in November 2012 and by one or two years the tranche currently due to expire in November 2011.

As of December 31, 2009 the undrawn portion of this credit facility amounted to €690 million.

The contracts relating to this credit facility include covenants, notably a change of control clause relating to PSA and provisions concerning compliance with consolidated financial ratios. As of December 31, 2009, the Group complied with all of these ratios. In addition, a net debt ceiling of €1,800 million was set for December 31, 2009, June 30, 2010 and December 31, 2010.

The other financial ratios with which the Group is required to comply are as follows:

	Adjusted net debt (*)/ EBITDA (**)	EBITDA (**)/net interest
	Ceiling	Floor
June 30, 2009	Not applied	Not applied
December 31, 2009	4.75:1	4:1
June 30, 2010	4.50:1	4:1
December 31, 2010	4:1	4.25:1
June 30, 2011 and subsequent six-month periods	3.5:1	4.50:1

(*) *Adjusted net debt = consolidated net debt + adjustments for certain commitments given, based on definitions provided in the credit agreement (e.g. mortgages or collateralized liabilities).*

(**) *Earnings before interest, tax, depreciation and amortization = Operating income + depreciation, amortization and provisions for impairment in value of property, plant and equipment and intangible assets, corresponding to the past twelve months (except at December 31, 2009, which corresponds to two times the six previous months).*

Furthermore, any assets disposal representing over 15% of the Group's total consolidated assets requires the prior approval of banks representing two-thirds of the syndicate.

On November 26, 2009 Faurecia issued €211.3 million worth of OCEANE bonds convertible into new shares or exchangeable for existing shares. The bonds mature on January 1, 2015 and bear annual interest of 4.50% payable on January 1 each year, as from January 1, 2011. Each bond has a nominal value of €18.69.

Faurecia may redeem the bonds in advance at any time as from January 15, 2013, at a price equal to their nominal value plus accrued interest, provided that all of the outstanding bonds are redeemed and the product of (i) the conversion/exchange ratio at the date concerned and (ii) the arithmetic mean of the opening quoted prices for the Company's shares on Euronext Paris calculated over twenty consecutive trading days, as selected by the Company from the 40 trading days preceding the date of notice of such early redemption, exceeds 130% of the nominal value of the bonds.

Faurecia also has the option of redeeming (i) all or some of the bonds at any time by repurchasing them either on or off-market or by means of public tender or exchange offers, or (ii) all of the bonds, at nominal value plus accrued interest, if the number of outstanding bonds is less than 10% of the total number of bonds issued.

The bonds can be converted by their holders at any time as from their date of issue. The criteria relating to their compulsory early redemption are the same as those described above for the syndicated credit facility.

In accordance with IAS 39, the fair value of the OCEANE bonds is split into two components:

- a liability component calculated based on prevailing market interest rates for similar bonds with no conversion option. This component has been recognized at amortized cost in an amount of €183.7 million net of the related issue costs, based on an effective interest rate of 7.6%;
- an equity component corresponding to the conversion option, calculated based on the difference between the fair value of the OCEANE bonds and the liability component. This component has been recognized in equity in an amount of €23.3 million net of the related issue costs.

On October 5, 2005 Faurecia carried out a €300 million issue of plain vanilla bonds, redeemable in October 2010. As the bond covenants were breached as of June 30, 2009, the bondholders were entitled to require their early redemption. Out of the initial amount issued, €291.5 million worth of the bonds were redeemed on August 14, 2009, partially financed by a €205 million credit facility granted by a pool of French banks. The credit facility, which expires at end-January 2011, is subject to the same financial ratio covenants as the above-mentioned syndicated credit facility.

CONTRACTUAL MATURITY ANALYSIS OF FINANCIAL ASSETS AND LIABILITIES AS OF DECEMBER 31, 2009

(in € millions)	Carrying amount: Assets	Carrying amount: Liabilities	Remaining contractual maturities: Total	Within 3 months	3-6 months	6-12 months	1-5 years	Beyond 5 years
Other non-current financial assets	23.5		23.5				23.5	
Loans and receivables	18.9		18.9				18.9	
Other current financial assets	1.7		1.7	1.6		0.1		
Trade accounts receivable	1,025.9		1,025.9	1,019	4.1	2.8		
Cash and cash equivalents	357.8		357.8	357.8				
Current financial liabilities (excluding derivatives)		(522.8)	(527.6)	(514.3)	(1.6)	(11.7)		
Trade accounts payable		(1,730.6)	(1,730.7)	(1,722.3)	(2.8)	(5.6)		
Bonds (excluding interest)								
2009 OCEANE bond issue		*(183.7)*						*(211.3)*
Bank borrowings								
Syndicated credit facility		*(602.0)*	*(602.0)*				*(602.0)*	
Club Deal		*(205.0)*	*(205.0)*				*(205.0)*	
Other		*(62.1)*					*(62.1)*	
Loan from PSA		(128.0)	(128.0)	0.0	0.0	0.0	(128,0)	0.0
Interest on borrowings	—	—	—					—
Syndicated credit facility	—	—	*(128.2)*	*(9.8)*	*(9.8)*	*(19.9)*	*(88.7)*	—
Bond issue	—	—	*(0.3)*	*(0.1)*	*(0.1)*	*(0.1)*		—
Club Deal	—	—	*(11.3)*	*(2.8)*	*(2.8)*	*(5.6)*	*(0.1)*	—
OCEANE bond issue	—	—	*(41.2)*	*(2.0)*	*(2.0)*	*(4.0)*	*(33.2)*	—
Other bank credit facilities	—	—	*1.2*	*(0.4)*	*(0.4)*	*(0.4)*		—
Other borrowings		(6.3)					(6.3)	
Obligations under finance leases (LT portion)		(29.4)	(29.4)				(13.5)	(15.9)
Interest rate derivatives	**0.2**	**(17.7)**	**(17.5)**	**—**	**—**	**(2.4)**	**(15.1)**	**—**
• o/w fair value hedges		(0.4)	(0.4)				(0.4)	
• o/w cash flow hedges	0.2	(11.3)	(11.1)			(0.9)	(10.2)	
• o/w derivatives not qualifying for hedge accounting under IFRS	0.0	(6.0)	(6.0)			(1.5)	(4.5)	
Currency derivatives	**1.7**	**—**	**1.7**	**1.7**	**—**	**—**	**—**	**—**
• o/w fair value hedges		—	0.0					
• o/w cash flow hedges	0.5		0.5	0.5				
• o/w hedges not qualifying for hedge accounting under IFRS	1.2		1.2	1.2				
TOTAL	**1,431.6**	**(3,505.3)**	**(2,015.8)**	**(871.7)**	**(17.2)**	**(52.7)**	**(1,126.7)**	**(227.2)**

26-4 Securitization and factoring programs

Part of Faurecia's financing requirements is met through receivables sale programs (see Note 18).

