



HELLA
ANNUAL REPORT 2009-2010



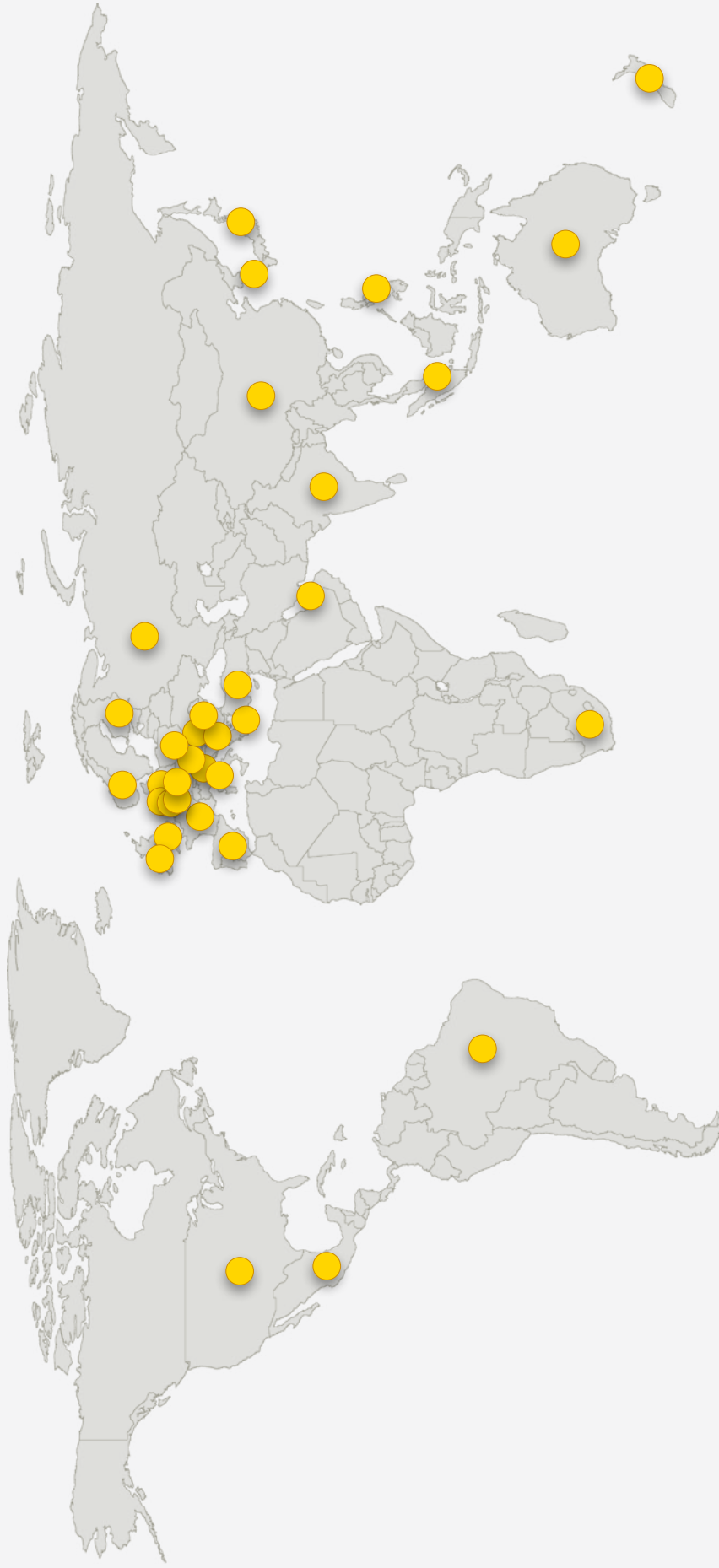
The Hella light testing facility in Lippstadt (Germany): A 145 m long and 11 m wide covered street for assessing lighting products.

KEY PERFORMANCE INDICATORS

	2009 - 2010	2008 - 2009	2007 - 2008	2006 - 2007
Sales (in Mill. €)	3,550	3,285	3,940	3,662
CHANGE	+8 %	-17 %	+8 %	
Earnings before interest, taxes and depreciation (EBITDA) (in Mill. €)	406	279	438	354
CHANGE	+46 %	-36 %	+24 %	
Earnings before interest and tax (EBIT) (in Mill. €)	146	49	233	84
CHANGE	+197 %	-79 %	+179 %	
Consolidated profit (in Mill. €)	81	7	143	27
CHANGE	+1,072 %	-95 %	+433 %	
Cash flow from operating activities (in Mill. €)	340	228	384	355
CHANGE	+49 %	-41 %	+8 %	
Capital expenditures (in Mill. €)	240	289	311	251
CHANGE	-17 %	-7 %	+24 %	
Expenditures for research and development (R&D) (in Mill. €)	296	306	310	307
CHANGE	-3 %	-1 %	+1 %	
	May 31, 2010	May 31, 2009	May 31, 2008	May 31, 2007
Net debt (in Mill. €)	289	314	206	416
CHANGE	-8 %	+52 %	-50 %	
Employees (number)	22,852	22,847	24,736	25,451
CHANGE	0 %	-8 %	-3 %	
Return on equity (in %)	12.3 %	1.0 %	24.7 %	5.0 %
EBITDA margin (in %)	11.5 %	8.5 %	11.1 %	9.7 %
EBIT margin (in %)	4.1 %	1.5 %	5.9 %	2.3 %
Net debt / EBITDA (share)	0.7 x	1.1 x	0.5 x	1.2 x
Equity ratio (in %)	28.0 %	26.9 %	27.7 %	22.1 %
Reinvestment ratio (in %)	92.8 %	126.1 %	151.6 %	113.2 %
R&D expenses in relation to sales (in %)	8.3 %	9.3 %	7.9 %	8.4 %







GLOBAL DEVELOPMENT, PRODUCTION, AND SALES PRESENCE

LEGEND

● Country in which Hella is present

● Development
▲ Production
■ Sales

NAFTA/SOUTH AMERICA

■ Brazil
■ Mexico
● USA

AFRIKA

■ Dubai
■ South Africa

EUROPE

▲ Austria
■ Belgium
■ Czech Republic
● Denmark
▲ Finland
■ France
● Germany
● Greece
■ Hungary
■ Ireland
■ Italy

ASIA/PACIFIC

▲ Australia
■ China
● India
■ Japan
■ New Zealand
▲ Philippines
■ Singapore
● South Korea*

Netherlands

■ Norway
■ Poland
● Romania
■ Russia
■ Slovakia
● Slovenia
■ Spain
■ Turkey
■ UK

* Development and production presence through a joint venture.

HELLA

ANNUAL REPORT 2009-2010

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From left to right: Prof. Dr. Michael Hoffmann-Becking,
Dr. Jürgen Behrend, Dr. Rolf Breidenbach

LADIES AND GENTLEMEN,

Hella performed significantly better than expected in fiscal year 2009-2010, despite being heavily impacted by the financial crisis during the first six months. Scrappage premiums, rising exports, and booming business in China led to a sharp rise in sales, which was largely reflected in operating results. In addition, Hella's competitive position was considerably enhanced during the fiscal year through a positive operating cash flow, secured long-term refinancing, and strategic investments in all business divisions.

The operating result (EBIT) reached EUR 146 million, representing a EUR 97 million increase on the prior year. The operating margin was 4.1 percent. It is notable that all three business divisions were able to generate positive results and contribute substantially to overall profits even amid the crisis. This further emphasizes the strategic strength of Hella's business model. The equity capital ratio reached 28 percent; taking into account the high cash and cash equivalents position of EUR 364 million in the balance sheet, the relevant cash-adjusted equity capital ratio is 33 percent. The net cash position improved by EUR 24 million, despite an exceptional non-operating expense of more than EUR 150 million. Net debt was therefore reduced to EUR 289 million, giving a very healthy net debt-to-EBITDA ratio of 0.7.

Sales rose 8 percent to EUR 3,550 million, despite accounting for our HBPO joint venture at equity for the first time (without this measure, sales would have risen 15 percent). This positive development is also thanks to our successful global corporate positioning, which we have successively and sustainably strengthened over the last few years. In particular, Hella's strong position in growth market China, as well as the healthy NAFTA business, had a positive impact on the Group's overall development.

The early implementation of our refinancing strategy significantly increased our financial room for maneuver during the economic crisis. The successful implementation of capital market-related instruments and debt finance was demonstrated both by a stable rating of Ba1, as well as Hella's strong and autonomous position. By optimizing the widely varied financing components since fall 2009, borrowing costs have been continuously reduced as part of a second phase. Overall, the bonds amounting to EUR 300 million and the refinancing of the syndicated loan in March 2010 have formed a very solid long-term basis, affording a high degree of flexibility with regard to the company's development over the coming years.



The Industries business performed well and is promising for the future. Initial, very encouraging market success was achieved by the four core businesses: LED street lighting, airport lighting, internal lighting systems, and people counting systems. In this area, Hella is able to bank on its technological leadership in optical LED systems, among other things, which is already well established on the market for the Automotive division. The development of the Industries business field will be a particular strategic focus over the coming years and will be of growing significance for the Group.

Nevertheless, the performance of our products on the market and meeting our customers' expectations was of paramount importance to us. Successful product launches, such as full-LED headlamps in the Audi A8, and the introduction of new technologies to the market, particularly to increase energy efficiency, further underpinned Hella's position as a technological and innovative leader during the fiscal year. Approximately EUR 300 million, or 8 percent of sales revenue, was again invested in development services.

Increased demand on the market led to significant procurement bottlenecks for critical components and materials, particularly in the second half of the year. Through the exceptional commitment of our inter-disciplinary bottleneck management team and all of our employees, we were able to largely avoid major disruptions for our customers. This successful bottleneck management is just one example that clearly demonstrates how quickly and consistently we are able to react to unpredictable situations.

This would not have been possible without the extraordinary dedication of our employees, who we would like to particularly thank for again making a crucial contribution to the considerable success of our company. We are also grateful to our customers and business partners who have contributed greatly to our success through their continued confidence in us. We will do our utmost to ensure we remain a reliable and strong partner in the future.

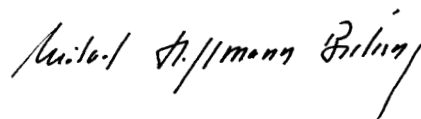
Lippstadt, November 2010



Dr. Jürgen Behrend

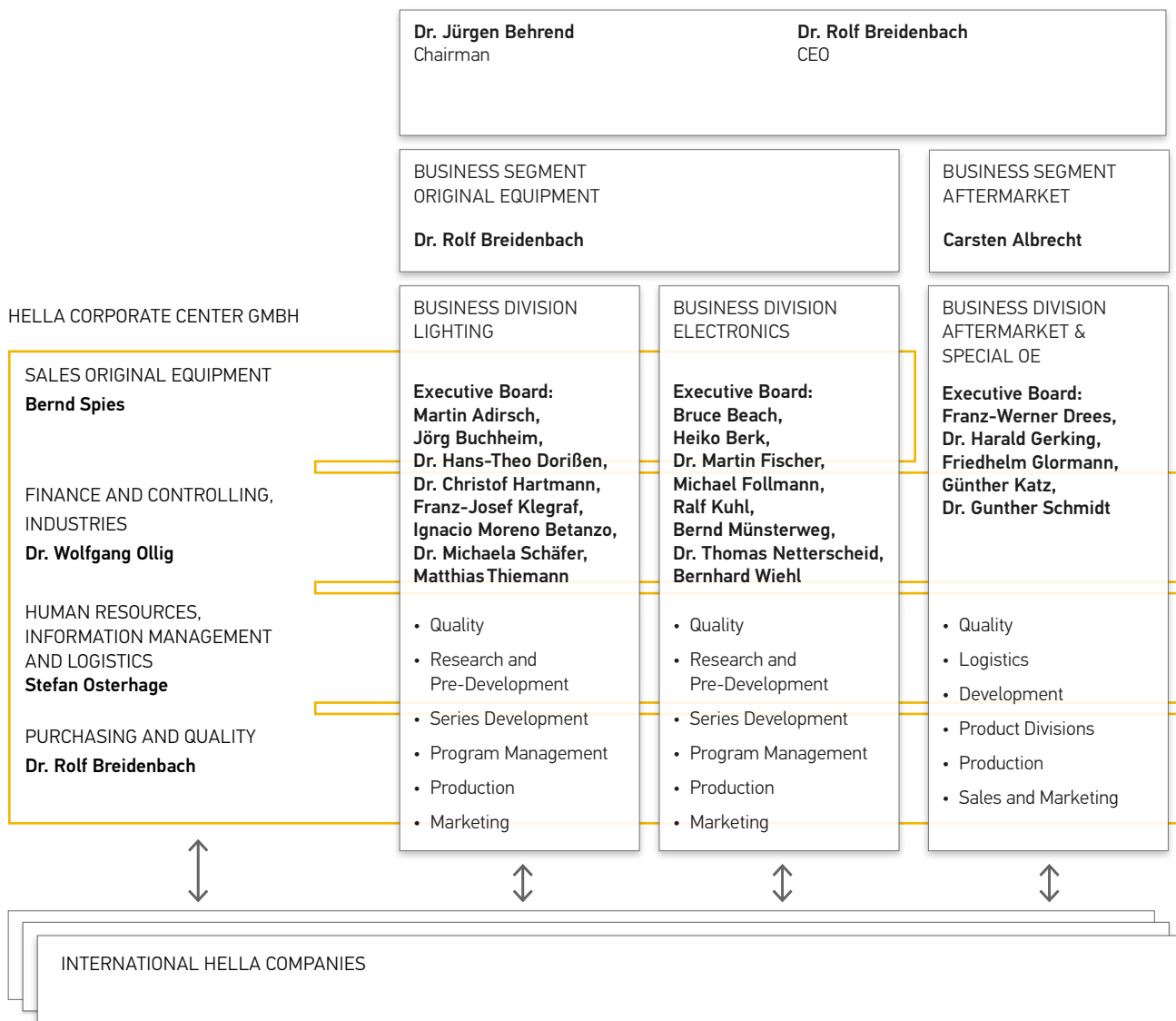


Dr. Rolf Breidenbach



Prof. Dr. Michael Hoffmann-Becking

HELLA KGaA HUECK & CO.



