



Management
report
A N N U A L R E P O R T 2 0 1 0



EXCERPT OF THE MANAGEMENT REPORT

presented to the annual ordinary and extraordinary general meeting of 26 May 2011

> MANAGEMENT DISCUSSION AND ANALYSIS

Business sectors –Product offering – Market

Haulotte Group is one of the three worldwide leaders in the market for self-propelled aerial work platforms both as a manufacturer of the main equipment categories (telescopic booms, articulating booms, scissor lifts, vertical masts) and as a global distributor. The Company's offering was completed in spring 2007 with the launch of the telehandler.

Based on available data for the industry, the Company's market share contracted marginally reflecting notably a strong rebound in regions where Haulotte Group's presence is less significant. The worldwide market for aerial work platforms grew 41% in value between 2009 and 2010. Against this backdrop, Haulotte Group achieved growth in all geographical regions, particularly in Latin America and Asia with total Group revenue in 2010 up 24%.

The Group pursued efforts focusing on rationalising its commercial structures while launching major initiatives to further improve the level of customer service.

Short-term work measures and actions to lower the breakeven point were maintained at all Group entities. Production output for equipment remained limited in 2010 while initiatives to restructure the manufacturing plants in Changzhou (China) and Archbold (US) were pursued in order to strengthen our competitiveness in these regions.

Review of operations and results for the year under review

The fiscal year ended 31 December 2010 for which the accounts are submitted for approval to the ordinary general meeting is the company's twenty-six year of operations since its creation.

In this period the company had sales of €98 million, and is therefore unchanged from the previous year, with export sales accounting for 71% of this total.

Presentation of statutory accounts

Highlights of the statutory accounts of Haulotte Group SA for 2010 are presented below:

FINANCIAL HIGHLIGHTS	FISCAL 2010	FISCAL 2009
REVENUES	98,347	98,339
OPERATING PROFIT	(24,670)	(18,899)
NET FINANCIAL INCOME (EXPENSE)	(14,519)	(23,545)
EXTRAORDINARY PROFIT (LOSS)	88	1,175
NET PROFIT (LOSS)	(26,746)	(27,040)



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Analysis of statutory results

In this context, a significant operating loss was incurred for this period in large part resulting from idle capacity of the Group's manufacturing sites.

Net financial expense amounted to €14.5 million primarily from provisions recognized for current account advances to subsidiaries.

In light of the above, the net loss for the period was €26.75 million.

Progress made or difficulties encountered

Fiscal 2010 was marked improved business volume in all regions. Progress was made both in the sales organisation and customer relations. Customer default risk borne by the distribution network was reduced while performances in trade receivables collection improved. In 2010 Haulotte Group pursued efforts to reduce inventories of finished goods. During this period manufacturing plants continued to be adversely affected by the high level of idle capacity.

Foreseeable changes in the company's situation and outlook

The good level of sales in the 2010 second half made it possible to significantly reduce inventories of finished goods.

The sizable rise in the order book at the end of January 2011 from more robust commercial activity in recent months and renewed momentum in certain markets should contribute to continuing growth in the year ahead.

The profit ratio as a percentage of sales is expected to return to pre-crisis levels following measures to adapt manufacturing facilities to forecasted production volumes as well as a reduction in the share of older equipment models in the sales mix.

Furthermore, Haulotte Group SA continues to pursue research and development in addition to initiatives to contain fixed costs that are nevertheless still expected to rise.

The Group's liquidity is also assured through short-term and medium-term credit lines of a syndicated loan.

Important post-closing events

After the financial statements were approved by the Board of Directors on 9 March 2011, Haulotte Group SA received notification of the decision by the Commercial Court of Bourges of 15 March 2011 concerning litigation with the company Soudacier, a former supplier. This litigation for which provisions had not been recorded in the financial statements at 31 December 2010 is mentioned in note 23.1 of the financial statements. In the first instance, the Court ordered Haulotte Group SA to pay the claimant €2.9 million. Our company, strongly contesting the decision, decided to file an appeal.

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Key risks and uncertainties

Because the company outsources a significant share of its production, the sourcing capacities of its suppliers constitute a primary risk. To prevent risks of supply chain disruptions, the strategy of diversifying suppliers of key components must be pursued. Measures were implemented to monitor suppliers considered to represent a higher risk in order to secure the resumption of activity.

The Group's positions in Europe, North America and Asia allow it to produce its different product lines on the basis of costs in different currencies. This strengthens its competitiveness in relation to its two major competitors that are US companies.

The third significant risk is the sensitivity of our sales to credit restrictions by financing markets. The current economic crisis had an impact on 2010 and will continue to represent a drag on sales in 2011. For strategic customers, Haulotte Group will provide financing for a portion of sales, while maintaining trade receivable risks at reasonable levels.

Finally, a risk specific to our business is the absence of long-term commitments by our customers. This risk was confirmed in 2010 by a backlog of orders representing only a few weeks of activity. Visibility is slightly better for 2011, but the flexibility of our organization remains a key element of success.

The company's exposure to risks concerning price, credit, liquidity and capital resources

The major share of the company's sales is generated through its distribution subsidiaries. Despite fierce competition, these subsidiaries have successfully maintained the level of sale prices for new products. Specific commercial initiatives were carried out to reduce inventories of older models.