In December 2009, financing under these programs – corresponding to the cash received as consideration for the receivables sold—totaled €440.8 million versus €604.5 million as of December 31, 2008.

(in € millions)	Dec. 31, 2009	Dec. 31, 2008	Dec. 31, 2007
Financing	481.5	626.6	723.1
Guarantee reserve deducted from borrowings	(40.7)	(22.1)	(27.6)
Cash received as consideration for receivables sold	440.8	604.5	695.5
Receivables sold and derecognized	(290.7)	(388.5)	(387.5)

26-5 Analysis of borrowings by interest rate and currency

As of December 31, 2009, 80.9% of the Group's borrowings were at variable rates, before taking into account the impact of hedging.

Derivatives have been set up to partially hedge interest payable on variable rate borrowings against increases in interest rates (see Note 30.2).

(in € millions)	Dec. 31, 2009	
Variable rate borrowings	1,368.7	80.9%
Fixed rate borrowings	322.9	19.1%
TOTAL	**1,691.6**	**100.0%**

Borrowings (taking into account currency swaps) break down as follows by repayment currency:

(in € millions)	Dec. 31, 2009		Dec. 31, 2008		Dec. 31, 2007	
Euro	1,233.2	72.9%	1,533.6	75.5%	1,704.1	78.7%
US dollar	242.6	14.3%	239.2	11.8%	262.9	12.1%
Other currencies	215.8	12.8%	257.6	12.7%	199.1	9.2%
TOTAL	**1,691.6**		**2,030.5**		**2,166.1**	

As of December 31, 2009 the weighted average interest rate on outstanding borrowings was 5.41%.

NOTE 27 ACCRUED TAXES AND PAYROLL COSTS

(in € millions)	Dec. 31, 2009	Dec. 31, 2008	Dec. 31, 2007
Accrued payroll costs	181.7	174.5	194.9
Accrued payroll taxes	106.2	111.7	113.7
Employee profit-sharing	1.2	2.4	3.1
Other	82.6	77.5	116.0
TOTAL	**371.7**	**366.1**	**427.7**

NOTE 28 OTHER PAYABLES

(in € millions)	Dec. 31, 2009	Dec. 31, 2008	Dec. 31, 2007
Due to suppliers of non-current assets	19.2	44.0	45.0
Deferred income	47.2	54.1	42.4
Current taxes	27.1	32.9	13.2
Other	29.7	44.3	12.6
Currency derivatives for operations	0.0	40.0	0.0
TOTAL	**123.2**	**215.3**	**113.2**

NOTE 29 FINANCIAL INSTRUMENTS

29-1 Financial instruments recorded in the balance sheet

	Dec. 31, 2009		Breakdown by category of instrument (1)				
(in € millions)	Carrying amount	Fair value	Financial assets/ liabilities at fair value through profit or loss (2)	Financial assets/ liabilities at fair value through equity (2)	Available-for-sale financial assets	Loans and receivables	Financial liabilities measured at amortized cost
Other equity interests	11.2	11.2			11.2		
Other non-current financial assets	23.3	23.3				23.3	
Trade accounts receivable	1,025.9	1,025.9				1,025.9	
Other operating receivables	171.0	171.0				171.0	
Other receivables and prepaid expenses	79.9	79.9				79.9	
Currency derivatives	1.7	1.7	1.2	0.5		0.0	
Interest rate derivatives	0.2	0.2	0.2	0.0			
Cash and cash equivalents	357.8	357.8	357.8				
TOTAL FINANCIAL ASSETS	**1,671.0**	**1,671.0**	**359.2**	**0.5**	**11.2**	**1,300.1**	**0.0**
Long-term debt (*)	1,216.5	1,216.5					1,216.5
Short-term debt	528.7	528.7					528.7
Prepayments from customers	80.8	80.8				80.8	
Trade payables	1,730.6	1,730.6				1,730.6	
Accrued taxes and payroll costs	371.7	371.7				371.7	
Other payables	123.2	123.2				123.2	
Currency derivatives	0.0	0.0				0.0	0.0
Interest rate derivatives	17.7	17.7	7.6	10.1			
TOTAL FINANCIAL LIABILITIES	**4,069.2**	**4,069.2**	**7.6**	**10.1**	**0.0**	**2,306.3**	**1,745.2**

(*) The market value of the OCEANE bonds, on the basis of the closing price at December 31, 2009 of €18.95, amounted to €214.25 million. On the balance sheet, OCEANE is divided into a debt amount representing the value of the bond component excluding the conversion option and a component recognized in equity which represents the value of the share conversion option.

(in € millions)	Dec. 31, 2008 Carrying amount	Fair value	Breakdown by category of instrument [1] Financial assets/ liabilities at fair value through profit or loss [2]	Financial assets/ liabilities at fair value through equity [2]	Available-for-sale financial assets	Loans and receivables	Financial liabilities measured at amortized cost
Other equity interests	1.6	1.6			1.6		
Other non-current financial assets	25.1	25.1				25.1	
Trade accounts receivable	954.0	954.0				954.0	
Other operating receivables	197.3	197.3				197.3	
Other receivables and prepaid expenses	79.8	79.8				79.8	
Currency derivatives	4.8	4.8	4.8				
Interest rate derivatives	2.6	2.6	2.6				
Cash and cash equivalents	425.7	425.7	425.7				
TOTAL FINANCIAL ASSETS	**1,690.9**	**1,690.9**	**433.1**	**0.0**	**1.6**	**1,256.1**	**0.0**
Long-term debt	1,475.9	1,475.9					1,475.9
Short-term debt	541.2	541.2					541.2
Prepayments from customers	118.8	118.8				118.8	
Trade payables	1,695.2	1,695.2				1,695.2	
Accrued taxes and payroll costs	366.1	366.1				366.1	
Other payables	175.3	175.3				175.3	
Currency derivatives	40.0	40.0	37.7	2.3			
Interest rate derivatives	20.7	20.7	9.2	11.5			
TOTAL FINANCIAL LIABILITIES	**4,433.2**	**4,433.2**	**46.9**	**13.8**	**0.0**	**2,355.4**	**2,017.1**

(1) No financial instruments were transferred between categories in 2009 or 2008.