General Partners: Dr. Jürgen Behrend, Hella Geschäftsführungsgesellschaft mbH, Hella Beteiligungsgesellschaft mbH & Co. KG
Executive Board of Hella Geschäftsführungsgesellschaft mbH: Dr. Rolf Breidenbach (CEO), Carsten Albrecht, Dr. Wolfgang Ollig, Stefan Osterhage, Bernd Spies
Chairman of the Supervisory Board: Prof. Dr. Michael Hoffmann-Becking





HELLA GROUP

COMPETITIVE AND INNOVATIVE EDGE STRENGTHENED

Hella's sales rose 15 percent compared to the prior year to reach €3.6 billion in fiscal year 2009-2010. With China/Asia accounting for 26 percent of sales and NAFTA/South America for 19 percent, we further expanded our global positioning. All business divisions – Lighting, Electronics and Aftermarket & Special OE – contributed to the operating result of €146 million. A high level of liquidity and a long-term loan allowed us to sustain and bolster our independence and corporate freedom, particularly in regard to long-term strategies. Our technological position with regard to the LED and energy management mega-trends means that we are superbly positioned for further growth.

GLOBALLY POSITIONED, INNOVATIVE AND PERFORMANCE-DRIVEN FAMILY COMPANY

Hella KGaA Hueck & Co. is a global, independent family-owned company with a history of more than 100 years. Worldwide, Hella employs around 23,000 people at 70 sites in more than 30 countries. Hella develops and manufactures lighting technology and electronics components and systems for the automotive industry, and has one of the world's

largest trade organizations for automotive parts, accessories, diagnosis, and services. With more than 3,500 people working in research and development, Hella is one of the main leaders of innovation on the market. Based on sales, the Hella Group is one of the 100 largest German industrial companies and among the top 50 automotive industry suppliers in the world .



ATTRACTIVE AND BALANCED BUSINESS PORTFOLIO

Hella's business is divided between the Automotive Original Equipment and Aftermarket segments. The original equipment segment covers the Lighting and Electronics Divisions. The customer base here includes both vehicle manufacturers and other suppliers. The Aftermarket segment covers independent aftermarket and business with special original equipment manufacturers, such as manufacturers of buses, caravans and construction and agricultural machinery.

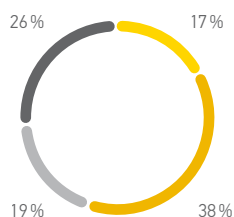
There is a large number of synergies between the two segments, but owing to their business development they tend to behave anti-cyclically. In strong economic phases, more new vehicles are purchased, which generates sales in automotive original equipment. However, in weak economic phases, existing vehicles are generally driven for longer and therefore repaired more frequently, which boosts the aftermarket business. As a result, Hella's business model is very stable and the company is broadly diversified. A large number of attractive growth opportunities have therefore been opened up in a variety of markets, which together create a better risk profile for the company as a whole.

The long-term organic growth, which has been achieved over decades largely independently of economic cycles, is testament to these synergy effects. In the last 20 years, Hella's sales have risen continuously, climbing from €1.1 billion to €3.6 billion. This corresponds to an annual growth rate of 6 percent.

The Automotive Original Equipment segment with the Lighting and Electronics business divisions is highly driven by technology and innovation. In particular, mega-trends such as LED in the lighting division, as well as energy management and CO₂ reduction in the electronics division, offer attractive growth opportunities to both business divisions worldwide. The Aftermarket segment is characterized by continuous, dynamic growth. The management of the different value-added stages in Aftermarket, wholesale consolidation and changing factory capabilities required by the increasing electrification of vehicles offer many promising growth opportunities for Hella.

In order to strategically diversify the company's business base, Hella has been systematically developing new target customer groups in the Industries field since 2008.





SALES – BY BUSINESS REGIONS INCLUDING CLIENT EXPORTS

Germany	604 Mill. €
Europe without Germany	1,349 Mill. €
NAFTA / South America	674 Mill. €
Asia-Pacific and other Regions	923 Mill. €

Its main strategic approach has been to transfer its extensive product, technology, and process expertise from the core automotive business over to attractive applications in other sectors. In the first stage, the focus is on innovative solutions for the fields of street, airport, and building lighting, as well as people counting systems.

SUCCESS FOUNDED ON TECHNOLOGY LEADERSHIP

Thanks to its extensive and ongoing commitment to research and development, Hella occupies a leading technological position in many markets. We have put many innovative products into series production for the first time, including the first full-LED headlamps. Through our commitment to continuous development we have also been the global market leader for electronic accelerators for a long time. We also enjoy the global number one position with our lane change assistant based on 24 GHz radar sensors. Our strong technological position is further exemplified by our multitude of new product solutions in the field of energy management, including our voltage stabilizers, vacuum pumps and intelligent battery sensors.

By marrying lighting and electronics expertise, Hella enjoys an unparalleled technological position that will continue to give it a key competitive edge in the years to come. Based on our high level of LED expertise in product development and industrialization, we will sustain our participation in the current mega-trends. In addition, the increasing electrification of vehicles and the high end-customer relevance of lights and lighting, e.g. in the design of light-based driver assistance systems such as glare-free high beam, offer many opportunities for Hella. The response from our customers confirms this: Hella today supplies all major auto makers worldwide, as well as production companies in the growth regions.

CORPORATE FREEDOM THROUGH FINANCIAL INDEPENDENCE

As an independent and stable family company, generating stable cash flows and ensuring adequate financial strength has top priority for Hella. In the long term, this is the only way to finance our growth, our global locations in all regions and the high cost of development needed to remain competitive.



Opposite: Breaking new ground together as a team.

Left: Developing internationally successful strategies.

Independent financial strength based on excellent operational performance is the only way to guarantee our successful development as an independent company.

External financing is broadly diversified and arranged over the long term. It consists of credit financing with an international banking consortium as well as capital market instruments. A high level of liquid funds and credit lines available at any time create a significant degree of corporate freedom, which guarantees our decision-making and trading capabilities. Low debt levels and a stable external rating document our solid balance sheet structure. This conservative approach based on ensuring a high level of freedom also proved itself in the economic crisis in 2008-2009.

GROWTH ACHIEVED ALONE AND WITH PARTNERS

Hella pursues growth both alone and as part of a network strategy with a large number of partners. In the core areas of our business divisions, we grow organically and independently on the basis of our global production and development footprint. With our network strategy, we aim to generate added customer benefits through appropriate partners and complementary expertise. We believe in creating win-win solutions for us, our partners and our customers. Since our network strategy began in the 1990s, many partnerships and joint ventures have developed globally and now generate substantially more than €1 billion in sales.

PROFESSIONALISM AND A HUMAN APPROACH ARE HELLA'S CALLING CARD

We have the challenge of combining performance-based "professionalism", with a people-focused "human approach". We believe that the long-term healthy and successful development of the company can only be achieved by meeting this challenge, coupled with a real feeling of value and sustainable performance.

Our corporate culture is summed up by our seven values: entrepreneurial accountability and autonomy, cooperation, sustainability, performance, innovation, integrity and exemplary conduct of each individual. We aim to meet the expectations of our customers, suppliers, business partners and shareholders at all times. There is only one way to achieve this objective: together, as a family company with a stable shareholder base and long-sighted management; with corporate guidelines that focus on durability and sustainability rather than short-term success and simple shareholder value, and last, but by no means least, with employees that have the same understanding of team spirit, solidarity, professionalism and shared success.

OUTLOOK

// Profitable growth in all three business divisions, Lighting, Electronics and Aftermarket & Special OE, and the Industries segment.

// Development of our competitive position in the emerging markets, particularly China.

// Steady international roll-out of our innovations, particularly in the fields of LED, energy management and diagnostics.



CARL POHLSCHMIDT, HEAD OF CORPORATE FINANCE & TAX

» All companies require a solid basis from which they can drive forward the development of innovative products and services. Hella has this basis thanks to a balanced business model that focuses on original equipment, aftermarket, and industries under one roof.«





BUSINESS SEGMENT ORIGINAL EQUIPMENT



Innovative headlamps for vehicles of every size – from compact passenger to luxury vehicles.

Previous page: Test drive using test carriers for headlamp prototypes.

PROFITABLE GROWTH

The Lighting Business Division's sales rose to €1.5 billion in fiscal year 2009-2010. This represents an increase of 3 percent. If our HBPO joint venture had not been accounted for at equity for the first time this year, the increase in sales compared to the previous year would have been 19 percent. This growth was mainly driven by innovative, cutting edge LED-based products and light-based driver assistance systems. Hella also benefited from the general market recovery worldwide in the premium, medium and small car segments.

HEADLAMP INNOVATIONS FOR ALL VEHICLE TYPES AND CLASSES

During the reporting year, we successfully put a range of headlamp projects into series production. This included the manufacture of the first full-LED headlamps with AFS (Advanced Frontlighting System) functions for the series production of a European premium class vehicle. We used cutting edge LED-based technology in all of this headlamp's lighting functions – low beam, high beam, motorway light,

adverse weather light, direction indicator and daytime running light. The greatest possible driving comfort is ensured by the "travel mode", which switches off individual LEDs in countries with left-hand driving to provide the required light distribution.

By winning several headlamp projects for a volume manufacturer, we were also able to expand our presence in the

compact class, in particular. This demonstrates that our headlamp technologies and concepts are attractive for all vehicle types and classes. We will therefore continue to profit in the long term from the trend towards smaller, more cost effective and lower emission vehicles.

LIGHT-BASED DRIVER ASSISTANCE SYSTEMS WITH INCREASED FUNCTIONALITY

Light-based driver assistance systems are distinguished by the fact that their light distribution not only automatically adjusts to the road and weather conditions, but also to the traffic conditions at any given time. The EU safety initiative recognizes the importance of this type of adaptive headlamp as a lifesaving vehicle technology and is therefore helping to publicize them.

In the high-end headlamp segment, Hella has the expertise to combine camera systems, image processing, control electronics and dynamic light modules. During the year under review, Hella successfully proved its expertise in various series production launches. In March 2010, the first Xenon

headlamps with a vertically and horizontally adaptive cut-off line were produced for a sport utility vehicle made by a German manufacturer. These headlamps are the first world-wide to provide glare-free high beam and therefore optimum visibility, as the camera automatically adjusts the high beam using a specially contoured, rotating cylinder in the VarioX® projection module. The adaptive cut-off line of a further high-end Xenon headlamp introduced in the year under review was the first to also take into account topographical conditions.

LED TECHNOLOGY WITH IMPROVED ENERGY EFFICIENCY

Hella headlamps using LED technology will in future be even more environmentally friendly. During the year under review, Hella was commissioned by a premium manufacturer to achieve the same or better performance from its products while consuming less energy. In the lighting division, Hella is also developing energy-efficient optical systems that work with a lower number of LEDs and therefore save energy. In this way, Hella is making a significant contribution as an innovative technology leader to reducing the environmental impact.



BUSINESS DIVISION LIGHTING

	2009-2010	+/-	2008-2009	2007-2008	2006-2007	2005-2006
Sales (in million euros)	1,497*	+3%	1,459	1,669	1,535	1,396.4
Employees	9,774	-4.5%	10,231	11,678	11,216	11,410
R&D expenditure (in million euros)	111.0	-7.7%	120.3	1,259	1,193	97.7

From 07-08, accounting in accordance with the IFRS, previously HGB [German Commercial Code]

* Excluding consolidation changes 1,740; including inter-segment sales

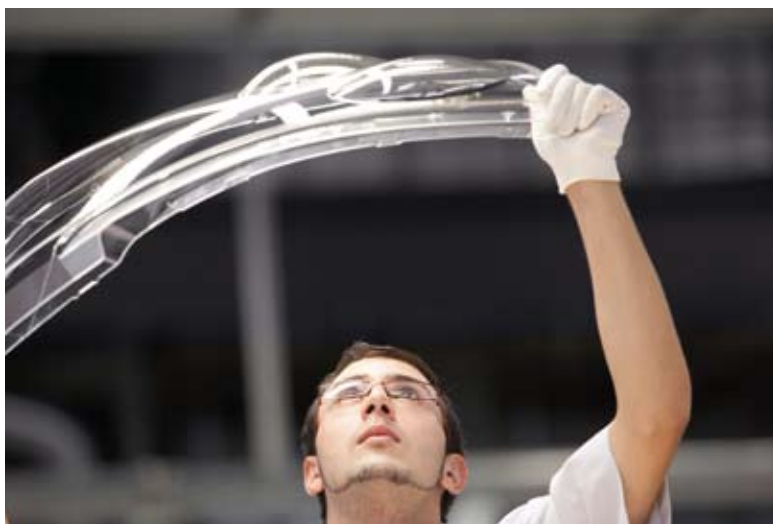
LED TECHNOLOGY OPENS UP NEW STYLING OPTIONS

In addition to energy efficiency, LED technology is enjoying increasing popularity thanks to its wide variety of styling possibilities. Consequently, in full-LED headlamps, LEDs are not only a brand-specific eye-catcher, but can also be incorporated into an overall stylistic picture under the cover lens through special refractors and thick-wall optics using plastics technology.

With regard to distinctive and exceptional design, we carried out a variety of customer projects in the year under review, where LEDs were not only visible as a light point, but were also fitted with optical elements that ensure a very homogenous lighting function. One example of this is the lighting technique where LEDs supply the light in plastic light guides. With Edge Light, the light guide achieves a two- or three-dimensional, clean contour. This technique has been used in a full-LED headlamp to achieve a striking, brand-specific signature, for example. Here, three lighting functions – position light, direction indicator and daytime running light – were provided from a single optic. Hella also used Edge Light technology in a number of combination rear lamp projects.