At 31 December 2010, the outstanding amount for syndicated credit lines totalled €152.7 million with a remaining balance for a drawdown of an additional €36.5 million. At year-end, the Group had cash and cash equivalents of €34.4 million. After a breach of debt covenants in the 2009 second half, Haulotte Group reached an agreement with its banking partners resulting in the signature of an amendment to the syndicated loan agreement in June 2010, setting new conditions applicable to the loan until its maturity in July 2013 including instalments of €45.2 million to be repaid in 2011 and 2012 respectively. On this basis, the Group has sufficient liquidity.

Use of financial instruments - Company financial risk management objectives and policy

The company has recourse to interest rate and currency derivatives such as interest rate swaps, collars, forward currency sales (mainly in USD).

The company does not systematically hedge interest rate and foreign exchange risk.



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However, transactions are undertaken according to market opportunities. In such cases, they are destined to cover existing assets or liabilities rather than for speculative purposes.

Changes in the presentation of the annual accounts or methods of valuation applied in prior years

We inform you that the annual financial statements were prepared according to the same presentation and methods that were used in prior periods.

Research and development

Again this year, efforts devoted to research and development were maintained to ensure that we will continue to offer our customers innovative solutions. At the same time, greater care has been devoted in selecting projects to achieve improved returns on investment and ensure that the solutions and services developed are fully in line with the needs of our customers. The development of new technical solutions will also enable us to reduce production costs for certain models.

Disallowed deductions under 39-4 of the French general tax code concerning sumptuary and amortisation expenses:

In compliance with the provisions of article 223 quater of the French general tax code, accounts of the period ended include non-deductible expenses of €46,880 with a corresponding tax of €15,627.

Breakdown of trade payables of the Company by maturity

In compliance with the provisions of articles L.441-6-1 subsection 1 and D.441-4 of the French Commercial Code, a table is provided below providing the breakdown of outstanding trade payables by maturity for the fiscal year ended 31 December 2009 and 2010.

Due dates in 2011	Trade payables balance 31/12/2010 (€ thousands)	Trade payables balance 31/12/2009 (€ thousands)
Janvier	8,759	8,208
Février	6,801	4,520
Mars	2,015	3,060
Avril	805	2,28
Total	18,380	16,016

Five-year financial summary

In compliance with the provisions of article R.225-102 of the French Commercial Code, the five-year financial summary for the Company is presented in Appendix 1 hereto.



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> PROPOSED APPROPRIATION OF INCOME FOR THE YEAR

We hereby submit for your approval the annual financial statements (balance sheet, income statement and notes) as presented showing a loss for the year of €26,745,689.56.

We propose that you allocate the full amount of the loss for the year ended 31 December of €26,745,689.56 to «Retained earnings» that would in consequence be reduced from €98,872,082.24 to €72,126,392.68.

> DIVIDENDS PAID FOR THE LAST THREE FISCAL YEARS

In accordance with article 243 bis of the French General Tax Code, information on dividends paid for the last three fiscal years is disclosed below:

Fiscal year	Gross income eligible for tax allowance		Income not eligible for tax allowances	Tax allowance rate
	Dividends per share	Other distributions		
2007	0,22			40%
2008	0,22			40%
2009	NONE	NONE	NONE	NONE

> SUBSIDIARIES AND ASSOCIATES

Acquisitions of shareholdings or controlling interests:

We inform you that our subsidiary Haulotte Iberica SL, acquired a controlling interest in N.D.U Maquinaria Y Plataformas Elevadoras SL in the fiscal year ended 31 December 2010.

Disposals of shareholdings related to adjustments of cross-shareholdings:

We inform you that the Company has not divested any shares for the purpose of eliminating cross-shareholdings prohibited by articles L.233-29 and L.233-30 and the French Commercial Code.

Other disposals:

We inform you that the Company has not sold any investments in the financial period ended.



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Results of subsidiaries:

At year-end, the company exercised controlling interests in 40 subsidiaries. The results of these subsidiaries are summarised below (thousands of euros):

Subsidiary	Ownership interest (%)	2010 sales Thousands of €	2009 sales Thousands of €	2010 Profit or Loss Thousands of €	2009 Profit or Loss Thousands of €
ABM Industries SAS	100%	107	133	(566)	60
Haulotte France Sarl.	99.99%	36 805	32 375	(1,068)	(6,006)
Haulotte Services France Sarl	100% by Haulotte France sarl	-	-	-	-1
Telescopelle SAS	100%	135	115	67	59
Access rentals (UK) Ltd.	100% by UK Platform Ltd	-	4,769	-	190
Haulotte Access Equipment Manufacturing (Changzhou) co. Ltd	100%	918	-	(152)	(214)
Haulotte Argentina SA	95%	2,721	1,341	321	(242)
Haulotte Arges SRL	100%	7,753	2,949	(1,769)	(2,729)
Haulotte Australia Pty Ltd	100%	14,886	8,978	(2,199)	924
Haulotte Cantabria SL	99.98% et 0.02% by Haulotte Iberica S.L	14,511	9,329	(3,828)	(4,420)
Haulotte Do Brazil Ltda	99.98%	5,903	7,278	(1,951)	1,974
Haulotte Hubarbeitsbuehnen GmbH	100%	17,027	19,123	46	332
Haulotte Iberica S.L	98.71%	29,096	15,744	(13,181)	(22,395)
Haulotte Italia S.R.L.	99.00%	12,751	12,768	(631)	(1,025)
Haulotte Mexico SA de CV ⁽²⁾	95%	3,283	584	121	(838)
Haulotte Middle East Fze	100%	6,550	8,721	277	1,068
Haulotte Netherlands B.V	100%	4,318	3,656	(226)	(488)
Haulotte Polska Sp Zoo	100%	3,586	3,786	(172)	(499)
Haulotte Portugal Plataformas de Elevacao Uniperssoal Lda	100% by Haulotte Iberica S.L	-	-	-	-
Haulotte Scandinavia AB	100%	7,589	7,103	(382)	(424)
Haulotte Singapore Ltd	100%	7,489	5,440	(399)	(574)
Haulotte Trading (Shanghai) Co Ltd	100%	3 982	3,694	(276)	(216)