(2) All of the instruments in this category are financial assets or liabilities designated as measured at fair value through profit or loss on initial recognition in accordance with the criteria set out in Note 1-6.

(in € millions)	Dec. 31, 2007 Carrying amount	Fair value	Breakdown by category of instrument (1) Financial assets/ liabilities at fair value through profit or loss (2)	Financial assets/ liabilities at fair value through equity (2)	Available-for-sale financial assets	Loans and receivables	Financial liabilities measured at amortized cost
Other equity interests	1.8	1.8			1.8		
Other non-current financial assets	31.7	31.7				31.7	
Trade accounts receivable	1,635.2	1,635.2				1,635.2	
Other operating receivables	256.1	256.1				256.1	
Other receivables and prepaid expenses	39.2	39.2				39.2	
Currency derivatives	10.0	10.0	1.3	8.7			
Interest rate derivatives	24.7	24.7	24.7				
Cash and cash equivalents	550.1	550.1	550.1				
TOTAL FINANCIAL ASSETS	**2,548.8**	**2,548.8**	**576.1**	**8.7**	**1.8**	**1,962.2**	**0.0**
Long-term debt	1,160.0	1,160.0					1,160.0
Short-term debt	1,023.5	1,023.5					1,023.5
Prepayments from customers	195.9	195.9				195.9	
Trade payables	2,162.6	2,162.6				2,162.6	
Accrued taxes and payroll costs	427.7	427.7				427.7	
Other payables	100.0	100.0				100.0	
Currency derivatives	0.0	0.0					
Interest rate derivatives	10.9	10.9	10.9				
TOTAL FINANCIAL LIABILITIES	**5,080.6**	**5,080.6**	**10.9**	**0.0**	**0.0**	**2,886.2**	**2,183.5**

(1) No financial instruments were transferred between categories in 2009 or 2008.

(2) All of the instruments in this category are financial assets or liabilities designated as measured at fair value through profit or loss on initial recognition in accordance with the criteria set out in Note 1-6.

The main measurement methods applied are as follows:

- items accounted for at fair value through profit or loss, as well as hedging instruments, are measured using a valuation technique based on (i) rates quoted on the interbank market, such as Euribor; and (ii) exchange rates set daily by the European Central Bank;
- the Group's debt is primarily measured at amortized cost using the effective interest method;
- the fair value of trade receivables and payables related to manufacturing and sales operations corresponds to their carrying amount in view of their very short maturities.

The impact of financial instruments on income can be analyzed as follows:

(in € millions)	2009 Income statement impact	Breakdown by category of instrument: Financial assets/liabilities at fair value through profit or loss	Available-for-sale financial assets	Loans and receivables	Financial liabilities measured at amortized cost	Derivatives
Translation differences on commercial transactions	0.1			2.4		(2.3)
Income from loans, cash investments and marketable securities	12.3	12.3				
Finance costs	(135.3)				(135.3)	
Other financial income and expense	(10.2)			0.4		(10.6)
Net income (expense)	**(133.1)**	**12.3**	**0.0**	**2.8**	**(135.3)**	**(12.9)**

(in € millions)	2008 Income statement impact	Breakdown by category of instrument: Financial assets/liabilities at fair value through profit or loss	Available-for-sale financial assets	Loans and receivables	Financial liabilities measured at amortized cost	Derivatives
Translation differences on commercial transactions						
Income from loans, cash investments and marketable securities	34.0	34.0				
Finance costs	(130.3)				(130.3)	
Other financial income and expense	(63.3)			(3.5)		(59.8)
Net income (expense)	**(159.6)**	**34.0**	**0.0**	**(3.5)**	**(130.3)**	**(59.8)**

(in € millions)	2007 Income statement impact	Breakdown by category of instrument: Financial assets/liabilities at fair value through profit or loss	Available-for-sale financial assets	Loans and receivables	Financial liabilities measured at amortized cost	Derivatives
Translation differences on commercial transactions	8.9			8.5		0.4
Income from loans, cash investments and marketable securities	15.9	15.9				
Finance costs	(117.0)				(117.0)	
Other financial income and expense	(6.7)			3.1		(9.8)
Changes in the ineffective portion of gains and losses on currency hedges						
Net income (expense)	**(98.9)**	**15.9**	**0.0**	**11.6**	**(117.0)**	**(9.4)**

Movements in provisions for impairment break down as follows by category of financial asset:

(in € millions)	At Dec. 31, 2008	Additions	Utilizations	Reversals of surplus provisions	Changes in scope of consolidation and other movements	At Dec. 31, 2009
Doubtful accounts	**(19.0)**	(8.9)	6.9		(0.1)	**(21.1)**
Shares in non-consolidated companies	**(5.6)**			3.0		**(2.6)**
Non-current financial assets	**(9.3)**	0.0	3.7		(0.6)	**(6.2)**
Other receivables	**(1.2)**	(0.2)	0.2			**(1.2)**
TOTAL	**(35.1)**	**(9.1)**	**10.8**	**3.0**	**(0.7)**	**(31.1)**

29-2 Financial instruments—fair value hierarchy

The Group's financial instruments that are measured at fair value break down as follows by level of fair value measurement:

Level 1 (quoted prices in active markets) for short-term cash investments;

Level 2 (inputs based on observable market data) for currency and interest rate instruments.

NOTE 30 HEDGING OF CURRENCY AND INTEREST RATE RISKS

30-1 Hedging of currency risks

Currency risks relating to the commercial transactions of the Group's subsidiaries are managed centrally by Faurecia, principally using forward purchase and sale contracts and options as well as foreign currency financing. The Group Finance and Treasury Department—which reports to Group General Management—is responsible for managing this centralized system. Hedging decisions are made by a Market Risk Management Committee that meets on a monthly basis.