LED AND AMBIENT LIGHTING BECOME ESTABLISHED VEHICLE INTERIORS

The trend towards LED lighting in vehicle interiors is continuing unabated – often in connection with sophisticated electronics systems. During the year under review, various projects were implemented in this area. The production start for a premium manufacturer, with the components overhead console, light band and additional reading lights, is particularly noteworthy owing to the scope of the functions. Ambient light functions to create colorful environments or moods are also enjoying great popularity. They are also increasingly finding their way into high volume models, in particular. In addition, Hella succeeded in winning a significant contract from a well-known Japanese car maker for an overhead console. The next step in the field of interior vehicle lighting will be the use of organic LEDs – flat light sources used as displays or interior lights.



Opposite: LED headlamp production in Lippstadt.

Left: Final optical inspection of a plastic lens.

GLOBAL PRODUCTION AND DEVELOPMENT NETWORK OPTIMIZED

Our global production and development network is distinguished by its competitive mix of low- and high-cost locations. We further strengthened the network during the reporting year. We closed down our light factory in the USA owing to specific market requirements. The projects underway there were moved to locations in Mexico and Eastern Europe. Furthermore, our development capacities in Eastern Europe and China were further expanded in order to meet the global need for development.

FRONT-END MODULE EXPERTISE FURTHER ENHANCED

Specializing in the design, development, assembly and logistics of complex front-end modules, our joint venture HPBO continues to hold a unique position internationally. The company again recorded positive developments in the year under review. Thanks to new projects with two renowned German auto manufacturers, two new locations in Germany and one site in Hungary were established. In addition, the Asian headquarters in Tokyo was moved to Shanghai, in order to further accelerate activities in the growth market China.

OUTLOOK

// In fiscal year 2010-2011, we will continue to focus on profitable growth.

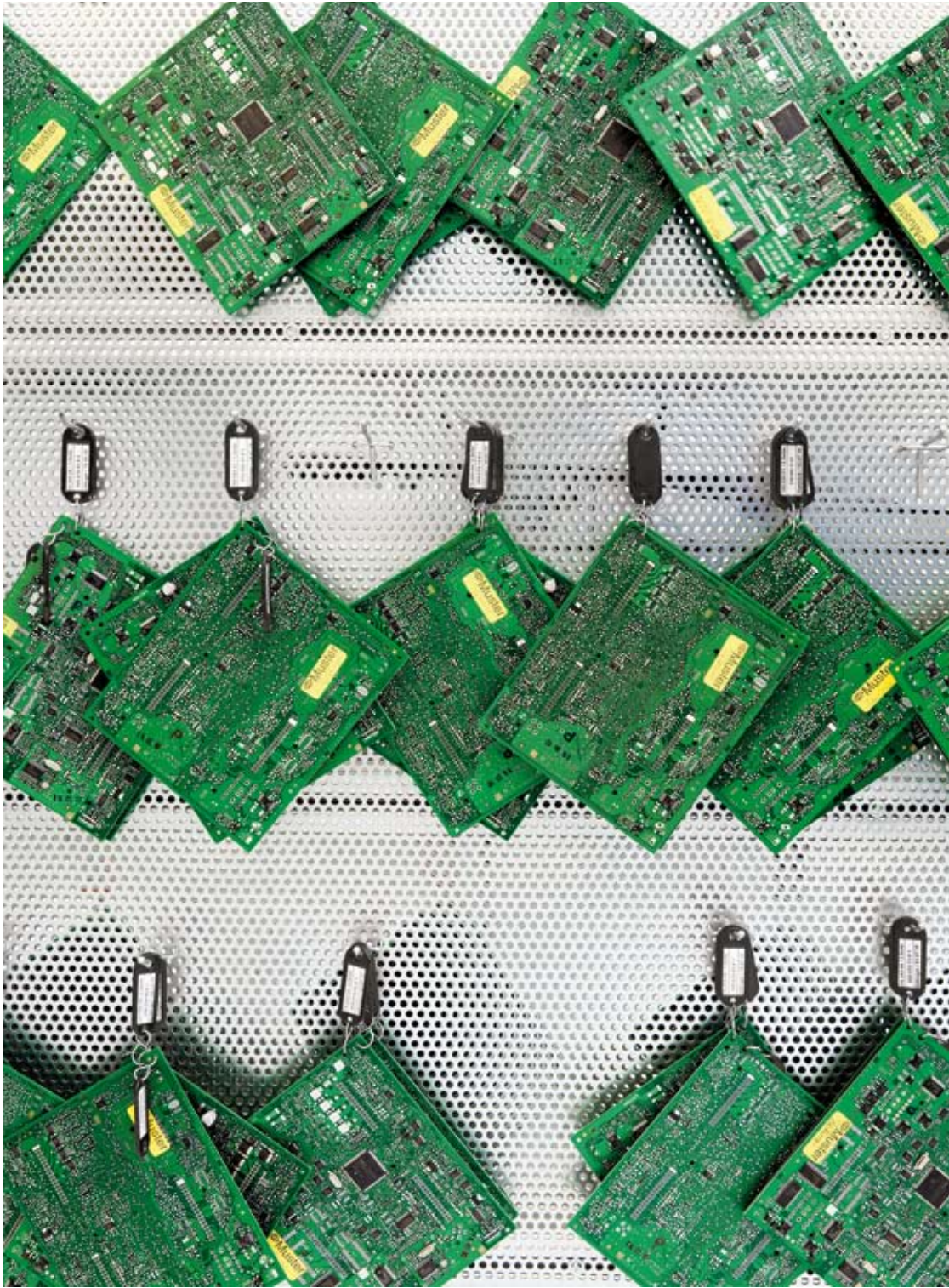
// We intend to roll out our position as LED technology leader worldwide, and based on this expertise to increasingly offer corresponding product solutions to the small and medium car segment.

// We will develop our strong market position globally. We will focus particularly on the emerging markets – primarily Eastern Europe and China. We will sustain activities to strengthen our production and development network in these locations.



CLAUDIA WAGNER, PROCESS PLANNING FOR HEADLAMPS

»We require premium-grade products because we want to ensure that our customers are satisfied. Quality is taken as a given. This not only applies to production, but to our entire value creation chain from development through to logistics.«



Test circuit boards for populated PCB inspections.

GLOBAL GROWTH WITH HIGH-PERFORMANCE PRODUCTS

The Electronics Business Division's sales rose 28 percent compared to the previous year, reaching €1.2 billion. The division benefited from the general market recovery and the particularly high demand in China. Other growth drivers included our high-performance product portfolio with innovative solutions for mega-trends like fuel saving, CO₂ reduction, driver safety and driving comfort. At the same time, the proportion of sales attributable to mid-range and high-volume models was further developed and the global production and development network sustainably strengthened.

HEALTHY BODY ELECTRONICS BUSINESS

The Body Electronics business is the backbone of our extensive electronics expertise. During the year under review, we were able to win significant orders to guarantee our continued growth: Front and rear central control units for the entire vehicle platform of a premium manufacturer, radio transmitter keys for all the vehicles of a German volume

manufacturer, as well as a trailer connection control unit and a contactless vehicle access system. In order to be able to better meet the growing demand in markets like India and China, we also focused on the development of global product platforms for central control units and access electronics based on standard software architecture for vehicle control units (AUTOSAR).

EFFECTIVE INTELLIGENT ENERGY MANAGEMENT SOLUTIONS

Our intelligent battery sensor is now used by a large number of automobile manufacturers, forming the cornerstone for efficient energy management. We have been able to further develop our leading market position internationally through numerous new orders in Europe and Asia. In addition, we have further improved the "intelligence" of our battery sensors. Our voltage stabilizer business also developed positively. Among other things, voltage stabilizers are an important factor in the fuel-saving start-stop operation of vehicles with combustion engines. Energy management for electric and hybrid drive systems is also one of our key focal points. We also focused on accelerating our electric power steering business activities.

HEAVY DEMAND FOR FUEL AND CO₂ REDUCING COMPONENTS

Hella offers a series of key components for the effective reduction of fuel consumption and CO₂ emissions. We have bolstered our position as the world's leading pedal sensor

manufacturer. A newly developed active accelerator vibrates as soon as the vehicle has been traveling for too long at an uneconomical rpm-range. We are also focusing on the need to save fuel in our actuators. During the year under review, we successfully launched two new engine compartment actuators on the market. We were also particularly pleased to see demand grow for our compact actuators for diesel engines with exhaust turbo chargers. We are expanding this portfolio with an "electric waste-gate actuator", supporting the trend towards smaller gasoline engines.

The vacuum pump business also enjoyed considerable global success. The use of this technology means that conventional braking systems can also be used in electric vehicles, for example. In addition, we have enhanced our competitive position in the field of relays by pooling our production capacities in China, and laid the foundations for further growth by developing CO₂-saving relays.



BUSINESS DIVISION ELECTRONICS

	2009-2010	+/-	2008-2009	2007-2008	2006-2007*	2005-2006
Sales (in million euros)	1,169**	+28%	911	1,167	1,024.7	1,102.3
Employees	6,408	+9%	5,867	6,242	5,750	5,458
R&D expenditure (in million euros)	170.8	+1%	169.4	169.5	145.2	166.6

From 07-08, accounting in accordance with the IFRS, previously HGB [German Commercial Code]

* From 2006-2007 without Lighting Electronic business ** Including inter-segment sales

INNOVATIVE DRIVER ASSISTANCE SYSTEMS

To increase driver comfort and safety, Hella offers a series of innovative driver assistance systems. The most successful product, with more than 850,000 units sold to date, is the lane change assistant based on 24-GHz radar sensors. It constantly monitors the space to the rear and when changing lanes warns the driver if vehicles in the neighboring lane are drawing near. Also based on 24-GHz radar sensors is the front-positioned "distance alarm", which warns the driver if the permitted safe distance is not maintained, but does not independently interact with the drive train. In this business field, we were able to achieve higher than planned rates of installation for a French customer.

Furthermore, following the successful implementation of a three-function camera for lane recognition and traffic sign detection and to display the adaptive/glare-free high beam function, two additional vehicle platforms in the mid-range segment were fitted with this technology. With lane maintenance assistance, the vehicle is guided back to the center of the lane as soon as the driver moves too close to the lane markings. The Hella "traffic sign detection" solution is also

particularly attractive to customers, as it is not fixed to the navigation system and can therefore be purchased comparatively cheaply.

DEVELOPMENT AND PRODUCTION NETWORK STRENGTHENED

During the year under review, we strengthened our production network in the long term through continuous improvement processes, product streamlining and relocating labor-intensive activities to low-cost locations. Consequently, our production site in Spain was closed, the aftermarket series production in Romania was intensified, and additional projects were assigned to our production site in Mexico. At the same time, we further developed our production activities in China and South Korea, in particular. In order to better serve local markets in Asia and meet our global development needs, we increased our development capacities outside Germany by around 20 percent. We will therefore make intensive use of the new capacities in Pune (India) and Shanghai (China), in order to promote local business through local development and win new customers.



Opposite: Cleanroom for the manufacture of sensitive electronics in Hamm-Bockum-Hövel (Germany).

Left: In the test laboratory – interior lamps undergoing endurance testing.

WELL-POSITIONED JOINT VENTURES

Our joint ventures are superbly positioned thanks to new product concepts and orders. BHTC, one of the world's leading manufacturers of control panels and units for vehicle air conditioning, was able to win significant contracts for both premium vehicles and attractive high-volume models, and further increase its global footprint. Our joint venture Intedis, experts in the design of vehicle electric/electronic system architectures, receives extensive customer orders from Europe, India and China. The work here focuses in particular on the design of vehicle electric system architectures for electric vehicles. Our two joint ventures in South Korea

also performed very well during the year under review. Our joint venture Hella SL Electronics grew, with various individual components and innovative energy management and lighting electronics products. In addition, our joint venture Mando Hella Electronics in South Korea performed well in the field of chassis electronics. Four control unit families and sensors have already been produced and six further product families are to follow. By pooling the competencies of the two joint venture partners in the fields of chassis systems, chassis electronics and driver assistance systems, we generated a large number of synergies and were able to optimally serve our customers in South Korea.

OUTLOOK

// In fiscal year 2010-2011, we will grow particularly rapidly in NAFTA, China and India.

// We intend to steadily roll out our product expertise by offering standard core products globally and developing specific products to meet local market needs.

// We will continue to seek out innovative solutions for the mega-trends in the automotive industry, environmental protection, safety and comfort, and target our portfolio accordingly.



SURABHI GUPTA, ELECTRONICS TEST LABORATORY FOR SIGNAL CONTROL MODULES

»The amount of electronics used in vehicles is constantly increasing. At the test laboratory, we comprehensively test both the functionality and safety of our products. This applies to all our locations – whether in Germany or India.«





BUSINESS SEGMENT AFTERMARKET



Every single Hella product is manufactured with the greatest care and precision.

Previous page: A look at our Logistics Center for worldwide shipments to our customers.

MARKET POSITION FURTHER STRENGTHENED DESPITE DIFFICULT ENVIRONMENT

In the Aftermarket & Special OE Business Division, sales rose by around 9 percent to €1 billion in fiscal year 2009-2010. The rise in sales was attributable in particular to the recovery in the traditional aftermarket business – primarily in Germany, NAFTA and China – as well as the healthy wholesale business in Northern and Eastern Europe. The Special OE division, which was heavily impacted by the economic crisis, only started to recover in the second half of the year. Despite the volatile market situation, the division's results remained stable overall.

LIGHTING SEGMENT ACHIEVES COMPREHENSIVE MARKET COVERAGE

The lighting segment's sales were up 4 percent on the previous year. The main drivers of this growth were new high-volume models in the European market. The expansion of the product range through the cooperation with strategic partners used by the powerful Hella sales and service network also had a positive impact. In Western Europe, Hella now covers 50 percent of the market for headlamps, and just under 70 percent in Germany.

DEVELOPMENT OF THE ELECTRICS AND ELECTRONICS RANGE

The electrics range for cars and commercial vehicles grew 12 percent to more than 6,700 articles during the year under review. Hella therefore has a high-volume and high-performance electronics portfolio. By intensifying the production of standard components (e.g. horns, trumpet horns, relays, universal switches) in low cost locations like China and India, we were able to enhance our competitiveness in the long term. Expanding the electrics range specifically for cars also laid the foundations for further growth.