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Haulotte UK Ltd	100%	12,883	7,943	353	(10,301)
Haulotte US Inc	100%	18,131	12,123	(5,312)	(12,694)
Haulotte Vostok OOO	100%	8,523	4,428	(638)	(1,884)
Horizon High Reach Limited	100%	3,207	2,441	390	190
Levanor Maquinaria de Elevacion SA	91%	2,944	3,441	(374)	48
Mundielevacao, Aluger e Transporte de Plataformas Lda	90% by Levanor	2,818	3,361	(756)	107
NO.VE. Srl	100%	9,948	10,302	(167)	(252)
N.D.U maquinaria y plataformas elevadoras, S.L	100% by Haulotte Iberica S.L	1,101 since the incorporation	Incorporated from June 1 st 2010	(371) since the incorporation	Incorporated from June 1 st 2010
UK Platforms Ltd	100% by Haulotte UK	17,938	9,155	(3,330)	1,329
Equipro / Bil-Jax ⁽¹⁾	100% by Haulotte US Inc.	31,421	30,038	502	(398)

1) Including the following companies: Bij-Jax Inc, Bil-Jax Planking Systems Inc, Bil-Jax Service Inc, Construction and Scaffold Supply Inc, Seaway Scaffold and Equipment Inc, Scaffold Design and Erection Inc, CSI Construction Supply International Inc, USA One Inc.

2) Including Haulotte Service SA de CV.

Environmental impact of subsidiaries:

Overall, consolidated subsidiaries do not engage in any industrial activities with potentially adverse environmental impacts.

As primarily trading companies, their activity is limited to the temporary storage of machines and spare parts. The rare cases involving the handling of fuels, hydraulic oils and storage batteries during loading and unloading operations is always carried out under safe conditions. The recycling of these items is systematically entrusted to authorised organisations.

Policies of subsidiaries concerning the impact of their activities on regional development and local population:

Almost all employees of consolidated foreign subsidiaries have been recruited locally. The terms of employment are generally better than those under local collective bargaining agreements. The company seeks to provide opportunities to enable deserving employees to benefit from its growth.



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> INFORMATION ON COMMON STOCK

Changes in share capital in fiscal 2010

We inform you that 22,460 new shares were created in the period ended 31 December 2010 from the exercise by employees of stock options under plan No. 3 of 8 July 2003. On this basis, the share capital was increased by €2,918.80 from €4,054,916.97 to €4,057,836.77, divided by 31,214,129 shares with a par value of €0.13 per share.

The modification of the share capital under article 7 of the bylaws was recorded by the Board of Directors' meeting of 9 March 2011.

Crossing of ownership thresholds and holdings of share capital of voting rights subject to disclosure requirements

In accordance with the provisions of article L. 233-13 of the French Commercial Code and based on the information and notifications received pursuant to articles L. 233-7 and L. 233-12 of the French Commercial Code, the identity of shareholders directly or indirectly owning over 5%, 10%, 15%, 20%, 25%, 33%, 50%, 66% or 95% of the share capital or voting rights is disclosed below:

- At 31 December 2010, Solem SAS held more than one half of the share capital (55.93%) and more than two thirds of the voting rights (70.88%);
- Kempen Management held more than 5% of the share capital and more than 3% of the voting rights (notification of the crossing of the disclosure threshold of 27 October 2008).

The following companies reported having crossed the disclosure thresholds provided for under the Articles of Association of 1% of the share capital or voting rights in the Company or any other multiple thereof:

- 14 April 2010: Tocqueville Finance (2.54% of the share capital);
- 18 November 2010: Norges Bank (2.01% of the share capital and voting rights).