Faurecia hedges its commercial positions either through derivatives or by setting up loans denominated in the same currency as the subsidiary's related exposure. Currency risks on forecast transactions are hedged on the basis of estimated cash flows determined in forecasts validated by General Management, and the related derivatives are classified as cash flow hedges where a hedging relationship exists that meets the criteria in IAS 39.

Subsidiaries outside the eurozone are granted inter-company loans in their operating currencies. Although these loans are refinanced in euros and eliminated in consolidation, they contribute to the Group's currency risk exposure and are therefore hedged through swaps.

As of December 31, 2009

Currencies giving rise to foreign currency exposure *(in € millions)*	**USD**	**CZK**	**CAD**	**MXN**	**GBP**	**PLN**	**ZAR**
Trade receivables (net of payables)	13.4	(3.4)	(8.4)	(2.3)	5.4	(4.1)	(3.2)
Financial assets (net of liabilities) (*)	242.6	89.0	22.2	17.2	58.1	0.0	14.8
Forecast transactions (**)	6.9	(14.6)	(11.6)	(14.9)	(23.7)	(63.9)	3.6
Net position before hedging	**262.9**	**71.0**	**2.2**	**(0.0)**	**39.8**	**(68.0)**	**15.2**
Currency hedges	(256.1)	(78.4)	(11.9)	5.4	(43.3)	45.7	(15.7)
Net position after hedging	**6.8**	**(7.4)**	**(9.7)**	**5.4**	**(3.5)**	**(22.3)**	**(0.5)**

(*) Including inter-company financing.
(**) Commercial exposure forecast for the next six months.

As of December 31, 2008

Currencies giving rise to foreign currency exposure *(in € millions)*	**USD**	**CZK**	**CAD**	**MXN**	**GBP**	**PLN**	**ZAR**
Trade receivables (net of payables)	(9.1)	(7.5)	0.2	(4.2)	5.8	(28.2)	(1.8)
Financial assets (net of liabilities) (*)	233.1	28.1	46.5	14.7	43.9	112.1	0.0
Forecast transactions	51.5	(86.0)	(39.5)	(15.5)	(3.0)	(145.0)	0.0
Net position before hedging	**275.5**	**(65.4)**	**7.2**	**(5.0)**	**46.7**	**(61.1)**	**(1.8)**
Currency hedges (**)	(278.4)	37.7	32.3	15.5	(40.9)	(1.4)	1.8
Net position after hedging	**(2.9)**	**(27.7)**	**39.5**	**10.5**	**5.8**	**(62.5)**	**0.0**

(*) Including inter-company financing.
(**) Including tunnels.

As of December 31, 2007

Currencies giving rise to foreign currency exposure *(in € millions)*	**USD**	**CZK**	**CAD**	**MXN**	**GBP**	**PLN**	**ZAR**
Trade receivables (net of payables)	12.5	(21.4)	(1.4)	(14.3)	9.0	(42.0)	(12.4)
Financial assets (net of liabilities) (*)	243.0	53.1	16.6	25.8	56.8	121.8	0.0
Forecast transactions	6.0	(12.0)	(24.5)	(6.8)	(15.0)	(138.0)	3.3
Net position before hedging	**261.6**	**19.7**	**(9.3)**	**4.7**	**50.8**	**(58.2)**	**(9.2)**
Currency hedges (**)	(253.0)	(10.1)	3.0	6.8	(41.8)	65.2	9.4
Net position after hedging	**8.6**	**9.6**	**(6.2)**	**11.5**	**9.0**	**7.0**	**0.2**

(*) Including inter-company financing.
(**) Including tunnels.

Currency hedges are recognized in the balance sheet at fair value, determined based on measurements confirmed by banking counterparties.

Information on hedged notional amounts

As of December 31, 2009

	Carrying amount			**Maturities**		
	Assets	**Liabilities**	**Notional amount ***	**Within 1 year**	**1 to 5 years**	**Beyond 5 years**
Fair value hedges						
• forward currency contracts	0.1	(0.1)	4.0	4.0	0.0	
• currency options	0.0	0.0	0.0	0.0	0.0	
• inter-company loans in foreign currencies swapped for euros	2.2	(1.0)	523.7	523.7	0.0	
Cash flow hedges					0.0	
• forward currency contracts	1.1	(0.6)	114.2	114.2	0.0	
• currency options	0.0	0.0	0.0	0.0	0.0	
Not eligible for hedge accounting	0.0	0.0	0.0	0.0	0.0	
	3.5	**(1.7)**				

* *Notional amounts based on absolute values.*

As of December 31, 2008

	Carrying amount			**Maturities**		
	Assets	**Liabilities**	**Notional amount**	**Within 1 year**	**1 to 5 years**	**Beyond 5 years**
Fair value hedges						
• forward currency contracts		(1.7)	37.6	37.6		
• currency options						
• inter-company loans in foreign currencies swapped for euros	4.8		421.0	421.0		
Cash flow hedges		(2.5)	280.0	280.0		
• forward currency contracts						
• currency options						
Not eligible for hedge accounting		44.2	50.0	50.0		
	4.8	**40.0**				
of which currency hedges for operations		40.0				
of which hedges of receivables and borrowings	4.8					

As of December 31, 2007

	Carrying amount			**Maturities**		
	Assets	**Liabilities**	**Notional amount**	**Within 1 year**	**1 to 5 years**	**Beyond 5 years**
Fair value hedges						
• forward currency contracts		(0.1)	14.0	14.0		
• currency options						
• inter-company loans in foreign currencies swapped for euros	3.6		415.4	415.4		
Cash flow hedges						
• forward currency contracts	0.1					
• currency options	7.9		225.7	225.7		
Not eligible for hedge accounting		(1.5)				
	11.6	**(1.6)**				
of which currency hedges for operations	6.4					
of which hedges of receivables and borrowings	3.6					
of which hedges of receivables and borrowings	0.6					

The sensitivity of Group income and equity as of December 31, 2009 to a fluctuation in exchange rates against the euro is as follows for the main currencies to which the Group is exposed:

Currency	USD	CZK	CAD	MXN	GBP	PLN	ZAR
	1.44	**26.47**	**1.51**	**18.92**	**0.89**	**4.10**	**10.67**
Currency fluctuation scenario (depreciation of currency/EUR)	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Exchange rate after currency depreciation	**1.51**	**27.80**	**1.59**	**19.87**	**0.93**	**4.31**	**11.20**
Pre-tax impact on income (in € millions)	(1.27)	(0.04)	(0.71)	(0.17)	(0.39)	0.21	0.09
Impact on equity (in € millions)	0.65	(0.51)	0.00	(0.04)	(0.72)	(2.15)	0.06

These impacts reflect (i) the effect on the income statement of currency fluctuations on the year-end valuation of assets and liabilities recognized in the balance sheet, net of the impact of the change in the intrinsic value of hedging instruments (both those qualifying and not qualifying as fair value hedges) and (ii) the effect on equity of the change in the intrinsic value of hedging instruments for derivatives qualifying as cash flow hedges.

30-2 Interest rate hedges

Faurecia manages the hedging of interest rate risks on a central basis, through the Group Finance and Treasury Department which reports to Group General Management. Hedging decisions are made by a Market Risk Management Committee that meets on a monthly basis.

The table below shows the Group's interest rate position, with assets, liabilities and derivatives broken down into fixed or variable rates. Financial assets include cash and cash equivalents and interest rate hedges include interest rate swaps as well as in-the-money options.

As of Dec. 31, 2009	Within 1 year		1 to 2 years		2 to 5 years		Beyond 5 years		Total	
(in € millions)	Fixed rate	Variable rate	Fixed rate	Variable rate	Fixed rate	Variable rate	Fixed rate	Variable rate	Fixed rate	Variable rate
Financial assets		286.0							0.0	286.0
Financial liabilities	(8.5)	(428.7)	(129.7)	(624.0)	(184.7)	(311.0)	0.0	0.0	(322.9)	(1,363.7)
Net position before hedging	**(8.5)**	**(142.7)**	**(129.7)**	**(624.0)**	**(184.7)**	**(311.0)**	**0.0**	**0.0**	**(322.9)**	**(1,077.7)**
Interest rate hedges	(34.7)	34.7	(297.8)	297.8	67.5	(67.5)	0.0	0.0	(265.0)	265.0
Net position after hedging	**(43.2)**	**(108.0)**	**(427.6)**	**(326.2)**	**(117.2)**	**(378.5)**	**0.0**	**0.0**	**(587.9)**	**(812.7)**

As of Dec. 31, 2008	Within 1 year		1 to 2 years		2 to 5 years		Beyond 5 years		Total	
(in € millions)	Fixed rate	Variable rate	Fixed rate	Variable rate	Fixed rate	Variable rate	Fixed rate	Variable rate	Fixed rate	Variable rate
Financial assets		321.3							0.0	321.3
Financial liabilities	0.0	(426.0)	(401.0)	(585.0)	0.0	(515.0)	0.0	0.0	(401.0)	(1,526.0)
Net position before hedging	**0.0**	**(104.7)**	**(401.0)**	**(585.0)**	**0.0**	**(515.0)**	**0.0**	**0.0**	**(401.0)**	**(1,204.7)**
Interest rate hedges	0.0	0.0	(186.8)	186.8	(87.6)	87.6	0.0	0.0	(274.4)	274.4
Net position after hedging	**0.0**	**(104.7)**	**(587.8)**	**(398.2)**	**(87.6)**	**(427.4)**	**0.0**	**0.0**	**(675.4)**	**(930.3)**

As of Dec. 31, 2007	Within 1 year		1 to 2 years		2 to 5 years		Beyond 5 years		Total	
(in € millions)	Fixed rate	Variable rate	Fixed rate	Variable rate	Fixed rate	Variable rate	Fixed rate	Variable rate	Fixed rate	Variable rate
Financial assets		457.1							0.0	457.1
Financial liabilities	0.0	(867.7)	(405.5)	(800.0)	0.0	0.0	0.0	0.0	(405.5)	(1,667.7)
Net position before hedging	**0.0**	**(410.6)**	**(405.5)**	**(800.0)**	**0.0**	**0.0**	**0.0**	**0.0**	**(405.5)**	**(1,210.6)**
Interest rate hedges	(1,275.0)	1,275.0	(1,293.9)	1,293.9	(105.8)	105.8	0.0	0.0	(2,674.6)	2,674.6
Net position after hedging	**(1,275.0)**	**864.4**	**(1,699.4)**	**493.9**	**(105.8)**	**105.8**	**0.0**	**0.0**	**(3,080.1)**	**1,464.1**

The financial assets in the above table correspond to cash and cash equivalents held by the Company that are invested at variable rates. Interest rate hedges include interest rate swaps as well as in-the-money options.

The aim of the Group's interest rate hedging policy is to reduce the impact of changes in short-term rates on the consolidated income statement as the majority of its borrowings are at variable rates. The hedges set up primarily comprise euro- and dollar-denominated caps and other option-based structures as well as, to a lesser extent, swaps. They cover the majority of the interest payable in 2010 and a portion of that payable in 2011 and in 2012 against a significant rise in rates.

Since 2008 certain of the Group's derivatives have qualified for hedge accounting under IAS 39. The other derivatives purchased by the Group constitute economic hedges of interest rate risks on borrowings but do not qualify for hedge accounting under IAS 39. As a result, changes in the fair value of these instruments are recognized directly in the income statement under "Other financial income and expense".

Interest rate hedging instruments are recognized in the balance sheet at fair value, determined based on measurements confirmed by banking counterparties.