The revenue from electronics products increased by around 9 percent in the reporting year. We are able to generate particularly strong growth in the Asia/Pacific and NAFTA regions, with sales up by 24 percent and 33 percent, respectively. The fact that our range focuses on electronics products for vehicles made by European manufacturers was beneficial in this regard. By expanding our network partnerships, we increased our range to more than 3,300 products. The expansion focused on sensors and actuators associated with engine management and drive train systems.

STRONG MARKET POSITION IN THERMAL MANAGEMENT

With an extensive product range, significant partners and a high-performance global sales network, we are among the leading suppliers of cooling and air conditioning products in the independent automotive aftermarket. During the year under review, we focused on growth outside of Europe, in particular. At the start of 2010, Hella took over the exclusive marketing of thermal management products for cars and commercial vehicles produced by AKG Thermotechnik International, further strengthening our market leadership.

By developing sales of intercoolers, cooling and condenser fans, and filter-driers, we have laid the foundations for future growth. With regard to coolant radiators, air-conditioning compressors and condensers, we already cover almost 80 percent of the car pool in Western Europe.

SPECIAL OE EMERGES FROM THE CRISIS STRONGER

The Special OE business unit produces and markets products for customer groups outside of the field of passenger cars (e.g. for buses, motor homes, truck trailers, agricultural and construction machinery). These customer groups were very heavily impacted by the global economic crisis, which was reflected in a significant decline in sales. The first signs of recovery were not seen until the second half of the year, but subsequently picked up speed. In order to withstand this challenging market environment, we implemented the necessary structural changes at our production sites in Germany, Austria and Finland, and further expanded our manufacturing capacities in low-cost locations. At the same time, based on our leading LED development and industrialization know-how, we initiated a broad-based product offer-



BUSINESS DIVISION AFTERMARKET & SPECIAL OE

	2009-2010	+/-	2008-2009	2007-2008	2006-2007*	2005-2006
Sales (in million euros)	995**	+9%	915	1,104	1,093.7	880.7
Employees	5,284	-3%	5,437	5,588	7,118	5,944
R&D expenditure (in million euros)	13.9	-13%	15.9	14.6	20.2	21.3

From 07-08, accounting in accordance with the IFRS, previously HGB [German Commercial Code]

* From 02/01/2008 without sub-group Holger Christiansen ** Including inter-segment sales

sive, launching numerous new products in the market. The highlights of this included new LED worklamps in the Power Beam series, the world's first LED daytime running light, and the RTK 7 roof bars for official vehicles.

COMPREHENSIVE GARAGE EXPERTISE FROM A SINGLE SOURCE

Repairing modern vehicles without a readout from the electronic fault memory or a control unit is practically impossible. This means that the complexity for garages is increasing exponentially. In order to ensure quick and safe repairs, together with joint venture Hella Gutmann, Hella offers garages a comprehensive service package for the whole value-added process: from high-performance products and services for vehicle identification and fault diagnosis, to determining and ordering the replacement parts required. We successfully launched a new generation of diagnostic units with mega macs 66. Professional training, a technical hotline, detailed technical information and a full-service package with attractive unit finance models round off the offer.

The range of services is complemented by around 500 garage equipment products. Since the start of 2010, the new generation of our air conditioning service units has been available to our customers. In light of this comprehensive garage expertise, we were able to further develop our strong market position in Germany and push forward the internationalization of the business.

HIGH-LEVEL CUSTOMER SERVICE

Despite significantly reduced stocks and cost cutting, we were able to ensure excellent product availability for our customers during the year under review. The marketing support for aftermarket and garages was also bolstered. We have developed an Internet-based know-how tool for garages. This allows the photo-realistic, three-dimensional depiction of vehicle components and functions of various circuits and modules. This is well suited to solving technical problems, training purposes or even discussions with customers. The "Hella Service Partner Concept" was also further developed. With some 5,000 partners in 19 European countries, it is now one of the most successful detailed garage concepts in Europe.



Opposite: Our technical hotline is staffed by experienced professionals and provides international customer service.

Left: State-of-the-art vehicle diagnostics for swift, safe repairs.

FOUNDATIONS LAID FOR GLOBAL GROWTH

In Europe and NAFTA, the fiscal year recorded a relatively weak performance during the first six months. Growth was bolstered in particular by our own wholesale activities in Denmark and Norway. Through our 50 percent interest in the Polish wholesale business "Inter-Team", we were able to gain additional market share during the year under review and open up significant growth opportunities in Eastern Europe. From January 2010, a significant recovery took hold in almost all regions. The Africa and Asia regions performed particularly well for Hella. In China, for example, our sales rose by 30 percent. Given this region's enormous growth potential, we consistently focused on developing our sales structure there during the reporting year.

OUTLOOK

// In fiscal year 2010-2011, our growth will focus heavily on the Aftermarket & Special OE segment – particularly in Europe and Asia.

// In the traditional aftermarket business, we will develop our product portfolio and open up our high-performance global sales network to additional partners.

// In the Special OE segment, we will steadily roll out our innovation pipeline and strengthen our global footprint.

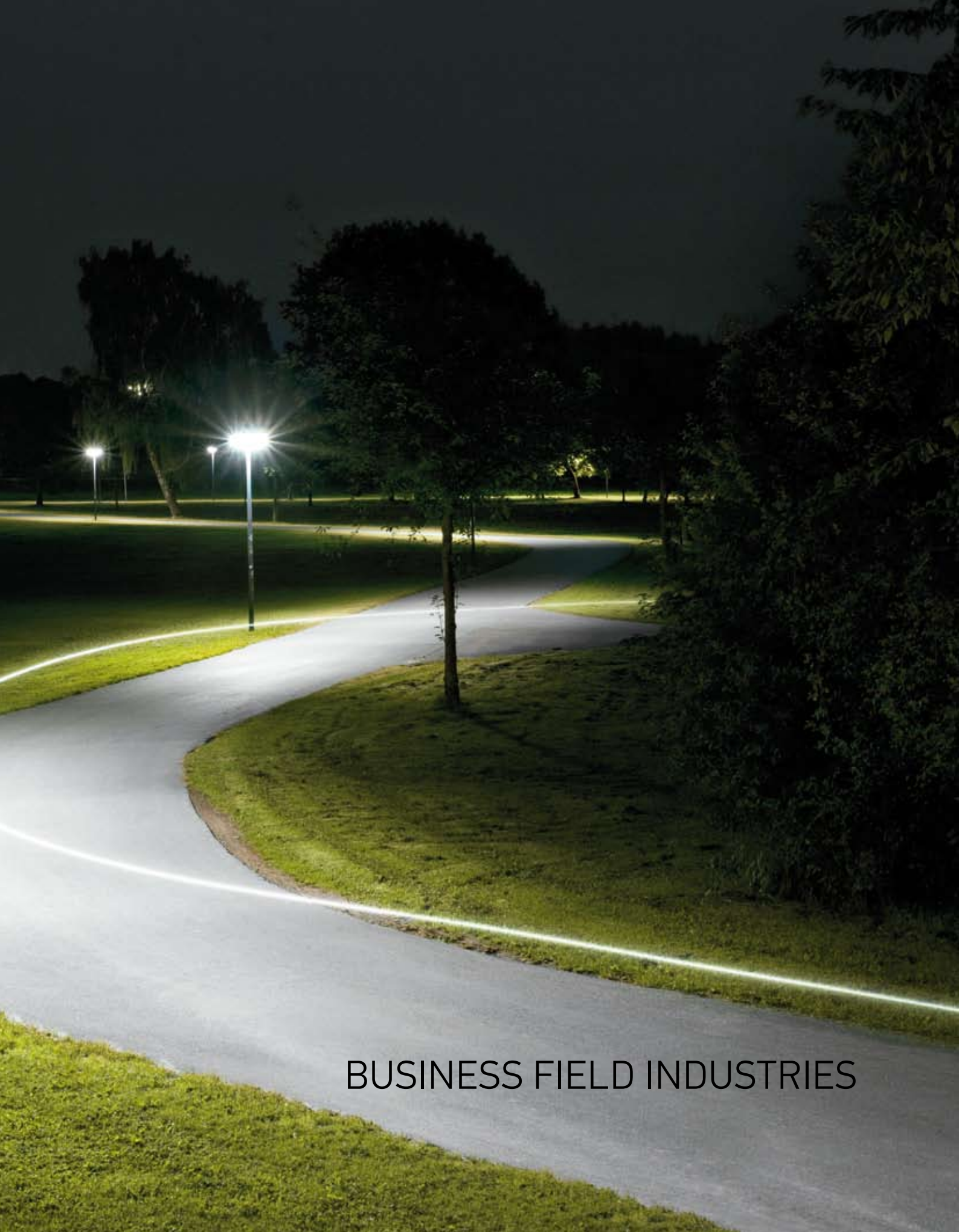
// In Europe, we will further internationalize our garage business and promote our own wholesale activities in Northern and Western Europe.



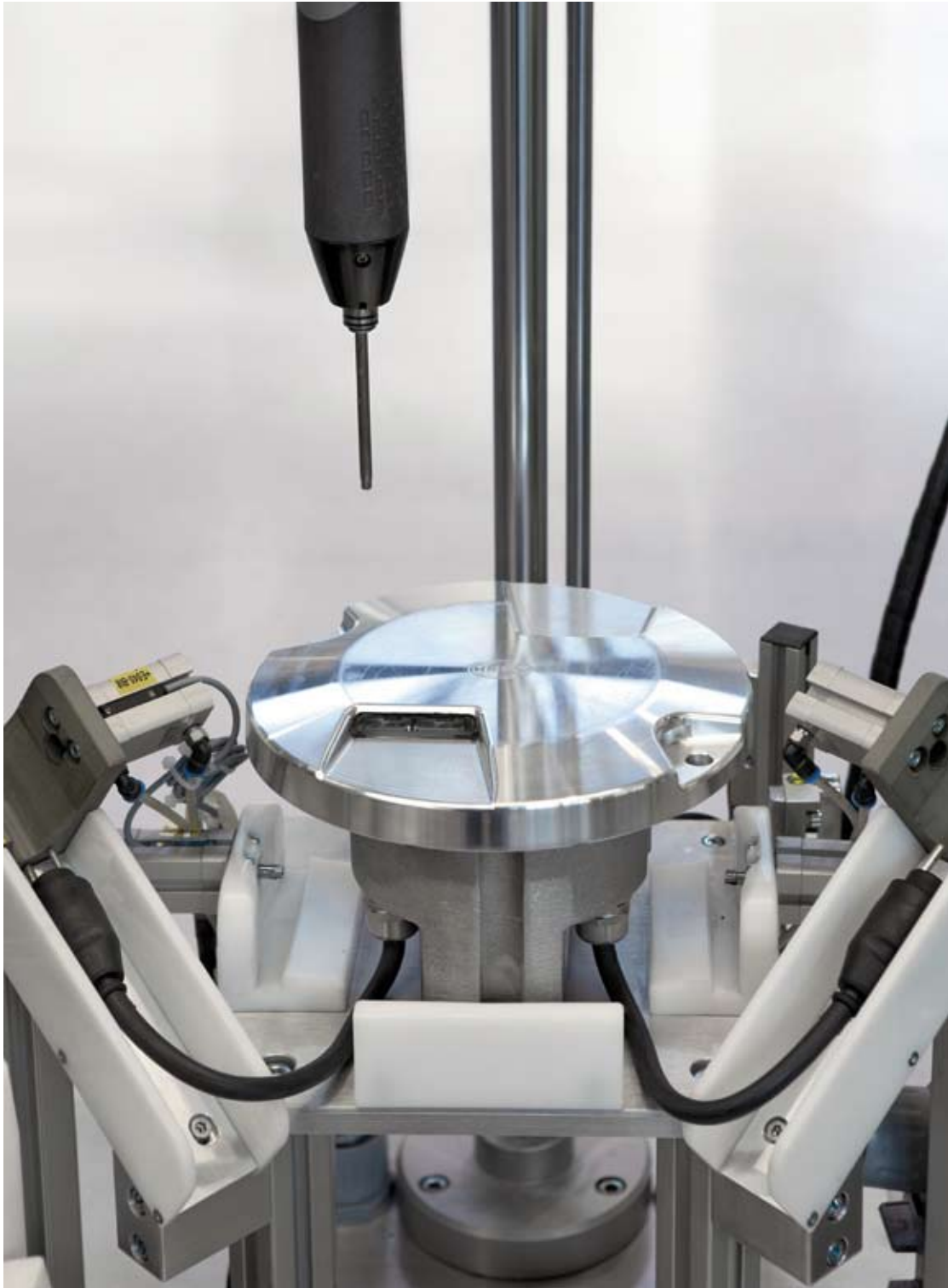
HEINER PLITT, HEAD OF TECHNICAL TRAINING IN GERMANY

»Every year, our training program brings over 5,000 representatives from the wholesale trade, workshops, and vocational schools up to speed with the latest technology. New technologies constantly present us with new challenges. Which is just one reason why I have been involved in this field for over 17 years.«





BUSINESS FIELD INDUSTRIES



Precision manufacture of newly developed LED in-pavement lighting for airport runways.

Previous page: Efficient Hella LED street lighting in Lippstadt.

NEW CUSTOMER GROUPS SUCCESSFULLY DEVELOPED OUTSIDE OF THE AUTOMOTIVE BUSINESS

The fundamental aim of the Industries business field is to transfer our expertise from the core automotive business to attractive applications in other sectors.

In fiscal year 2009-2010 the initial projects already generated sales in the millions.

The use of LED technology for street, airport and internal lighting, and the application of our image processing expertise for people counting, were the key focal point.

ECO STREETLINE:

EFFICIENT LED STREET LIGHTING FROM HELLA

We made a successful entry onto the street lighting market in fiscal year 2009-2010, with more than 1,000 Eco StreetLine Square Hella lights installed. The innovative LED lights have already won numerous awards, and were named "Best Product" at the Lightfair trade show in Warsaw in March 2010. The product family has now been expanded with two attractive lighting lines, the Eco StreetLine Case and the Eco StreetLine Park. The Eco StreetLine Case is designed specifically for higher lighting points at six to ten meters and is therefore ideal for lighting commercial areas, industrial parks and freeways, while the Eco StreetLine Park is specially designed for parkway and cycle path lighting.