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> OWN SHARES PURCHASED AND/OR SOLD BY THE COMPANY

In accordance with article L.225-211 subsection 2 of the new French Commercial Code resulting from the decision of 30 January 2009, we inform you that in the fiscal year ended 31 December 2010, information on trading by the Company in its shares is provided below:

Number of shares purchased in fiscal 2010	none
Average purchase price of own shares in fiscal 2010	none
Execution fees	none
Number of shares sold in fiscal 2010	none
Average sale price of own shares in fiscal 2010	none
Number of shares cancelled in fiscal 2010	0
Number of treasury shares recorded at 31 December 31 2010	1,837,823
Percentage of treasury shares held at 31 December 2010	5.88%
Net carrying value of treasury shares at 31 December 2010	14,690,325€
Nominal value of treasury shares at 31 December 2010	238,916.99€
Market value of treasury shares at 31 December 2010 (share price of €11.59 on the date)	21,300,368.57 €

The breakdown by purpose for the use of own shares at 31 December 2010 was as follows:

Purposes of share buybacks	Number of shares
Maintaining an orderly market in the company's shares through an investment services provider within the framework of a liquidity agreement based on the model contract drafted in accordance the French association of investment firms' (AFEI or Association Française des Entreprises d'Investissement) code of conduct of 23 September 2008 and approved by the AMF (Autorité des Marchés Financiers) on 1 October 2008.	139,418
Retaining such shares for subsequent use as a means of payment or exchange in connection with financial transactions or acquisitions, in compliance with applicable regulations.	1,629,558
Cancelling shares thus acquired, subject to adoption by the extraordinary shareholders' meeting of the resolution authorising the Board of Directors to reduce the share capital by cancellation of treasury shares held by the Company.	68,847
For employee stock option plans and other share grants in accordance with the provisions of article L.3332-1 et seq. et R.3332-4 of the French Labour Code or grants to employees and/or officers of the Company or companies covered by article L.225-197-2 of the French Commercial Code of shares of the Company or the grant of shares in connection with employee profit-sharing plans.	0
TOTAL	1,837,823

No shares of the Company were reallocated for other purposes or objectives.



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> SHARE PRICE TRENDS AND TRADING ACTIVITY

At 31 December 2010, the Company's share capital was comprised of 31,214,129 shares. The market capitalisation at 31 December 2010 was €361,771,755,11

Information on share price trends and trading activity for the period is provided below:

Date	High (Price)	High (Date)	Low (Price)	Low (Date)	Closing price	Average price (opening)	Average price (closing)	Trading volume	Capital (€m)	Number of trading sessions
jan. 2010	7.000	15 jan.	6.210	04 jan.	6.400	6.623	6.598	502,635	3.34	20
feb. 2010	7.150	02 feb.	5.900	25 feb.	5.950	6.288	6.267	384,383	2.44	20
mar. 2010	6.980	08 mar	5.860	01 mar	6.700	6.485	6.541	1,789,109	11.63	23
apr. 2010	9.890	20 apr.	6.640	06 apr.	8.900	8.013	8.117	2,809,519	23.31	20
may 2010	9.450	13 may	7.370	07 may	8.500	8.583	8.546	991,625	8.34	21
jun 2010	8.970	14 jun	7.790	30 jun	7.790	8.363	8.267	794,435	6.58	22
july 2010	8.160	27 july	6.500	07 july	7.490	7.355	7.304	824,846	6.00	22
aug 2010	7.850	03 aug	6.810	11 aug	7.370	7.309	7.272	365,537	2.67	22
sep. 2010	8.400	20 sep.	7.080	03 sep.	7.950	7.814	7.872	473,468	3.72	22
oct. 2010	9.350	14 oct.	7.830	01 oct.	9.330	8.791	8.919	442,399	3.93	21
nov. 2010	9.560	19 nov.	8.650	10 nov.	9.250	9.102	9.155	402,692	3.69	22
dec. 2010	11.900	29 dec.	9.040	02 dec.	11.590	10.640	10.788	989,446	10.77	23
Highs, lows and averages for ther period										
	11.900	29 dec.	5.860	01 mar		7.969	7.993	897,508	7.20	
Total										
								10,770,094	86.41	258

In the period ended, the Haulotte Group share traded between a range of a high of €11.90 (December 29, 2010) and a low of €5.86 (March 1st, 2010).

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> DIRECTORS AND OFFICERS

Shareholdings of directors and officers:

At 31 December 2010, the shareholdings of corporate officers were as follows:

- Pierre Saubot, Chairman of the Board of Directors and Chief Executive Officer: 13,189 actions, or 0.042% of the capital,
- Alexandre SAUBOT, Deputy Chief Executive Officer: 990 shares or 0.003% of the capital.

List of corporate appointments:

OFFICERS	APPOINTMENTS HELD IN THE COMPANY	APPOINTMENTS HELD IN OTHER COMPANIES
Pierre SAUBOT	<p>Chairman of the Board of Directors</p> <p>Chief Executive Officer</p> <p>Director</p>	<p>Chairman of the Board of Directors Solem SAS</p> <p>Representative of Haulotte Group SA, Chairman of ABM Industrie SAS,</p> <p>Representative of Haulotte Group SA, Chairman of Telescopelle SAS,</p> <p>Co-Manager of SCI La Coquille,</p> <p>Manager of Société Commerciale du Cinquau,</p> <p>Manager of SCI Lancelot,</p> <p>Director of Société Valeur du Sud</p> <p>Treasurer of the "Confédération Nationale des Vignerons indépendants de France",</p> <p>Chairman of the "Fédération Départementale du 64 des Vignerons Indépendants".</p>