The notional amounts of the Group's interest hedges break down as follows:

As of Dec. 31, 2009	**Carrying amount**		**Notional amount by maturity**		
(in € millions)	**Assets**	**Liabilities**	**Within 1 year**	**1 to 5 years**	**Beyond 5 years**
Interest rate options	0.2		1,600	150	—
Variable rate/fixed rate swaps		17.7	570	843	—
Floors	0.0				—
• Accrued premiums payable		3.5			
TOTAL	**0.2**	**21.2**	**2,170**	**993**	**—**

As of Dec. 31, 2008	**Carrying amount**		**Notional amount by maturity**		
(in € millions)	**Assets**	**Liabilities**	**Within 1 year**	**1 to 5 years**	**Beyond 5 years**
Interest rate options	1.4		1,915	1,750	—
Variable rate/fixed rate swaps		14.3	301	865	—
Floors	1.2	0.0	36		—
• Accrued premiums payable		6.4			
TOTAL	**2.6**	**20.7**	**2,252**	**2,615**	**—**

As of Dec. 31, 2007	**Carrying amount**		**Notional amount by maturity**		
(in € millions)	**Assets**	**Liabilities**	**Within 1 year**	**1 to 5 years**	**Beyond 5 years**
Variable rate/fixed rate swaps	3.1	2.9	176	561	—
Interest rate options	19.6		2,062	2,610	
Floors	2.0		59	34	—
• Accrued premiums payable		8.0			
TOTAL	**24.7**	**10.9**	**2,297**	**3,205**	**—**

In view of the sharp decrease in short-term rates during 2009, a number of the Group's options-based interest rate hedges are out of the money. A rise in short-term rates would therefore have an impact on financial expense.

In addition, a fluctuation in interest rates would affect "Other financial income and expense" due to the resulting change in the fair value of derivatives set up to hedge interest payable in 2010 and 2011.

The sensitivity tests performed, assuming a 100 bp increase or decrease in average interest rates compared to the yield curve as of December 31, 2009 show that the positive or negative effect on financial expense can be estimated at €10 million, taking into account the profile of the Group's debt and derivatives in place as of December 31, 2009.

Faurecia's counterparty risk in relation to its derivatives is not significant as the majority of its derivatives are set up with leading banks with strong ratings that form part of its banking pool.

NOTE 31 COMMITMENTS GIVEN AND CONTINGENT LIABILITIES

31-1 Commitments given

(in € millions)	Dec. 31, 2009	Dec. 31, 2008	Dec. 31, 2007
Future minimum lease payments under operating leases	104.6	109.7	82.0
Debt collateral:			
• mortgages	12.3	11.6	14.6
Other debt guarantees	27.5	20.1	22.8
Firm orders for property, plant and equipment	83.5	108.3	130.1
Other	0.6	1.7	4.6
TOTAL	**228.5**	**251.4**	**254.1**

Future minimum lease payments under operating leases break down as follows:

(in € millions)	Dec. 31, 2009	Dec. 31, 2008	Dec. 31, 2007
Y+1	26.3	29.8	25.6
Y+2	20.4	22.7	20.3
Y+3	15.0	14.5	14.2
Y+4	11.5	11.8	7.0
Y+5 and beyond	31.4	30.9	14.9
TOTAL	**104.6**	**109.7**	**82.0**

Expiry dates of mortgages and guarantees:

(in € millions)	Dec. 31, 2009
Within 1 year	18.8
1 to 5 years	10.9
Beyond 5 years	10.1
TOTAL	**39.8**

31-2 Contingent liabilities

INDIVIDUAL TRAINING ENTITLEMENT

In accordance with the provisions of French Act no. 2004-391 dated May 4, 2004 relating to professional training, employees of the Group's French companies are entitled to at least twenty hours of training per calendar year, which may be carried forward for up to six years. If all or part of the entitlement is not used within six years, it is capped at 120 hours.

In 2009, the average utilization rate of this entitlement was 5.0%.

The number of unused accumulated training hours at the year-end totaled 1,559,758. No provision was recorded in the financial statements for these individual training entitlements as the Group does not have sufficiently reliable historical data to accurately estimate the related contingent liability. The potential impact is not, however, considered to be material.

NOTE 32 RELATED PARTY TRANSACTIONS

32-1 Transactions with PSA Peugeot Citroën

The Faurecia Group is managed independently and transactions with the PSA Peugeot Citroën Group are conducted on arm's length terms.

These transactions (including with companies accounted for by the equity method by the PSA Peugeot Citroën Group) are recognized as follows in the Group's consolidated financial statements:

(in € millions)	Dec. 31, 2009	Dec. 31, 2008	Dec. 31, 2007
Sales	2,049.4	2,733.9	2,918.6
Purchases of products, services and materials	10.6	20.9	28.2
Receivables (*)	447.7	488.6	705.0
Payables (**)	154.5	265.5	59.3
(*) After no-recourse sales of receivables amounting to:	*192.4*	*300.9*	*259.3*
(**) Including borrowings amounting to:	*128.0*	*194.0*	

32-2 Management compensation

Total compensation for 2009 awarded to the members of the Board of Directors and the Group Executive Committee serving in this capacity at December 31, 2009 amounted to €5,246,942, including directors' fees of €232,750 compared with the year-earlier figures of €5,694,475 and €195,400 respectively.

No Faurecia stock subscription options were awarded to management during the year.

NOTE 33 FEES PAID TO THE STATUTORY AUDITORS

	PricewaterhouseCoopers				Ernst & Young			
	Amount (excl. VAT)		%		Amount (excl. VAT)		%	
(in € millions)	2009	2008	2009	2008	2009	2008	2009	2008
Audit								
Statutory and contractual audits	1.6	1.6	100.0%	94.1%	3.2	2.9	100.0%	96.7%
Faurecia	0.3	0.4	18.8%	23.5%	0.3	0.3	9.4%	10.0%
Fully-consolidated companies	1.3	1.2	81.3%	70.6%	2.9	2.6	90.6%	86.7%
Other	0.0	0.1	0.0%	5.9%	0.0	0.1	0.0%	3.3%
Faurecia	0.0	0.1	0.0%	5.9%	0.0	0.0	0.0%	0.0%
Fully-consolidated companies	0.0	0.0	0.0%	0.0%	0.0	0.1	0.0%	3.3%
SUB-TOTAL	**1.6**	**1.7**	**100.0%**	**100.0%**	**3.2**	**3.0**	**100.0%**	**100.0%**
Other services provided by the network to fully consolidated companies	**0.0**	**0.0**	**0.0%**	**0.0%**	**0.0**	**0.0**	**0.0%**	**0.0%**
Legal and tax advisory services								
Fully-consolidated companies	0.0	0.0	0.0%	0.0%	0.0	0.0	0.0%	0.0%
Other (disclosure required where > 10% of audit fees)	0.0	0.0	0.0%	0.0%	0.0	0.0	0.0%	0.0%
SUB-TOTAL	**0.0**	**0.0**	**0.0%**	**0.0%**	**0.0**	**0.0**	**0.0%**	**0.0%**
TOTAL	**1.6**	**1.7**	**100.0%**	**100.0%**	**3.2**	**3.0**	**100.0%**	**100.0%**

NOTE 34 INFORMATION ON THE CONSOLIDATING COMPANY

The consolidated accounts of the Faurecia Group are included in the consolidated financial statements of the PSA Peugeot Citroën Group, 75 avenue de la Grande Armée, 75116 Paris, France.