Hella's cutting edge LED technology and the modular use of the Eco StreetLine family offer local authorities and companies an attractive overall lighting solution that not only guarantees superb illumination, but also reduces costs. Lippstadt, for example, has saved around 117,000 kWh per year by exchanging 450 old mushroom luminaires. Thanks to the longer operating times and lower maintenance rate of the LED technology, savings are also made in terms of running costs. This has led many other cities and local authorities, as well as industrial companies, to order corresponding installations from us.

ENERGY-EFFICIENT, LOW-MAINTENANCE AIRFIELD LIGHTING

We have also applied our LED expertise to groundbreaking airfield lighting solutions, developing innovative LED in-pavement lighting for the central line on runways and landing strips. Compared to customary halogen lighting systems, the use of the Hella solution achieves energy and maintenance cost savings of up to 70 percent and reduces CO₂ emissions by up to 85 percent. The extremely flat construction of the in-pavement lighting also means that potential damage caused by cleaning machines or snow plows is almost completely avoided. Additional innovative product applications in the field of airport lighting are currently being developed.

CUTTING EDGE AUTOMOBILE TECHNOLOGY FOR THE HOME

We also use our LED expertise for a multitude of universal lighting systems for ambient living room lighting and to provide suitable lighting for public buildings and offices. Hella's systems are distinguished by their low installation and construction height, brightness and energy efficiency, which together guarantee a high level of convenience and

functionality. Based on sensors and electromotive actuators tried and tested a million times over in the automotive field, we have created applications specifically to enhance comfort in the home. For example, our capacitive sensors make it possible to switch on and off lights or certain electronic functions precisely and contact-free through the integration of sensors in the back of pieces of furniture. Promising customer projects are also underway in this area.

PRECISE PEOPLE COUNTING SYSTEMS

On the basis of our image processing expertise in the automotive industry, we developed a camera-based counting system, People Counter. People Counter measures the number of people passing through a defined area with high precision. In this way, for example, the number of guests or customers visiting, leaving or staying at buildings, events or means of transport can be determined in order to optimally arrange staffing or capacity utilization. During the year under review, more than 1,600 People Counters were already installed in more than 1,200 branches of a major communications service provider. Their use in trains and buses is set to follow.

Outlook

// In fiscal year 2010-2011 we intend to further actively develop the Industries Business Field.

// Regionally, we will focus our growth on selected individual markets in Europe, as well as China.

// Based on our product, process and technological expertise from our core automotive business, we intend to continue developing additional attractive applications in the Industries field.



DIETRICH STEINBRECHER, SALES MANAGER - INDUSTRIES FOR VISION SYSTEMS

»The Industries business field opens up new opportunities for Hella. It enables us to apply the expertise gained in our core automotive business to attractive applications in other areas. Our People Counter is just one example of this: a camera-based device for precise measurement of pedestrian flows.«

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GROUP MANAGEMENT REPORT FOR FISCAL YEAR 2009-2010

Hella KGaA Hueck & Co. is a global, independent, family-owned company with around 23,000 employees at 70 sites in more than 30 countries. Hella develops and manufactures lighting technology and electronics components and systems for the automotive industry, and has one of the world's largest trade organizations for automotive parts, accessories, diagnosis, and services. With more than 3,500 people working in research and development, Hella is one of the main leaders of innovation on the market. Furthermore, with sales of € 3.6 billion, the Hella Group is among the top 50 automotive suppliers in the world and one of the 100 largest German industrial companies.

GENERAL ECONOMIC DEVELOPMENTS

International automotive markets on the road to recovery

Despite the global financial and economic crisis, the international automobile industry performed significantly better in calendar year 2009 than initially expected. Despite early-year predictions of a 15 percent to 20 percent slump in new passenger vehicle registrations, stability was achieved primarily as a result of government-backed incentives, in the form of tax breaks and environmental bonuses. An upturn in new vehicle business during the second half of the year in particular meant that overall sales of passenger vehicles for the year only declined by 4 percent. The driving forces behind this growth were primarily the fast-growing nations of China, India, and Brazil.

The international economic recovery, which began during the second half of 2009, continued strongly into the first half of 2010. Demand in Asia and the USA in particular has since

increased significantly, both for local products and imports. In addition, as the incentive programs, which encouraged a shift towards smaller vehicles, come to an end, there is renewed demand for premium models and a wider range of special features.

China continues to achieve extraordinarily high growth rates. Although demand for passenger vehicles has recently been slightly lower than in the previous months, sales during the first five months of 2010 nonetheless exceeded the previous year's figure by 57 percent, making China the world's largest national automobile market. The Chinese market expanded in this period with 4.5 million vehicles sold. Sales of light vehicles (passenger vehicles and light trucks) in the USA had stabilized again by the end of 2009. By May, sales for 2010 were up 17 percent on the previous year.

Recovery of the new vehicle business was markedly slower in Western Europe, although the results of the various

HELLA GROUP SALES (IN MILLION EUROS)



government incentives schemes did help to create stability in the first months of 2010. It must be remembered that new vehicle registrations in Germany, in particular, had risen significantly in the same months of the previous year due to the government scrapping premium. These special circumstances result in a distortion of the year-on-year comparison. Overall, there were clear differences between the individual Western European markets. In the first half of 2010, UK sales of passenger vehicles rose 20 percent while sales in Spain even increased by 40 percent. However, these two countries had also registered the sharpest decline in new vehicle registrations in 2009. The French market also exceeded the previous year's level while Italy, as expected, saw demand for passenger vehicles tail off when the incentive payments here ceased. As a result, Italy experienced growth of just 3 percent in the first half of the year. Significant recovery in the new EU member states is not yet discernible. In Eastern European countries, in the first five months of 2010, 14 percent fewer new vehicles were sold than in the same period of 2009.

Supply chain capacity shortage brings new challenges

In 2009, global automobile production declined more steeply than demand due to a dramatic reduction in stock along the entire value-added chain. Globally, passenger vehicle manufacture declined by 14 percent in the wake of decreasing demand. Suppliers reacted to the automobile manufacturers' drastic cutbacks in production by reducing their own capacity. The resurgence in demand and an upturn in vehicle production caused severe limitations on the availability of certain materials and components, especially electronic components. In addition to this, suppliers experienced planning difficulties and uncertain business forecasts due to the

volatility in demand, which resulted in cautious, delayed capital expenditure in capacity expansion.

The scarcity of essential materials and components means that automobile manufacturers currently face new procurement and inventory management challenges, and will continue to do so in the future. These bottlenecks will continue until capacities in the market have once more adjusted to meet increased demand.

COMPARATIVE SALES GROWTH OF 15 PERCENT

The economic recovery after the most serious global recession since the war, the financial support provided to the automobile industry through various government schemes, and the strengthening of the American and Chinese markets all had an extremely positive effect on the Hella Group's business. Sales and volume increased more significantly than expected, with sales rising 15 percent on a comparable basis.

For the first time, sales are recognized in the consolidated financial statements without the joint venture in the front end business (HBPO), which was previously included proportionally. This holding is now accounted for at-equity. If the joint venture had been considered proportionally for fiscal year 2009-2010, consolidated sales would have been €243 million higher. The sales stated in the income statement are therefore slightly higher, increasing by 8 percent to € 3.550 billion.

Original equipment sales, which were high even in comparison to the market as a whole, also reflect the appropriate product and acquisition strategy followed in recent years. Just one year later, this has nearly offset the sharp decline in sales the previous year. In comparison to the record fiscal

HELLA GROUP SALES BY SALES REGION

IN MILLION EUROS	2009-2010	2008-2009	+/-	Share
Germany	1,365	1,182	+15%	38%
Central and Eastern Europe	186	209	-11%	5%
Rest of Europe	994	1,048	-5%	28%
NAFTA	415	420	-1%	12%
Asia-Pacific, RoW	590	426	+39%	17%
Consolidated sales	3,550	3,285	+8%	100%

year 2007-2008, without the consolidation effect, HBPO lacks sales of around € 150 million or a further 4 percent growth.

Sales performance since 2008 also reflects the largely anti-cyclical structure of the two business segments Original Equipment Automotive (OE) and Aftermarket. Although the original equipment divisions Lighting and Electronics were strongly affected in fiscal year 2008-2009 by the sudden, sharp decline in orders from automobile manufacturers, spare parts and aftermarket transactions remained relatively stable, suffering only minor losses. In contrast, the recovery during the fiscal year 2009-2010 brought strong growth for Automotive Original Equipment but delayed, weaker growth for Aftermarket. Overall, this segment structure has made the company more stable and robust. Thanks to this, Hella's 12 percent decline in sales during calendar year 2009 was significantly lower than that of most competitors.

Although Aftermarket grew more slowly than Original Equipment, it did so in a more stable manner, reaching the previous year's level. Wholesale business in Northern Europe benefited from the consolidation of the market and expanded further. In contrast, special equipment business (buses, trailers, caravans, etc.) remained slow. These manufacturers were generally affected by the economic crisis to a far greater extent than automobile manufacturers. However, since the second quarter of 2010, it is increasingly apparent that an economic recovery is underway even in these sectors.

Regionally, German sales experienced the sharpest growth in 2009, rising 15 percent thanks to the boom triggered by the scrapping premium. However, this also gave rise to consumers making advance purchases, which initially had a very negative impact on the market in 2010. However, this

mechanism was anticipated and therefore also taken into account in planning. A positive and, given the market trend, unexpected rise was experienced by Hella in Germany thanks to healthy foreign demand. Exports have staged a strong recovery since the beginning of the 2010 calendar year and made a significant contribution to the company's performance in the first half of 2010.

In Central and Eastern Europe, business remained weak with an 11 percent decline in sales. However, the share in the consolidated sales is just 5 percent. Sales also fell slightly in Western Europe and the NAFTA region. In the NAFTA region, this was attributable to a very conservative project acquisition strategy in recent years where priority was given primarily to profitability over sales growth.

The business experienced a real boom in the Asia/Pacific/RoW region, particularly in China. The region's share in the consolidated sales climbed four percentage points to 17 percent, thanks to sales growth of 39 percent. The Group's business activities here not only made a considerable contribution to the company's success, but also strengthened Hella's position in these strategic growth markets.

Taking into account the indirect exports through our customers' export activities, particularly from Germany and Europe, an even stronger regional diversification of the Hella Group's sales markets becomes apparent. The direct and indirect sales from the Asia Pacific region accounted for roughly 26 percent of the consolidated sales, with the NAFTA region representing 19 percent. This gives the Group a very balanced and stable global presence, which protects the company as far as possible from specific regional market fluctuations.

This development further enhanced Hella's competitive edge in the important global growth regions in fiscal year 2009-2010.

SUCCESS FOUNDED ON TECHNOLOGY LEADERSHIP

Hella occupies a leading technological position in many markets, thanks to its extensive and ongoing commitment to research and development. For example, Hella's innovative developments have made it the long-standing global market leader for electronic pedals. Full-LED headlamps were produced in series for the first time in 2009, and innovative new product solutions such as the intelligent battery sensor and radar-based lane change assistant were brought to market globally by various customers.

The company's core business in the field of LED technology will be rolled out to other industry segments in the future. During the reporting year, many developments in energy-efficient LED street lighting and innovative airfield lighting were already underway. By marrying lighting and electronics expertise, Hella enjoys a superb technological position that will continue to give it a key competitive edge in the years to come.

It leads the field in light-based driver assistance systems such as the glare-free high beam, for instance, which offers considerable end-user benefits. The fact that Hella is ahead of the competition, both in terms of its product portfolio and technological innovations, is confirmed by the response from our customers: Hella today supplies all major auto makers worldwide, as well as production companies in the growth regions China and India.

AFTERMARKET – AN ANTI-CYCLICAL BUSINESS WITH A STABLE POSITION

In addition to the Original Equipment segments Lighting and Electronics, which count the world's largest automobile manufacturers among their customers, Hella operates the world's largest trading organization for automotive parts, accessories, diagnosis, and services: the "Aftermarket and Special OE" segment. In fiscal year 2009-2010, this segment alone employed more than 5,400 staff and generated sales of €1 billion with 24,000 trading products. Hella Handel is represented in some 100 countries through its own sales companies and selected partners. Our global logistics network guarantees optimum goods availability for our customers.

Hella's program portfolio focuses on products in the core business areas lighting, electrics, electronics, and thermal management. The customer base includes automotive parts traders, garages, and special vehicles. Hella acquires spare parts and accessories for the Aftermarket segment from two main sources: the business has its own production sites that manufacture products specifically for the trading business, and secondly, respected parts manufacturers cooperate with Hella in order to be able to sell their own products through the powerful, global aftermarket sales network.

ROLLING OUT STRENGTHS TO NEW SEGMENTS – THE "INDUSTRIES" DIVISION

In order to strategically diversify the company's business base, Hella has been systematically developing new target customer groups since 2008. Its main strategic approach has been to transfer its extensive product, technology, and process expertise from the core automotive business over to attractive applications in other sectors. The first projects

are already at implementation stage. The initial focus is on innovative solutions for the fields of street, airport, and building lighting, as well as people counting systems. In the fiscal year just ended, the various business activities already generated seven-figure sales. In the long term, the "Industries" division should develop into an additional key pillar of the business, further increasing the company's autonomy.

OPERATING RESULT RISES TO €146 MILLION

Earnings before interest and taxes (EBIT) climbed by €97 million in fiscal year 2009-2010 to reach €146 million, with an operating margin of 4.1 percent. Net profit for the fiscal year rose to €81 million. Alongside the healthy increase in sales, which was initially supported by government support measures, growth was ultimately driven by the recovery of foreign markets. In addition, consistent cost-cutting measures made a significant contribution to the sharp rise in profitability in the second fiscal year after the Lehman collapse.