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Alexandre SAUBOT	Deputy Chief Executive Director	<p>Director of Solem SAS</p> <p>Representative of Haulotte Group SA,</p> <p>Representative of Haulotte Group SA, Chairman of ABM Industrie SAS,</p> <p>Representative of Haulotte Group SA, Chairman of Télescopelle SAS,</p> <p>Manager of Haulotte France SARL,</p> <p>Manager of Haulotte Services France SARL</p> <p>Co-Manager of SCI Lancelot</p> <p>Director of Haulotte Netherlands BV,</p> <p>Director of Haulotte Iberica,</p> <p>Director of Haulotte Portugal,</p> <p>Director of Haulotte Scandinavia,</p> <p>Director of Haulotte Italia,</p> <p>Manager of Haulotte GmbH,</p> <p>Director of Haulotte Polska,</p> <p>Manager of Haulotte UK,</p> <p>Manager of UK Platforms,</p> <p>Manager of UK Training,</p> <p>Manager of Haulotte Australia,</p> <p>Chairman of Haulotte US,</p> <p>Manager of Haulotte Singapour,</p> <p>Representative of Haulotte Group SA, Sole director of Haulotte Cantabria,</p> <p>Director of Haulotte Arges,</p> <p>Chairman of Haulotte Trading (Shangai) Co. Ltd,</p> <p>Director of Haulotte Mexico,</p> <p>Chairman of Locav Srl, Nove Srl ,</p> <p>Manager of Haulotte Middle East,</p> <p>Representative of Haulotte Group SA, sole director of HHR.</p>
Elisa SAUBOT	Director	NONE
Hadrien SAUBOT	Director	NONE



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José MONFRONT	Director	Director of Haulotte Trading Shanghai co.Ltd
Michel BOUTON	Director	Chairman of PVI, Chairman of PVI HOLDING SA, Chairman and Chief Executive Officer of Escal (subsidiary of PVI), Chairman of Sovibus (minority shareholder of PVI).
Bertrand BADRE	Director	Director, CACEIS SA, Director, CREDIT AGRICOLE ASSURANCES SA, Director, CREDIT AGRICOLE COVERED BONDS SA, Chief financial officer, CREDIT AGRICOLE SA, Member of the General Management Committee Crédit Agricole SA, Director, EMPORIKI BANK SA, Member of the Supervisory Board and Audit Committee of EURAZEO SA Director, SOFIOUEST SA, Director, FINAREF SA*, Director, NEWEDGE GROUP SA*.

*Resignations in 2010

Compensation of corporate officers

Compensation and benefits of any nature granted in fiscal 2010 to each corporate officer by the Company, companies over which it exercises control and the controlling company as understood under article L.233-16 of the French Commercial Code breaks down as follows:

Corporate officers	Fixed compensation in euros*		Variable compensation in euros*		Benefits in-kind
	2010	2009	2010	2009	
Pierre SAUBOT	188,500	175,500	0	50,000	None
Alexandre SAUBOT	221,000	169,000	0	90,000	None

(* Compensation paid by Solem, the controlling company, to officers in this.

No compensation has been paid by the company for serving as corporate officers. Only travel expenses for attending Board meetings are reimbursed on the basis of vouchers.

Corporate officers do not benefit from a special pension scheme.

No stock options or stock purchase options have been granted to officers nor have any bonus shares been granted to them.

The company has made no commitment of any nature in favour of corporate officers constituting components of compensation, indemnities or other benefits payable or that could



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be payable in connection with the assumption, termination or change of these appointments or subsequent thereof.

Transactions involving shares of the company by officers or related parties in accordance with article L.621-18-2 of the French Financial and Monetary Code

Executives of the Company have not informed the Company of any transactions in shares they hold in the Company, either directly or through persons with whom they have close personal relations in the fiscal period ended 31 December 2010.

Transactions involving shares of the company by members of the Executive Committee «considered as officers» in accordance with article L.621-18-2 b) of the French Financial and Monetary Code

Members of the Executive Committee «considered as officers» in have not informed the Company of any transactions in the shares they hold in the Company in the fiscal year ended 31 December 2010.

> EMPLOYEE STOCK OWNERSHIP

In compliance with article L. 225-102 of the French Commercial Code, we inform you that on the last day of the fiscal year ended 31 December 2010 the shareholding of employees was less than 3%.

Bonus shares granted to company employees

In fiscal 2010 no bonus shares were granted to employees of the company.

Stock options or stock purchase options destined for salaried employees of the Company:

We inform you that no stock options or stock purchase options were granted to employees of the Company in the fiscal year ended 31 December 2010.

In contrast 22,460 shares were subscribed in 2010 by employees resulting from the exercise of options under plan n°3 of 8 July 2003.

Detailed information on the stock options and the subscription of shares under this plan is presented in the special report drawn up in accordance with article L.225-184 of the French Commercial Code.



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> INFORMATION HAVING A POTENTIAL IMPACT IN THE EVENT OF TAKEOVER BIDS (ARTICLE L.225-100-3 OF THE FRENCH COMMERCIAL CODE)

Items that could have a potential impact in the event of takeover bids are as follows:

Capital structure of the company

SOLEM, the majority shareholder of the company, is itself held by the Saubot family

At 2010 year-end, the capital structure of the company was as follows:

- Solem: 55.93% of the share capital (and 70.88% of the voting rights);
- Holders of bearer shares: 36.59% of the share capital (and 26.66% of the voting rights);
- Executive officers: 0.05 % of the share capital (and 0.06 % of the voting rights);
- Holders of registered shares: 1.99% du capital (and 2.40% of the voting rights);
- Treasury shares: 5.44% of the share capital.