As of December 31, 2009, Peugeot SA held 70.86% of the capital and 75.69% of the voting rights of Faurecia SA.

NOTE 35 DIVIDENDS

The Board of Directors proposes that no dividend be paid with respect to the 2009 fiscal year.

9.6. Consolidated companies as of December 31, 2009

	Country	% interest of the parent company	% control [1]
I - FULLY CONSOLIDATED COMPANIES			
Faurecia	France	Parent company	
Financière Faurecia	”	100.00	100.00
SFEA—Société Foncière pour l’Equipement Automobile	”	100.00	100.00
Faurecia Investments	”	100.00	100.00
Faurecia Services Groupe	”	100.00	100.00
Faurecia Global Purchasing	”	100.00	100.00
Faurecia Exhaust International	”	100.00	100.00
COMINGEST	France	100.00	100.00
Société Internationale de Participations (S.I.P)	Belgium	100.00	100.00
Faurecia Netherlands Holding BV	Netherlands	100.00	100.00
United Parts Exhaust Systems AB	Sweden	100.00	100.00
Faurecia USA Holdings, Inc	United States	100.00	100.00
Faurecia (China) Holding Co. Ltd	China	100.00	100.00
Interior modules			
Faurecia Sièges d’Automobile SAS	France	100.00	100.00
Faurecia Industries	”	100.00	100.00
Faurecia Automotive Holdings	”	100.00	100.00
EAK Composants pour l’Automobile SAS	”	51.00	51.00
EAK Composants pour l’Automobile SNC	”	51.00	51.00
Trecia	”	100.00	100.00
Siebret	”	100.00	100.00
Siemar	”	100.00	100.00
Sienor	”	100.00	100.00
Sieto	”	100.00	100.00
Sotexo	”	100.00	100.00
Siedoubs	”	100.00	100.00
Sielest	”	100.00	100.00
ECSA-Etudes et Construction de Sièges pour l’Automobile	”	100.00	100.00
Faurecia Interieur Industrie SNC	”	100.00	100.00
Faurecia Automotive Industrie SNC	”	100.00	100.00
Automotive Sandouville	”	100.00	100.00
Société Automobile du Cuir de Vesoul	”	100.00	100.00
Faurecia Autositze GmbH	Germany	100.00	100.00
Faurecia Automotive GmbH	”	100.00	100.00
Faurecia Innenraum Systeme GmbH	”	100.00	100.00

(1) Total interest of fully-consolidated companies.

Faurecia Industrie NV	Belgium	100.00	100.00
Faurecia Asientos Para Automovil Espana SA	Spain	100.00	100.00
Asientos de Castilla Leon SA	”	100.00	100.00
Asientos del Norte SA	”	100.00	100.00
Industrias Cousin Frères SL	”	50.01	50.01
Tecnoconfort	”	50.00	50.00
Faurecia Automotive Espana SL	”	100.00	100.00
Faurecia Interior Systems Espana SA	”	100.00	100.00
Faurecia Interior Systems SALC Espana SL	”	100.00	100.00
Cartera e inversiones Enrich SA	”	100.00	100.00
Asientos de Galicia SL	”	100.00	100.00
Valencia Modulos de Puerta SL	”	100.00	100.00
Faurecia AST Luxembourg S.A.	Luxembourg	100.00	100.00
Faurecia Automotive Seating BV	Netherlands	100.00	100.00
Faurecia Assentos de Automovel, Limitada	Portugal	100.00	100.00
Sasal	”	100.00	100.00
Faurecia Sistemas de Interior de Portugal. Componentes para Automovel SA	”	100.00	100.00

	Country	% interest of the parent company	% control (1)
EDA-Estofagem de Assentos Lda	”	100.00	100.00
Faurecia Automotive Seating UK Ltd	United Kingdom	100.00	100.00
Faurecia Midlands Ltd	”	100.00	100.00
SAI Automotive Fradley Ltd	”	100.00	100.00
SAI Automotive Washington Ltd	”	100.00	100.00
Faurecia Interior Systems Sweden AB	Sweden	100.00	100.00
Faurecia Fotele Samochodowe Sp.Zo.o	Poland	100.00	100.00
Faurecia Walbrzych Sp Zo.o	”	100.00	100.00
Faurecia Legnica Sp Zo.o	”	100.00	100.00
Faurecia Grojec R&D Center Sp. Zo.o (formerly Faurecia Pologne Systemy Kierowwicze Sp.Zo.o)	”	100.00	100.00
Faurecia Gorzow Sp Zo.o	”	100.00	100.00
Faurecia Lecotex a.s.	Czech Republic	100.00	100.00
Faurecia Interior Systems Bohemia (formerly SAI Automotive Bohemia Sro)	”	100.00	100.00
Faurecia Components Pisek S.r.o.	”	100.00	100.00
Faurecia Seating Talmaciu Sro	Romania	100.00	100.00
Euro Auto Plastic Systems S.R.L.	”	50.00	50.00
Faurecia Leather Kosice Sro	Slovakia	100.00	100.00
Faurecia Slovakia Sro	”	100.00	100.00
Faurecia Interior Systems Bratislava Sro	”	100.00	100.00
Faurecia Polifleks Otomotiv Sanayi Ve Ticaret Anonim Sirketi	Turkey	100.00	100.00
Faurecia Azin Pars Company	Iran	51.00	51.00
Faurecia Interior Systems South Africa (Proprietary) Ltd	South Africa	100.00	100.00
Ai Manufacturers (PTY) Ltd	”	100.00	100.00
Société Tunisienne d’Equipements Automobiles	Tunisia	100.00	100.00
Faurecia Automotive Seating Canada Ltd	Canada	100.00	100.00
Faurecia Automotive Seating Inc.	United States	100.00	100.00
Faurecia Interior Systems Inc.	”	100.00	100.00
Faurecia Argentina SA	Argentina	100.00	100.00
Faurecia Automotive do Brasil Ltda	Brazil	100.00	100.00
Faurecia Sistemas Automotrices de Mexico SA de CV	Mexico	100.00	100.00
Servicios Corporativos de Personal Especializado, S.A. de C.V.	”	100.00	100.00
Faurecia Interior Systems Mexico, SA de C.V.	”	100.00	100.00

(1) Total interest of fully-consolidated companies.