Compared to many other automotive suppliers, Hella's result shows that the company has steadily and sustainably overcome the economic crisis since fall 2008. Looking back, it is clear that Hella reacted to the slump in the automotive industry quickly and appropriately through the implementation of systematic measures. The expectation of a significant and sustained decline in sales in the new vehicle division and the decision to immediately and effectively adjust the cost and expenditure structures to these lower sales volumes have proved themselves since fall 2008: in fiscal year 2008-2009, Hella did not post any losses on the prior year, despite a 17 percent decline in sales. In fiscal year 2009-2010, the positive market developments together with the effective structural measures led to a considerable increase in profit-

ability. Although sales did not return to pre-crisis levels, Hella did succeed in restoring the operating result to pre-crisis levels in the fiscal year just ended by sustainably reducing fixed costs. This represents an ideal starting position for the further development of the company in the coming years.

The commodity markets remain a major challenge. After a short phase of falling prices amid the financial and economic crisis, commodity prices returned to their old peaks. Furthermore, the shortage of certain materials, for example electronic components or plastics, pushed prices even higher. Hella met these challenges, as in the preceding years, by consistently globalizing its supplier network and therefore improving its own competitive position. Despite these difficulties, Hella managed to maintain a stable 23 percent gross profit margin during the fiscal year just ended. The administrative and sales costs were reduced further during the last fiscal year. Their share of the total sales fell 0.5 percentage points.

As part of the long-term development and capital expenditure strategy, research and development costs remain stable and consistently high at just under €300 million, representing more than 8 percent of sales. This reflects the long-term strategy of being the industry's technological leader and acquiring and further developing attractive market positions through innovative products.

The result from investments and the other financial result improved by €8 million compared to the prior fiscal year. The financial result of the prior year was dragged down substantially by one-off securities write-downs as a result of the financial crisis. The net interest on financial liabilities rose in line with the general market development by a significant €5 million to €36 million.

TWO PROFITABLE BUSINESS SEGMENTS

Hella's business is divided between the Automotive Original Equipment and Aftermarket segments. Original Equipment includes the lighting and electronics divisions and supplies automotive manufacturers and other suppliers. The Aftermarket segment covers independent parts trading, as well as transactions with special original equipment, for example trailer, caravans, buses, and so on.

Both segments achieved very positive results even amid the crisis. The operating result of the Original Equipment segment in the fiscal year just ended was €76 million and made the largest contribution to earnings growth. However, the highly cyclical nature of the new vehicle business meant that this segment was also more significantly impacted by the economic downturn in the prior year. The Aftermarket segment generated a result of €67 million and therefore again proved itself to be an extremely stable income-generating segment with considerable growth potential.

STABLE ASSETS AND FINANCIAL POSITION – FUNDING BASIS EXTENDED AND SECURED OVER THE LONG TERM

The Group's net financial debt, i.e. the balance of cash and cash equivalents, short-term financial assets (largely securities), and interest-bearing liabilities, was again reduced in fiscal year 2009-2010. At €289 million on the statement of financial position date, the net financial debt was down €26 million on the previous year. It also fell further in relation to the company's equity and profitability. It represented just 0.4-times equity and 0.7-times earnings before interest, taxes, depreciation, and amortization (EBITDA). These ratios clearly demonstrate the strong financial position and conservative debt levels of the Hella Group.

Despite the low funding requirement, the Group's funding basis was consistently extended and strengthened for the future. Both bank loans and capital market instruments were used for this. Despite the significant market uncertainty, follow-up financing was arranged with a broad-based and largely international bank consortium as part of a forward start facility. This transaction was refinanced in spring 2010 at much more favorable conditions thanks to the improved market circumstances and the successful development of the company. This facility therefore represents a back-up line with an overall volume of €300 million.

In October 2009, the funding basis was further augmented by the €300 million first-time issue of a five-year euro bond. The documentation for this bond based on investment grade categories, despite its Ba1 rating. This transaction allowed Hella to access a broad international investor base and therefore improve its own trading position and autonomy. The bond has since also been sought-after in secondary trading on the private investor-dominated Stuttgarter Börse. Since the issue, the company-specific risk rate has fallen by approximately 100 basis points.

Based on the successfully expanded funding basis, short-term promissory notes and profit participation certificates with a total volume of €100 million were repurchased in fall 2009 as a cost optimization measure.

Cash flows in the prior year were again heavily impacted by the implementation of structural measures. Consequently, just under €50 million became payable for redundancies, for which provision had already been made in earlier fiscal years. This therefore has no impact on profit and loss in the fiscal year under review.

HELLA GROUP EQUITY (IN MILLION EUROS; MAI 31, EACH)



In addition, the further development of working capital, largely inventories and trade receivables, owing to the spike in business at the end of the fiscal year in particular, led to an outflow of funds totaling €128 million. However, the Group's cash position overall rose €340 million through operating activities, while capital expenditure gave rise to an outflow of €238 million.

Furthermore, liabilities for a yen-denominated bond and loan amounting to JPY 22 million with a residual term of more than 20 years had to be written up by €31 million in the consolidated financial statements owing to a change in the spot exchange rate. Since both transactions have been fully hedged against interest rate and currency movement over their full term, the valuation difference is just a spot rate effect on the carrying amount, which must nonetheless be recognized as a liability under the International Financial Reporting Standards.

The cash and short-term realizable securities totaled €428 million on the statement of financial position date, an increase of €63 million on the prior year. Set against this were short-term financial liabilities of €55 million. Together with the unused line of credit under the syndicated credit facility and the still undrawn loan from the EIB, the available liquidity reserve at the statement of financial position date amounted to over €800 million and represented around two times EBITDA. The funding of the Group is therefore sufficiently secured and conservative even in the event of a worst-case scenario arising. Off-statement of financial position instruments such as leases or the sale of trade receivables are also used to optimize funding costs. This gives the company significant room for maneuver in pursuing its specific growth strategies. The company management

deliberately opted for this funding approach even against the backdrop of the economic crisis since 2008, although this also led to an increased interest cost. For Hella, securing and increasing its entrepreneurial freedom through secure, long-term financing instruments takes priority over near-term profit optimization.

EQUITY RATIO OF 28 PERCENT – CASH ADJUSTED 33 PERCENT

The Group's statement of financial position total rose €254 million on the previous year to €2,700 million. Current assets rose €264 million compared to the previous year to €1,438 million. The biggest changes arose from the disposal of inventories and the balance of €107 million from trade receivables and trade payables resulting from the increased sales volumes. This rise offset the prior year's €101 million reduction in working capital owing to the financial crisis. The rebuilding of working capital following the slump in automotive sales, which is viewed by many market analysts as financially critical for automotive suppliers, was therefore fully achieved by Hella in fiscal year 2009-2010 without weakening its own financial position.

Capital expenditure – primarily on machines, equipment, and other operating equipment – as well as on development projects and other intangible assets, decreased by €50 million compared to the previous year to €240 million. Capacity adjustments in the production departments together with site closures in the USA and Spain allowed the available equipment to be concentrated on other production sites and better utilized. This significantly reduced the capital expenditure requirement during the fiscal year. Non-current assets remain at roughly the same level as the prior year at €1,263 million.

HELLA GROUP EMPLOYEES (MAY 31, EACH)



Equity rose €97 million to €756 million, accounting for 28 percent of the statement of financial position total. Adjusted for the significant cash and funds of more than €400 million, the equity ratio is a healthy 33 percent.

SALES AND HUMAN RESOURCES DEVELOPMENT BOTH STRONG

The Hella Group had 22,852 employees at the statement of financial position date. Despite the number of employees remaining at broadly the same level as the prior year, sales increased by around €300 million. Unlike in the previous year, the joint venture HBPO GmbH was not included in the scope of consolidation. Conversely, other development companies were consolidated for the first time.

With regard to human resources, the fiscal year was marked in particular by an adjustment of structures to bring them into line with regionally differing market developments. Although recruitment continued in Asian emerging markets, particularly China, laying the groundwork for future growth, the number of employees in the NAFTA region and Germany was reduced owing to the restructuring of the automotive industry during the economic crisis. Significant provisions were already made in previous years for the necessary human resource measures, which were implemented in a socially responsible manner, so the fiscal year 2009-2010 result was not impacted.

In order to counter demographic trends and cover future requirements for skilled specialists, Hella increased its human resource management activities with a focus on recruitment, employee development, and employee loyalty. Current HR requirements were met through a training

campaign and ongoing attendance at recruitment events at universities and colleges. In addition to international university contacts, Hella cooperates closely with the new University of Hamm-Lippstadt, where students study “mechatronics” and industrial engineering sandwich courses, among others.

CAPITAL EXPENDITURE ON RESEARCH AND DEVELOPMENT CONTINUES DESPITE GLOBAL SALES CRISIS

Hella’s research and development activities remain centered on the key mega-trends in the automotive industry: environment, safety, and comfort. Despite the global economic crisis, Hella continued to invest heavily during fiscal year 2009-2010, with capital expenditure in this area reaching €296 million; this represents 8 percent of sales. Given that Hella’s research and development activities are mainly focused on the Original Equipment segment, after adjustment for sales from the Aftermarket business, this percentage reaches double digits. Hella therefore clearly occupies the leading position in the automotive supply industry. This also reflects the Group’s strong commitment to achieving and maintaining technology and innovation leadership.

The number of research and development employees rose to 3,517 during the fiscal year (prior year: 3,262 employees), particularly owing to the inclusion of additional development companies in the scope of consolidation. A total of more than 15 percent of Hella’s workforce is therefore employed in research and development. This highly creative pool of employees forms a sound basis for defending and expanding Hella’s innovation and technology leadership in important product segments in the future.

NUMBER OF EMPLOYEES IN THE HELLA GROUP BY REGIONS

	May 31, 2010	+/-	Share
Germany	9,938	-5%	43%
Rest of Europe	6,595	+0%	29%
NAFTA	2,482	-6%	11%
Asia-Pazific, RoW	3,837	+19%	17%
Permanent employees worldwide	22,852	+0%	100%

PRODUCT FOCUS ON THE ENVIRONMENT MEGA-TREND

The environmental theme continued to grow in importance in fiscal year 2009-2010. Reducing consumption and increasing efficiency, in particular, formed the central focus of the development and innovation efforts. There are three optimization pillars: cost savings for motorists by reducing fuel consumption, sustainable resource conservation, and minimizing CO₂ emissions. This creates a great need for innovative solutions. Hella has a broad range of products in both the electronics and lighting segments which help to save fuel and reduce CO₂ emissions.

The component business is a key focal point for Hella. In this area, it has a product portfolio that plays an important role in energy management. In particular, this included the intelligent battery sensor (IBS), which as the heart of a vehicle's energy management system, is already being used by many automobile manufacturers. IBS offers CO₂ reduction potential of 2.4 g/km. Hella also sells voltage stabilizers used to support the start-stop function. This reduces fuel consumption and emissions when waiting at traffic lights or railway crossings.

Automotive lighting technology is undergoing a fundamental technological shift from conventional halogen and xenon light sources to LED lighting. This innovative leap will lead to significant energy savings. The change from halogen to xenon headlamps has already reduced headlamp energy consumption by more than 20 percent. If combination LED rear lamps are also used, CO₂ emissions can be reduced by as much as 40 percent. In this way, CO₂ reduction potential of 0.5 million tons could be achieved in Germany alone. Further potential reductions can be achieved through the use of full-LED headlamps and the further use of LED technology

for other applications, for example LED street lighting, airport lighting, or internal lighting.

Hella has created a modular LED street lighting portfolio, the "Eco StreetLine", that represents the benchmark in terms of energy efficiency, optimized illumination, and ease of maintenance. An independent study of 450 installed LED street lights carried out by the University of Darmstadt found that energy consumption could be reduced by 66 percent, from 221,130 KWh to 75,411 KWh. At the same time, the light output is increased by 116 percent. Overall, a pilot model in the city of Lippstadt achieves an annual CO₂ reduction of 86.4 tons.

Energy balance and economic efficiency can also be enhanced through LED use in elevated and underfloor lighting in airports, as well as for building lighting. Hella has developed the world's first LED-based airport underfloor lighting system and has already carried out initial test installations. Internal lighting systems, particularly for professional applications in stores and offices, are also marketed under the "Concept-i-Line" brand.

Hella not only contributes to environmental protection through innovative product solutions, but also by complying with high environmental standards in its development and production departments worldwide. For instance, during the fiscal year, additional production sites in the Asia region were certified to ISO 14001 and integrated into Hella's global environmental management system.

RESEARCH AND DEVELOPMENT SERVICES

	2009-2010	+/-	2008-2009	2007-2008	2006-2007
R&D Employees	3,517	+ 7.8%	3,262	3,528	3,117
EXPENSES IN MILLION EUROS					
Lighting technology	111.0	- 8%	120.3	125.9	119.3
Electronics	170.8	+1 %	169.4	169.5	145.3
Aftermarket products	13.9	-12 %	15.9	14.6	20.2
Total	295.7	-3 %	305.6	310	284.8
% of sales	8.3		9.3	7.9	7.8

OPPORTUNITY AND RISK REPORT

A company's success can only be sustained if the risks associated with business activities can be identified at an early stage and proactively managed. As a rule of thumb, opportunities should be taken and the risks assumed only if the associated transaction is able to make a reasonable contribution to the company's value.

Diverse future business opportunities are presented by Hella's technology leadership in key product segments, as well as its combined expertise in lighting technology and electronics, which is unique within the automotive supply sector. This combination makes it possible for Hella to offer light-based functions with electronic controls from a single source. In addition to use in the automotive industry, there are a variety of potential adaptations for products outside of the automotive sector. Changes to environmental regulations also offer sales opportunities for highly energy efficient products. The general increase in safety standards presents additional sales opportunities for electronic driver assistance systems. The continuous expansion of the international sales network, the enlargement of the product portfolio, and the high level of market penetration also offer significant growth potential for the Aftermarket segment going forward.

Within the Hella Group, effective processes and systems have been implemented for the early detection, identification, analysis, measurement, control, documentation, and communication of risks embracing all significant functions and divisions. The globally active internal audit department also regularly reviews the appropriateness and effectiveness of the processes and control systems.