Restrictions under the bylaws on the exercise of voting rights and the transfer of shares or the provisions of agreements reported to the company in compliance with article L. 233-11 of the French Commercial Code

Under Article 9 (Transfer and Transmission of Shares) of the bylaws, legal entities or natural persons that acquire or cease to hold a fraction equal to 1% of the share capital or the voting rights or any multiple thereof, must notify the company within fifteen days of crossing such thresholds.

Under the bylaws, if the company has not been so notified, shares that exceed the fraction to be reported under this disclosure requirement shall be deprived of voting rights at the request of one or more shareholders holding 5% of the share capital (with such request recorded in the minutes of the general meeting).

Holders of shares conferring special control rights and a description thereof

All shares of the company confer upon shareholders a right to participate in meetings under the conditions and subject to the provision provided for by law and regulations.

Shares shall confer a right to a percentage of the company's assets, the distribution of earnings and proceeds after liquidation equal to the proportion of the share capital they represent.

In accordance with article 16 of the bylaws, a double voting right is granted to all fully paid-up shares in proportion to the capital they represent subject to proof that they have been registered for at least four (4) years in the name of the same shareholder.

This right is also granted pursuant to the capitalisation of reserves, earnings or additional paid-in capital to free registered shares granted on the basis of existing shares entitled to the same right.



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Rules concerning the appointment and replacement of directors

The bylaws provide that the company is governed by a Board of Directors whose composition complies with applicable legal provisions.

Appointment of directors:

Every director must be a shareholder of the company and hold at least one qualifying share (article 12 of the bylaws).

By law a director may be a natural person or legal entity.

Each director must possess legal capacity or be an emancipated minor and shall not be subject to incompatibilities or restrictions provided for under law.

The director may be a salaried employee of the company if his or her employment contract predates the appointment to the board and corresponds to an actual employment.

The number of directors bound by employment contracts with the company may not exceed one third the total members on the board.

In the absence of an age limits set by the bylaws for directors, not more than one third of the board members may exceed seventy years of age.

Appointments of directors during the life of the company fall under the authority of the ordinary general meeting and shall be recorded in the agenda of the meeting except for cases of appointments following revocation.

Directors are appointed for a maximum term of six years (article 12 of the bylaws).

The Board of Directors selects from among its members a natural person as Chairman that must be less than seventy years of age. The Chairman is appointed for a term which may not exceed his or her term as director and may be reappointed (article 12 of the bylaws).

Directors may be reappointed and no provisions of the bylaws provide for the contrary.

The bylaws shall not set a minimum number of directors that exceeds the legal minimum.

Replacement of directors:

When during his or her term the Chairman of the Board of Directors reaches seventy, he or she shall be considered to have automatically resigned and will proceed with the appointment of a new chairman in accordance with the provisions of the bylaws (article 12 of the bylaws).

In the event of vacancies of board directorships pursuant to death or resignation, Board members may appoint themselves, on an interim basis by cooptation, a new director whose appointment must be approved by the next shareholders' meeting.

Cooptation is not possible when the number of directors is less than the legal minimum of three. In the latter case the ordinary general meeting must be immediately called to complete the number of board members.

In compliance with the provisions of the law, terms of directors expire pursuant rules governing age limits, the occurrence of events preventing the director from exercising his or her functions (death, illness, etc.), the winding up or transformation of the company, adoption of a new



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system of corporate governance (dual system with a executive board and supervisory board) and finally by revocation or resignation.

Rules governing the modification of the company's bylaws

Amendments to the bylaws of the company in accordance with legal provisions are subject to the exclusive authority of the extraordinary general meeting.

As an exception to this rule, the Board of Directors may modify the bylaws in respect to amounts of share capital and the number of shares comprising the capital, after recording, in its first meeting following the end of the fiscal year, the number and amount of shares issued pursuant to the exercise of stock options.

In this context, the Board of Directors may also delegate authority to its Chairman to amend the bylaws and comply with legal formalities if it decides that it is preferable to not wait for the end of the fiscal year to proceed with these modifications.

Powers of the Board of Directors concerning notably issuing or repurchasing shares

The powers of the Board of Directors concerning share buyback programs are authorised and delegated by ordinary and extraordinary general meetings.

The ordinary general meeting authorises the Board of Directors, with the possibility to delegate said authority to its chairman to purchase shares of the company on or off market by any means representing not more than 10% of the company's capital stock (and subject to a maximum of 5% of the share capital for the purpose of acquiring shares for subsequent use as a means of payment or exchange in connection with mergers, demergers or contributions). This authorisation is granted for a maximum of eighteen (18) months and may also be used during takeover bids or tender offers.

The ordinary general meeting confers full powers to the Board of Directors with the possibility to further delegate this authority to the Chairman, to place all stock market orders, use any derivative instruments in compliance with applicable securities market regulations, conclude all agreements for the purpose of completing formalities, procedures and filings, and in general take all measures considered necessary.

The extraordinary general meeting authorises the Board of Directors to cancel on one or more occasions all or part of the company shares that may be held under this share buyback program not to exceed 10% of the share capital of the company per 24 month period.

In this context, it authorises the Board of Directors to allocate the difference between the purchase price of the cancelled shares and their nominal value to share premium accounts or revenue reserves and vests the Board with all powers to define the conditions and procedures of such cancellations and amend, as applicable the company's bylaws.