CFXAS (Changchun Faurecia Xuyang Automotive Seating Co, Ltd)	China	60.00	60.00
Faurecia (Changchun) Automotive Systems Co., Ltd	”	100.00	100.00
Faurecia-GSK (Wuhan) Automotive Seating Co., Ltd	”	51.00	51.00
Faurecia (Wuxi) Seating Components Co., Ltd	”	100.00	100.00
Faurecia (Shanghai) Management Cy, Ltd	”	100.00	100.00
Faurecia (Shanghai) Automotive Systems Co, Ltd	”	100.00	100.00
Faurecia (Wuhan) Automotive Seating Co, Ltd	”	100.00	100.00
Faurecia Trim Korea Ltd	South Korea	100.00	100.00
Faurecia Automotive Seating India Private Ltd	India	100.00	100.00
Faurecia Japan KK	Japan	100.00	100.00
Faurecia Equipements Automobiles Maroc	Morocco	100.00	100.00
000 Faurecia Automotive	Russia	100.00	100.00
000 Faurecia Automotive Development	”	100.00	100.00
Other modules			
Faurecia Systèmes d’Echappement	France	100.00	100.00
Faurecia Bloc Avant (merged with Faurecia Cooling System)	”	100.00	100.00
Faurecia Abgastechnik GmbH	Germany	100.00	100.00
Faurecia Kunststoffe Automobilsysteme GmbH	”	100.00	100.00
Leistritz Abgastechnik Stollberg GmbH	”	100.00	100.00
Faurecia Sistemas de Escape Espana, SA	Spain	100.00	100.00
Faurecia Sistemas de Escape Portugal Lda	Portugal	100.00	100.00

	Country	% interest of the parent company	% control [(1)]
Faurecia Exhaust Systems AB	Sweden	100.00	100.00
Faurecia Magyarorszag Kipufogo-Rendszer Kft	Hungary	100.00	100.00
Faurecia Exhaust Systems S.r.o	Czech Republic	100.00	100.00
Faurecia Automotive Czech Republic S.r.o.	”	100.00	100.00
Faurecia Exhaust Systems South Africa (Proprietary), Ltd.	South Africa	100.00	100.00
Faurecia Exhaust Systems, Inc.	United States	100.00	100.00
Faurecia Sistemas de Escape Argentina SA	Argentina	100.00	100.00
Faurecia Sistemas de Escapamento do Brasil Ltda	Brazil	100.00	100.00
Faurecia Exhaust Mexicana, SA de CV	Mexico	100.00	100.00
Exhaust Services Mexicana, SA de CV	”	100.00	100.00
Faurecia Honghu Exhaust Systems Shanghai Co., Ltd) (formerly SHEESC)	China	51.00	51.00
Faurecia Tongda Exhaust System (Wuhan) Co., Ltd (formerly TEEC)	”	50.00	50.00
Faurecia Exhaust Systems Changchun	”	51.00	51.00
Faurecia (Shanghai) Business Consulting Cy	”	100.00	100.00
Faurecia (Qingdao) Exhaust Systems Co., Ltd	”	100.00	100.00
Faurecia (Wuxu) Exhaust Systems Co. Ltd	China	100.00	100.00
Faurecia Exhaust Systems Korea	South Korea	100.00	100.00
Faurecia Emissions Control Systems Korea (formerly Daeki Faurecia Corporation)	”	100.00	100.00
Faurecia JIT and Sequencing Korea	”	100.00	100.00
Faurecia Exhaust System Rayong Co Ltd	Thailand	100.00	100.00

(1) Total interest of fully-consolidated companies.

II – COMPANIES ACCOUNTED FOR BY THE EQUITY METHOD

Interior modules			
Componentes de Vehiculos de Galicia SA	Spain	50.00	50.00
Copo Iberica SA	”	50.00	50.00
Vanpro Assentos Lda	Portugal	50.00	50.00
ARSED Doo	Slovenia	50.00	50.00
Teknik Malzeme Ticaret Ve Sanayi A.S.	Turkey	50.00	50.00
Kwang Jin Faurecia Co. Limited	South Korea	50.00	50.00
Faurecia NHK Co Ltd	Japan	50.00	50.00
Sas group			
SAS Automotive France	France	50.00	50.00
Cockpit Automotive Systems Douai SNC	”	50.00	50.00
SAS Autosystemtechnik Verwaltungs Gmbh	Germany	50.00	50.00
SAS Autosystemtechnik GmbH & Co KG	”	50.00	50.00
SAS Automotive N.V.	Belgium	50.00	50.00
SAS Autosystemtechnick SA	Spain	50.00	50.00
SAS Autosystemtechnik de Portugal Unipessoal Ltda	Portugal	50.00	50.00
SAS Automotive Limited	United Kingdom	50.00	50.00
SAS Autosystemtechnick Sro	Czech Republic	50.00	50.00
SAS Automotive S.R.O.	Slovakia	50.00	50.00
SAS Automotive R.S.A. (PTY) LTD	South Africa	50.00	50.00
SAS Automotive do Brasil Ltda	Brazil	50.00	50.00
SAS Automotive Systems SA de CV	Mexico	50.00	50.00
SAS Automotive Systems & Services SA	”	50.00	50.00
SAS Automotive USA Inc.	United States	50.00	50.00
SAS Automotriz Argentina SA	Argentina	50.00	50.00

(1) Total interest of fully-consolidated companies.

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faurecia