INTERNAL ACCOUNTING CONTROLS

The internal accounting control system forms an integral part of the Group-wide internal risk management and control system. It consists of organizational, control, and monitoring structures to ensure the compliant recognition and measurement of transactions and their inclusion in the financial reporting. The analyses and measurements carried out in the course of risk management contribute to identifying factors that may influence the accounting and financial reporting and to defining appropriate measures to ensure their appropriate recognition.

The impact of changes to legal regulations and accounting standards on the financial reporting is analyzed in advance and, where necessary, directly integrated into the consolidated accounting. Regulations that are applicable Group-wide are codified in an accounting handbook. Together with the annual financial statement planning, these determine the process for preparing the financial statements. The local companies are responsible for preparing the single-entity financial statements. They are also supported and supervised by the Group accounting department. The consistency of the financial statement data is ensured through appropriate IT systems. The consolidation of the single-entity financial statements is largely carried out centrally. In a few individual cases, the financial statements of sub-groups are also included in the Consolidated Financial Statements.

The effectiveness of internal accounting controls is reviewed on a continuous basis by the internal audit department. The employees responsible for financial reporting receive regular training. Where necessary, support is provided by external experts for the measurement of complex items, such as pension liabilities. The control system also incorporates further

risk avoidance measures and measures to improve transparency, such as comprehensive plausibility checks, segregation of duties, and the second pair of eyes principle. Furthermore, the analyses carried out as part of risk management contribute to identifying risks with an influence on the financial reporting and introducing measures to mitigate these risks.

The effectiveness of the internal control system is assessed by the responsible Group companies and departments using an IT-based system and audited on a test basis by the Internal Audit Department. The Management and Supervisory Boards are regularly informed of the results.

RISK MANAGEMENT

Potential risks for the Group from future developments can mainly be grouped into the following categories: operational, strategic, and market risks resulting from market concentrations (on both the customer and procurement market side), sales market and economic fluctuations, and intense competition. Specific risks can arise, among other things, as a result of fluctuations in our OEM customers' vehicle sales, which are beyond our control, breaches of warranty, patent infringements, the intense competition worldwide in the order-award process, and the sharp fluctuations in raw material prices. Taking legal specifications into account, allowance is made for any discernible potential earnings-relevant burdens that may arise by creating provisions in the annual financial statements, or in the corporate planning.

However, Hella is excellently positioned strategically through business with original equipment manufacturers on the one hand, and the activities directed at independent garages

and parts distributors on the other. This applies especially in terms of unexpected market or industry changes, as the economic cycles progress differently and in this way the Group can partially offset these effects.

Macroeconomic risks and cyclical fluctuations have been significantly reduced by the Group's global orientation, especially the expansion of activities in the growth regions. This has also decreased the impact of specific regional economic developments. Thanks to the diversification in the Business Divisions and the resulting broad customer base, Hella has a high degree of independence from individual customers. The Management Board does not foresee significant adverse effects even in the event of significant market or customer risks. The company will continue to pursue a strategy of diversified market presence.

The Group counters default risks through active receivables management and intensive supplier development. The performance capabilities of new suppliers and existing suppliers are assured through regular quality audits. Specific risks from the production and supply of defective parts are countered through extensive quality management. In addition, there are insurance contracts to cover warranty obligations from serial claims.

Furthermore, potential risks are made transparent through organizational and procedural measures. This enables the Management Board to take appropriate action to counter these risks in a suitable manner early on. A detailed corporate plan for the next three fiscal years is drawn up each year. All the divisions responsible at the companies and at Group headquarters, such as Sales, Purchasing, Product Development, Controlling, and Finance, are involved in this planning.

Longer term goals and key actions are also defined within the framework of the strategic planning. The company's fundamental development is reviewed regularly in close consultation with the Shareholders' Committee, with the external experts on the Advisory Board, and with the Supervisory Board.

At present, the availability of several purchased components, particularly certain electronic components, is limited. This gives rise to risks for the Group's ability to deliver products that use these components. In order to manage this risk, a bottleneck management system has been established for all relevant Group divisions. This allows supply bottlenecks to be identified at an early stage and market alternatives to be reviewed immediately. We currently consider that availability will only remain limited temporarily.

Financial risks as a result of fluctuations in currency and interest rates are managed within the framework of the corporate function "TreasuryEco in consultation with the Management Board; selective use is made of derivative financial instruments. In addition, risks as a result of currency fluctuations are limited by sourcing materials for the manufacturing and assembly process locally in the respective currency region.

With regard to the interest rate risk, Hella uses derivative interest rate deals for hedging purposes only. Currency risks are hedged centrally within the Hella Group. Better risk control and further savings in hedging costs are achieved in this way, owing to the counter movement of many positions. Currency risks are mainly hedged through forward exchange contracts, matched to the currency flows expected on the basis of the business planning. The same strategy is pursued

to hedge fluctuations in raw material prices. Derivative financial instruments are used only to hedge operational underlying transactions.

The liquidity position is adequately secured by long-term loans, promissory notes, a euro bond, and a long-term yen bond. In addition, an unused syndicated credit line of €300 million and a further credit commitment of €150 million is available to the Group over the long term. Covenants in credit agreements, where the company's failure to comply could give rise to a right of termination for the creditor, are systematically reviewed on an ongoing basis. The corresponding financial figures form part of the management reporting. The existing agreements provide enough scope even in the event of a sharp economic downturn.

Market globalization and legal developments also present external, political risks for Hella. The additional consequences from the extended warranty obligations should be mentioned here. Hella's exposure to risk associated with natural disasters or epidemics is no higher than normal.

All the risks and risk areas described are integrated in the risk management process. In addition, the Hella Group has appropriate insurance coverage.

The company management is not aware of any developments that could jeopardize the company's assets, financial position, and earnings over the long term, and thus threaten the company's continued existence.

OUTLOOK – GREATER USE OF FUTURE OPPORTUNITIES

The overall economy has recovered significantly, with many sectors and markets now experiencing an upturn. Consumer confidence has improved again. Global automobile demand has gathered pace again in many foreign markets in 2010 following the extreme year experienced by the automotive market in 2009. In Asian countries, in particular, demand for passenger vehicles has grown strongly. The US market also registered a significant rise in sales figures. Overall, however, the possibility that the economic recovery could fade globally and regionally once the government incentive programs are withdrawn cannot be ruled out.

In Germany and large parts of Europe, the new vehicle market was relatively weak owing to the enormous advance purchase effect of the government scrapping premium offered to stimulate the market. However, the business of European automotive manufacturers and their suppliers grew, thanks to their international and export focus. The general economic conditions mean that a further, although very slow, recovery of the German and European automotive markets is to be expected even after the abovementioned advance purchase effects no longer apply.

In addition, the automotive market is currently affected by the fact that many automobile manufacturers and their suppliers drastically reduced their production overcapacities and surplus inventoried during the sharp economic downturn in 2008 and 2009. Demand at the beginning of the crisis was met to a large degree by the greater than usual inventories of vehicle manufacturers, with the result that these inventories have now been reduced or completely depleted in terms of critical parts and materials. The automobile production supply chain therefore has inadequate

inventories at certain points. Bottlenecks in the availability of components and raw materials at these points mean that demand cannot be fully met. Given this change in the market, which previously had overcapacities, a flattening of the upward economic trend is currently likely, rather than a further dramatic drop in sales as experienced by the automotive supply industry in 2008-2009.

Hella took advantage of the permanent structural changes of recent years to significantly increase the company's profitability. The productivity of the factories was increased through better capacity utilization, including the closure of some production sites, as well as through the continuous improvement of production processes. Administrative costs were significantly reduced. The overall cost base was made more flexible, making the company's profitability less exposed to the cyclical fluctuations typical of the sector. Many technological innovations were also readied for series production. Hella's technology leadership was further strengthened and new sales opportunities were opened up. Technological and financial strength enhanced the attractiveness of Hella as a long-term partner in the automotive industry.

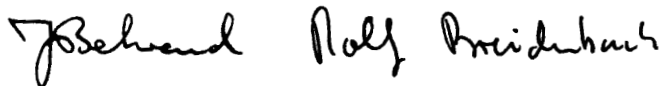
Based on the structural strengthening of the company together with the revived automotive industry, we expect the company's global sales and profit to grow organically across all segments in the coming years. We are already seeing positive sales developments for the 2010-2011 fiscal year. From fiscal year 2011-2012, we believe there will be the opportunity to achieve annual growth rates of 5-10 percent. In particular, we believe that our stable growth will be guaranteed by the diversification of our business through future-oriented product groups in both the Original Equip-

ment and less cyclical independent parts trading segments. In addition, our successful global positioning, with the Asia-Pacific region accounting for 17 percent of the Group's business, or 26 percent including customer exports, and the NAFTA region generating 12 percent and 18 percent respectively, is significantly boosting the stability and independence of the company.

EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE

No events of special relevance have taken place since the close of the fiscal year. In the first months of the new fiscal year, the Group's assets, financial position, and earnings have developed in line with the company's growth targets. Owing to the high demand on the automotive market, earnings grew in the first few months of the new fiscal year and this, in turn, further improved the financial and assets position of the Group.

Lippstadt, August 27, 2010

The image shows two handwritten signatures in black ink. The signature on the left is 'J. Behrend' and the signature on the right is 'Rolf Breidenbach'. Both are written in a cursive, flowing style.

Dr. Jürgen Behrend

Dr. Rolf Breidenbach

CONSOLIDATED INCOME STATEMENT

of Hella KGaA Hueck & Co.; June 1, 2009 to May 31, 2010

T€	2009-2010	2008-2009
Revenue	3,549,548	3,284,950
Cost of Sales	-2,730,022	-2,530,081
Gross Profit	819,526	754,869
Research and development expenses	-295,733	-305,552
Distribution expenses	-253,289	-239,335
Administrative expenses	-149,494	-148,007
Other income and expenses	22,634	-7,053
Share of profit and or loss of associates	6,894	4,918
Other income from investments	160	1,135
Income from securities and other loans	2,941	833
Other finance income and costs	-7,683	-12,643
Profit before interest and income tax	145,956	49,165
Interest revenues	5,826	8,363
Interest expenses	-41,424	-39,065
Net interest income	-35,598	-30,702
Profit before income tax	110,358	18,463
Taxes on income	-29,225	-11,538
Profit for the period	81,133	6,925
attributable to ...		
Owners of the company	77,018	5,204
Minority Interest	4,115	1,721

STATEMENT ON FINANCIAL POSITION

of Hella KGaA Hueck & Co.; as of May 31, 2010

T€	May 31, 2010	May 31, 2009
Cash	329,842	269,656
Financial assets	97,986	94,820
Trade receivables	480,417	370,837
Other receivables and non-financial assets	88,890	54,061
Inventories	417,903	369,557
Current tax assets	7,435	4,935
Assets classified as held for sale	15,045	9,929
Total current assets	1,437,518	1,173,795
Non-current receivables	17,201	43,461
Intangible assets	185,187	199,596
Property, plant and equipment	881,277	880,340
Financial assets	27,580	43,654
At-equity accounted investments	90,886	61,648
Deferred tax assets	35,139	20,272
Inventories	25,295	22,938
Total non-current assets	1,262,565	1,271,909
Total assets	2,700,083	2,445,704
Financial liabilities	55,248	52,347
Trade payables	374,880	321,621
Current tax liabilities	17,486	15,649
Other payables	284,963	374,833
Provisions	123,248	98,903
Total current liabilities	855,825	863,353
Financial liabilities	661,178	626,483
Deferred tax liabilities	8,067	20,901
Other payables	105,936	12,506
Provisions	312,724	263,922
Total non-current liabilities	1,087,905	923,812
Issued capital	200,000	200,000
Reserves and retained earnings	538,768	445,119
Total equity attributable to equity holders of the company	738,768	645,119
Minority interest	17,585	13,420
Total equity	756,353	658,539
Total equity and liabilities	2,700,083	2,445,704

CASH FLOW STATEMENTS

of Hella KGaA Hueck & Co.