In the case of share issues the powers that may be granted to the Board of Directors shall be authorised by the general shareholders' meeting.



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> AGREEMENTS SUBJECT TO ARTICLES L.225-38 ET SEQ. OF THE FRENCH COMMERCIAL CODE

The auditors' special report provides information on regulated agreements with related parties subject to the provisions of article L.225-38 of the French Commercial Code concluded in prior periods that remained in force in the last fiscal year.

In compliance with the provisions of article L. 225-38 of the French Commercial Code, we request that you approve this report.

We inform you that you may obtain from the date of the notice of the general meeting information providing a list of such agreements and their purposes concluded in the course of the normal operations of the company in the period under review and which, in light of their purpose or financial implications, are of a material nature for one of the parties.

> RENEWAL OF BERTRAND BADRE'S APPOINTMENT AS DIRECTOR

We inform you that Bertrand Badre's term of office as director expires at the end of the next shareholders' general meeting.

We propose in consequence that you renew his appointment as director for a period of six years that will expire at the end of the ordinary general meeting to be called to rule on the annual financial statements for the fiscal year ending 31 December 2016.

> TABLE PRESENTED IN ACCORDANCE WITH THE PROVISIONS OF ARTICLE L.225-100 SUBSECTION 4 OF THE FRENCH COMMERCIAL CODE

In accordance with the provisions of article L.225-100 subsection 4 of the French Commercial Code we inform you that no delegation of authority or powers remaining in force have been granted by the general meeting to the Board of Directors in respect to capital increases, in compliance with articles L.225-129-1 and L.225-129-2 of said code.

> PROPOSAL TO AUTHORIZE THE BOARD OF DIRECTORS TO PURCHASE AND SELL SHARES OF THE COMPANY

We propose that you grant a new authorisation to the Board of Directors that may in turn delegate said authority, as permitted by law, to purchase and sell shares of the company in

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compliance with the provisions of article L.225-209 of the French Commercial Code and Acquisitions shall be made for the purpose, in decreasing order of priority to:

- Maintain an orderly market in the company's shares within the framework of a liquidity agreement based in compliance with the French association of investment firms' (AFEI or Association Française des Entreprises d'Investissement) code of conduct of 8 March 2011 and approved by the AMF (Autorité des Marchés Financiers) on 1 October 2008 and concluded with an investment service provider acting in an independent manner;
- Retain such shares for subsequent use as a means of payment or exchange in connection with financial transactions or acquisitions, in compliance with applicable regulations;
- Cancelling shares thus acquired, subject to adoption of the resolution authorising the Board of Directors to reduce the share capital by cancellation of treasury shares held by the Company;
- For employee stock option plans and other share grants in accordance with the provisions of article L.3332-1 et seq. of the French Labour Code or grants to employees and/or officers of the Company or companies covered by article L.225-197-2 of the French Commercial Code of shares of the Company or the grant of shares in connection with employee profit-sharing plans;

We inform you that the first two objectives set forth above should represent approximately 80% of the volume of transactions through the share buyback program, with the others combined approximately 20%.

This authorisation would be granted under the following conditions:

- The total number of shares purchased by the Company under this authorisation may not exceed 10% of the share capital, as adjusted to take into account equity transactions that may affect this amount after the decision of the general meeting and excluding treasury shares. However, when shares are repurchased to promote the liquidity of the share in accordance with the conditions defined by the AMF General Regulation, the number of shares that may be taken into account to calculate this 10% limit shall correspond to the number of shares purchased minus shares sold during the period this authorisation is valid. Furthermore, the number of shares acquired by the company for subsequent use for payment or exchange in connection with a merger, demerger or contribution, may not exceed 5% of the share capital on the basis of the amount that may be adjusted to take into subsequent account equity transactions undertaken after the decision of the general meeting;
- The Company may only purchase its own shares for a price of not more than €20;
- The Company may sell, assign or transfer all or part of these shares thus acquired by any means.

The purchase of the shares, as well as their sale, assignment or transfer, maybe carried out on one or several occasions, at any time, including when public offerings are in progress, and by any means, notably on or off market, including through block trades, though excluding the use of derivatives. The maximum portion of the buyback program able to be executed through the purchase or sale of blocks of shares may cover the full amount of the authorisation.



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The maximum amount of funds that may be authorised for this share buyback program shall be set at €62,428,258.

This authorisation shall be granted for eighteen months and would replace and supersede the prior authorisation granted by the combined shareholders' meeting of 2 June 2010.

We inform you that all information required by applicable laws and regulations as well as articles 241-1 of the AMF General Regulation will be contained in the description of the share buyback program that shall be drawn up and published prior to the implementation of this new program in accordance with article L.241-2 of the AMF General Regulation .

If you accept this proposal, we request that you grant full powers to the Board of Directors with the possibility to further delegate this authority as permitted by law, to place all stock market orders, conclude all agreements, procedures, filings and make all representations, and in general take all measures considered necessary.

> AUTHORISATION AND POWERS GRANTED TO THE BOARD OF DIRECTORS TO REDUCE THE SHARE CAPITAL BY CANCELLATION OF TREASURY SHARES

We propose that you authorise the Board of Directors to reduce the share capital by cancelling, on one or more occasions, all or part of the treasury shares that the Company may hold that were acquired through the share buyback program mentioned above subject to a limit of 10% of the share capital of the company for periods of 24 months.