T€	2009-2010	2008-2009
Profit before income tax	110,358	18,463
+ Depreciation	260,470	229,570
+/- Change in provisions	73,148	9,691
-/+ Other non-cash income/expenses	14,449	-26,437
+/- Gain/Loss on sale of property, plant and equipment	5,511	-1,787
+/- Change in financial assets/liabilities	-3,165	6,359
+/- Net interest income	35,598	30,702
+/- Change in trade and other receivables	-120,177	165,241
+/- Change in inventories	-50,704	38,759
+/- Change in trade and other liabilities	43,120	-245,759
+ Interest received	890	1,589
- Income tax paid	-31,641	-6,519
+ Income tax received	2,147	1,602
+ Dividends received	477	0
+/- Total of insurance refunds and expenses arising from fire damage	0	6,739
= Net cash flows from operating activities	340,481	228,213
+ Cash receipts from sales of property, plant and equipment	9,725	39,917
- Cash payments to acquire property, plant and equipment	-207,723	-242,481
+ Cash receipts from sales of intangibles	12,097	9,964
- Cash payments to acquire intangibles	-33,670	-50,298
+ Cash receipts from sales of financial assets	884	31,432
- Cash payments to acquire financial assets	-17,677	-40,699
- Cash payments from acquisition of subsidiaries	-1,698	-13,879
= Net cash used in investing activities	-238,062	-266,044
- Cash payments to redeem the entity's shares	-6,667	0
- Cash repayments of financial liabilities	-231,691	-136,801
+ Cash proceeds from issues of financial liabilities	2,535	246,811
+ Cash proceeds from issuing notes	298,479	0
- Cash repayments from issuing notes	-1,500	0
- Cash payments from participation certificates	-74,927	0
- Interest paid	-41,430	-27,262
= Net cash flows from financing activities	-55,201	82,748
= Net increase/decrease in cash	47,218	44,917
+ Cash at 1 June	269,656	227,602
- Effect of changes in consolidation group on cash held	-1,542	0
+ Effect of exchange fluctuations on cash held	14,510	-2,863
= Cash at 31 May	329,842	269,656

DEVELOPMENT OF CONSOLIDATED FIXED ASSETS

TANGIBLE ASSETS T€	REAL PROPERTY AND EQUIVALENT RIGHTS	TECHNICAL EQUIPMENT AND MACHINES	PRODUCT- LINKED OPERATING EQUIPMENT	OTHER EQUIP- MENT, FACTORY AND OFFICE EQUIPMENT	ADVANCED PAYMENTS AND ASSETS UNDER CONSTRUCTION	TOTAL
ACQUISITION OR PRODUCTION COST						
June 1, 2008	491,310	1,060,296	635,060	296,483	102,235	2,585,384
Changes in the scope of consolidation	392	3,101	0	-165	1,263	4,591
Currency translation	-3,180	-10,219	66	-4,232	357	-17,208
Additions	9,039	99,565	41,647	18,064	74,166	242,481
Disposals	-3,858	-35,562	-4,723	-11,682	-3,217	-59,042
Transfers	12,450	54,926	26,539	5,056	-99,235	-264
Transfers to "assets classified as held for sale"	-9,929	0	0	0	0	-9,929
May 31, 2009	496,224	1,172,107	698,589	303,524	75,569	2,746,013
ACCUMULATED DEPRECIATION						
June 1, 2008	228,833	749,754	516,890	219,590	0	1,715,067
Changes in the scope of consolidation	269	58	0	137	0	464
Currency translation	-1,848	-6,009	7	-3,555	0	-11,405
Additions	18,469	105,637	54,438	26,019	0	204,563
Disposals	-838	-21,581	-4,184	-9,758	0	-36,361
Impairments	9,984	3,644	1,316	28	0	14,972
Reversals	-664	-19,699	0	-1,272	0	-21,635
Transfers	-269	-14	2	289	0	8
May 31, 2009	253,936	811,790	568,469	231,478	0	1,865,673
Carrying amounts May 31, 2009	242,288	360,317	130,120	72,046	75,569	880,340
ACQUISITION OR PRODUCTION COST						
June 1, 2009	496,224	1,172,107	698,589	303,524	75,569	2,746,013
Changes in the scope of consolidation	-4,604	-1,425	13,822	1,402	2,204	11,399
Currency translation	15,926	39,909	2,393	12,674	3,404	74,306
Additions	4,258	67,635	45,384	21,275	69,171	207,723
Disposals	-8,309	-43,276	-4,253	-22,730	-4,174	-82,742
Transfers	14,150	24,478	23,608	465	-62,831	-130
Transfers to "assets classified as held for sale"	-4,885	-232	0	0	0	-5,116
May 31, 2010	512,760	1,259,196	779,543	316,610	83,343	2,951,453
ACCUMULATED DEPRECIATION						
June 1, 2009	253,936	811,790	568,469	231,478	0	1,865,673
Changes in the scope of consolidation	-2,864	-1,077	10,191	771	0	7,021
Currency translation	5,217	22,238	1,692	9,171	0	38,318
Additions	15,385	113,891	58,618	24,660	0	212,554
Disposals	-3,473	-40,278	-3,073	-19,939	0	-66,763
Impairments	8,916	12,062	10,431	888	0	32,297
Reversals	-4,254	-11,166	-1,316	-2,139	0	-18,875
Transfers	183	180	0	-412	0	-49
May 31, 2010	273,046	907,640	645,012	244,478	0	2,070,176
Carrying amounts May 31, 2010	239,714	351,556	134,531	72,132	83,343	881,277

INTANGIBLE ASSETS TE	INDUSTRIAL PROPERTY AND SIMILAR RIGHTS	GOODWILL	CAPITALIZED DEVELOPMENT COSTS	ADVANCE PAYMENTS	TOTAL
ACQUISITION OR PRODUCTION COSTS					
June 1, 2008	108,960	36,571	194,788	897	341,216
Changes in consolidation	389	0	0	0	389
Currency translation	-317	4	980	33	700
Additions	4,056	17,228	41,931	961	64,176
Disposals	-544	0	-16,133	0	-16,677
Transfers	488	0	-49	-175	264
May 31, 2009	113,032	53,803	221,517	1,716	390,068
ACCUMULATED DEPRECIATION					
June 1, 2008	91,902	1,900	71,336	374	165,512
Changes in the scope of consolidation	206	0	0	0	206
Currency translation	-233	-2	38	0	-197
Additions	8,344	7	22,995	1,137	32,483
Disposals	-493	0	-4,707	-1,511	-6,711
Impairments	0	0	5	0	5
Reversals	-159	0	-660	0	-819
Transfers	-7	0	0	0	-7
May 31, 2009	99,560	1,905	89,007	0	190,472
Carrying amount May 31, 2010	13,472	51,898	132,510	1,716	199,596
ACQUISITION OR PRODUCTION COSTS					
June 1, 2009	113,032	53,803	221,517	1,716	390,068
Changes in the scope of consolidation	2,360	5,002	-11,106	-1,716	-5,460
Currency translation	934	179	3,207	0	4,320
Additions	4,862	3,443	27,063	0	35,368
Disposals	-2,999	0	-19,191	0	-22,190
Transfers	130	2,219	0	0	2,349
May 31, 2010	118,319	64,646	221,490	0	404,455
ACCUMULATED DEPRECIATION					
June 1, 2009	99,560	1,905	89,007	0	190,472
Changes in the scope of consolidation	755	4,838	-4,168	0	1,425
Currency translation	380	7	1,544	0	1,931
Additions	7,083	7	24,395	0	31,485
Disposals	-2,834	0	-6,276	0	-9,110
Impairments	35	2,165	1,961	0	4,161
Reversals	-131	0	-1,014	0	-1,145
Transfers	49	0	0	0	49
May 31, 2010	104,897	8,922	105,449	0	219,268
Carrying amount May 31, 2010	13,422	55,724	116,041	0	185,187

STATEMENTS OF CHANGES IN EQUITY

of Hella KGaA Hueck & Co.

	ISSUED CAPITAL	CURRENCY TRANSLATION RESERVE	RESERVE FOR FINANCIAL INSTRUMENTS ON CASH FLOW HEDGES	RESERVE FOR FINANCIAL INSTRUMENTS HELD FOR SALE
T€				
May 31, 2008	200,000	-27,873	-42,131	3,297
Total comprehensive income for the period	0	-45,744	-7,420	-12,791
Other changes	0	0	0	0
May 31, 2009	200,000	-73,617	-49,551	-9,494
Total comprehensive income for the period	0	63,810	-16,081	10,177
Redeem of entity's shares	0	0	0	0
Other changes	0	0	0	0
May 31, 2010	200,000	-9,807	-65,632	683

	DEFINED BENEFIT PLAN ACTUARIAL GAINS/LOSSES	OTHER RETAINED EARNINGS/ PROFIT CARRIED FORWARD	TOTAL	MINORITY INTEREST	TOTAL EQUITY
T€					
May 31, 2008	27,888	546,233	707,414	11,699	719,113
Total comprehensive income for the period	-764	4,424	-62,295	1,721	-60,574
Other changes	0	0	0	0	0
May 31, 2009	27,124	550,657	645,119	13,420	658,539
Total comprehensive income for the period	-27,659	77,155	107,402	3,978	111,380
Redeem of entity's shares	0	-6,667	-6,667	0	-6,667
Other changes	0	-7,086	-7,086	187	-6,899
May 31, 2010	-535	614,059	738,768	17,585	756,353

AUDITOR'S CERTIFICATE

The statutory balance sheet auditor has granted the following unrestricted auditors' certificate in relation to the complete consolidated financial statements and Group status report:

We have audited the consolidated financial statements prepared by the Hella KGaA Hueck & Co., Lippstadt, comprising the income statement, the statement of comprehensive income, the statement of financial position, the cash flow statement, the statement of changes in equity and the notes to the consolidated financial statements, together with the Group management report for the business year from June 1, 2009 to May 31, 2010. The preparation of the consolidated financial statements and the group management report in accordance with IFRSs, as adopted by the EU, and the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB [Handelsgesetzbuch "German Commercial Code"] are the responsibility of the parent company's management. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB [Handelsgesetzbuch "German Commercial Code"] and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the

consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and group management report. We believe that our audit provides a reasonable basis for our opinion. Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRSs, as adopted by the EU and the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Bielefeld, September 10, 2010

KPMG AG
Wirtschaftsprüfungsgesellschaft

Rehnen
Wirtschaftsprüfer

Bröker
Wirtschaftsprüfer

MAJOR INVESTMENTS

INVESTMENTS IN GERMANY, IN PERCENT			%	
Production Companies	Hella Innenleuchten-Systeme GmbH (HIS)	Germany	100.0	
	Hella Fahrzeugkomponenten GmbH (HFK)	Germany	100.0	
	Hella Trailer Systems GmbH (HTS)	Germany	100.0	
	Hella Leuchten-Systeme GmbH (HLS)	Germany	100.0	
	Hella Werkzeug Technologiezentrum GmbH (HWT)	Germany	100.0	
	Behr-Hella Thermocontrol GmbH (BHTC)*	Germany	50.0	
	Docter Optics GmbH (DOCO)**	Germany	29.4	
	HBPO Beteiligungsgesellschaft mbH (HBPO)**	Germany	33.3	
Sales Companies	Hella Distribution GmbH (HD)	Germany	100.0	
	Behr Hella Service GmbH (BHS)*	Germany	50.0	
	Hella Gutmann Holding GmbH (HGHO)**	Germany	50.0	
INVESTMENTS IN EUROPE, NOT INCLUDING GERMANY, IN PERCENT			%	
Production Companies	Hella Lighting Finland Oy (HLF)	Finland	100.0	
	Hella Fahrzeugteile Austria GmbH (HFA)	Austria	100.0	
	Hella Innenleuchten-Systeme Bratislava, s.r.o. (HISB)	Slovakia	100.0	
	Hella Slovakia Signal-Lighting s.r.o. (HSKS)	Slovakia	100.0	
	Hella Slovakia Front-Lighting s.r.o. (HSKF)	Slovakia	100.0	
	Hella Saturnus Slovenija d.o.o. (HSS)	Slovenia	100.0	
	Manufacturas y Accesorios Electricos S.A. (MAESA)	Spain	100.0	
	Hella Autotechnik spol. s.r.o. (HAT)	Czech Republic	100.0	
	Hella Autotechnik Nova s.r.o. (HAN)	Czech Republic	100.0	
	Hella Romania s.r.l. (HRO)	Romania	100.0	
	Sales Companies	Hella N.V. (HBE)	Belgium	100.0
		FTZ Autodele & Værktøj A/S (FTZDK)	Denmark	71.1
Hella A/S (HDK)		Denmark	100.0	
P/f FTZ Faroerne (FTZFO)		Faroe Islands	49.7	
Merca Trading Oy Ab (MEFIN)**		Finland	35.5	
Hella S.A.S. (HFR)		France	100.0	
Hella Limited (HLGB)		UK	100.0	
Hella Ireland Limited (HIEL)		Ireland	100.0	
Hella S.p.A. (HIT)		Italy	100.0	
Hella B.V. (HBVNBL)		Netherlands	100.0	
Hellanor A/S (HELLANOR)		Norway	100.0	
Automester A/S (AMNO)		Norway	100.0	
Hella Handel Austria GmbH (HHA)		Austria	100.0	
Hella Shared Services Austria GmbH (HSSA)		Austria	100.0	

			%
→	Hella Polska Sp. z o.o. (HPL)	Poland	100.0
	INTER-TEAM Sp. z o.o. (ITPL)**	Poland	50.0
	000 Orum Merca (MERUS)**	Russia	35.5
	Hella S.A. (HES)	Spain	100.0
	Hella CZ, s.r.o. (HCZ)	Czech Republic	100.0
	Intermobil Otomotiv Mümessillik Ve Ticaret A.S. (IOTR)	Turkey	51.0
	Hella Hungária Kft. (HHU)	Hungary	100.0

INVESTMENTS IN AMERICA, IN PERCENT

			%
Production Companies	Electro Optica S.A. de C.V. (EOSA)	Mexico	100.0
	Hella Electronics Mexico S.A. de C.V. (HEM)	Mexico	100.0
	Hella Electronics Corporation (HEC)	USA	100.0
Sales Companies	Hellamex S.A. de C.V. (HELLAMEX)	Mexico	100.0
	Hella Inc. (HIUSA)	USA	100.0
	Hella Mining LLC (HMUS)**	USA	60.0

INVESTMENTS IN THE ASIA-PACIFIC REGION, IN PERCENT

			%
Production Companies	Hella Australia Pty Ltd. (HA/HAAU)	Australia	100.0
	Hella Shanghai Electronics Co., Ltd. (HSE)	China	100.0
	Hella Changchun Tooling Co., Ltd. (HCT)	China	100.0
	Changchun Hella Automotive Lighting Ltd. (HCL)	China	100.0
	Beijing Hella Automotive Lighting Ltd. (HBL)	China	100.0
	Hella (Xiamen) Automotive Electronics Co. Ltd. (HAE)	China	100.0
	Beijing SamLip Automotive Lighting Ltd. (BSL)**	China	49.0
	Hella India Electronics Private Limited (HIE)	India	100.0
	Hella India Lighting Ltd. (HIL)	India	81.9
	Hella-New Zealand Limited (HNZ)	New Zealand	100.0
	Hella-Phil., Inc. (HPI)	Philippines	90.0
	HSL Electronics Corporation (HSL)**	South Korea	50.0
	Mando Hella Electronics Corp. (MHE)**	South Korea	50.0
Sales Companies	Hella Korea Inc. (HKI)	South Korea	100.0
	Hella Asia Singapore Pte. Ltd. (HSG)	Singapore	100.0
	Hella Trading (Shanghai) Co., Ltd. (HCN)	China	100.0

INVESTMENTS IN AFRICA, IN PERCENT

			%
Sales Companies	Hella Automotive South Africa Pty. Ltd.	South Africa	100.0

Companies without * are fully consolidated * Proportional consolidation ** at equity

The report is available in English and German:
both versions are available to download from
www.hella.com (English) and www.hella.de (German).

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