In addition, we propose that you delegate to the Board of Directors all powers to proceed with this transaction in accordance with the provisions of article L.225-209, paragraph 7 of the French Commercial Code and allocate the difference between purchase price of the shares cancelled and their nominal value to premium accounts or revenue reserves.

This authorisation is granted for eighteen months and replaces and supersedes the prior authorisation granted by the extraordinary shareholders' meeting of 2 June 2010.

> GROUP MANAGEMENT REPORT

Situation of the group of companies included in the consolidation

Companies included in the scope of consolidation are listed in the section « Result of subsidiaries » page 7 of this report.

The situation of these companies is presented in the table contained in the section « Result of subsidiaries » page 7 of this report.

Changes in the presentation of the consolidated financial statements accounts or methods of valuation applied in prior years

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No changes were made in the presentation of the consolidated financial statements or methods of valuation applied in prior years.

Review of consolidated operations

The Group's financial statements have been prepared in accordance with IFRS as adopted by the European Union on 31 December 2010.

In fiscal 2010 the Group had revenue of €250 million, up from €202 million in 2009 or 24%, driven primarily by equipment sales.

In a market still far from back to reaching a breakeven point, annual sales have nevertheless achieved growth in all geographical regions in 2010 from the prior year, particularly in the Asia-Pacific region (41%) with a sustained rebound in the second half and Latin America (23%) where the Brazilian market has continued to deliver high growth. Sales in Europe also grew 24% ending the year with a good performance in the last quarter.

The Group's consolidated operating results have also improved with an operating loss for the period of €46.6 million down from €63.3 million in 2009. The improvement in this result reflects primarily growth in business volume and reduced provisions for inventories (with a net reversal of €2 million). Fixed costs declined marginally by 2%. The idle capacity of manufacturing plants continued to have a significant impact on results representing a cost of €13 million.

At 31 December 2010, the consolidated net loss for the period was €42.2 million, down from €55.6 million in 2009.

Foreseeable changes in the Group's situation and outlook

The good level of sales for the 2010 second half made possible to significantly reduce inventories of finished goods.

The sizable rise in the order book at the end of January 2011 that reflects more robust commercial activity in recent months and renewed momentum in certain markets should contribute to continuing growth for Haulotte Group comparable to the pace registered in 2010.

Progress made or difficulties encountered

Refer to the section "Progress made or difficulties encountered" page 3 of this report.

Significant events between the closing date and the date of publication of the consolidated financial statements

Refer to the section "Important post-closing events" page 3 of this report.

Description of the main risks and uncertainties for the company's subsidiaries

Refer to the section "Key risks and uncertainties" page 4 of this report.

The exposure of subsidiaries to risk concerning price, credit, liquidity and capital resources



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Refer to the section «The company's exposure to risk concerning price, credit, liquidity and capital resources» page 4 of this report.

Information on the use of financial instruments by consolidated companies - Objectives and policy of the company concerning the management of financial risks

Refer to the section « Use of financial instruments - Company financial risk management objectives and policy » page 4 of this report.

Research and development

Refer to the section « Research and development » page 5 of this report.

The Board of Directors



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> ANNEXE 1 : FIVE-YEAR FINANCIAL SUMMARY

Closing date. Duration of fiscal year (months)	31/12/2010 12	31/12/2009 12	31/12/2008 12	31/12/2007 12	31/12/2006 12
Share capital at year-end					
Common stock	4,057,837	4,054,917	4,236,851	4,476,420	4,456,704
Number of outstanding shares					
- ordinary shares	31,214,129	31,191,669	32,591,164	34,434,000	34,282,340
- treasury shares	1,837,823	1,837,823	3,239,418	828,292	99,446
- dividend-right shares	29,376,306	29,353,846	29,351,746	33,605,708	34,182,894
Maximum number of future shares to be created					
- from conversion of bonds					
- from subscription rights					
Operations and results					
Sales excluding taxes	98,346,721	98,339,134	358,964,658	528,156,057	414,176,101
Earnings before taxes, employee profit-sharing, depreciation and provisions	(16,752,897)	(20,963,067)	49,819,851	108,180,316	88,764,101
Corporate income tax	(12,355,039)	(14,229,161)	(8,257,022)	22,930,421	23,864,203
Employee profit-sharing				1,976,596	2,310,715
Depreciation and provisions	22,347,831	20,306,515	37,372,487	32,134,511	14,227,752
Earnings after tax, employee profit-sharing,	(26,745,690)	(27,040,421)	20,704,385	51,138,789	48,361,431
Distributed earnings			6,457,384	7,393,256	5,827,998
Earnings per share					
Earnings after taxes, employee profit-sharing, but before depreciation and provisions	(0.14)	(0.22)	1.78	2.42	1.83
Earnings after tax, employee profit-sharing, depreciation and provisions	(0.86)	(0.87)	0.64	1.49	1.41
Distributed dividends			0.22	0.22	0.17
Personnel					
Average number of employees for the fiscal year	637	682	701	584	536
Total payroll	16,209,296	16,868,511	23,424,040	19,097,381	17,038,325
Total benefits paid (social security, welfare benefits, etc.)	7,217,931	7,169,440	9,629,150	7,926,131	6,556,478