

Report from the Chairman

OF THE BOARD OF DIRECTORS

In conformity with the provisions of Article L.225-37 of the French Commercial Code, the present report has been prepared by the Chairman of the Board of Directors.

This report is intended to present corporate governance as applied by the Board of Directors and by the Executive Management, and to describe the Company's internal control and risk management procedures.

This report is attached to the management report prepared by the Board of Directors describing the activities of the Company and its subsidiaries during the year ending December 31, 2008. It is made available to the shareholders before the Annual General Meeting.

By virtue of Article L.225-235 of the French Commercial Code, the Statutory Auditors have prepared a report on the internal control procedures concerning the preparation and processing of accounting and financial information, as well as a statement on the preparation of other necessary information.

CODE OF CORPORATE GOVERNANCE

In accordance with the Company's good governance policy, the Board of Directors adheres to the new joint recommendations of AFEP (the French Association of Private Enterprise) and MEDEF (the French Business Confederation) dated October 6, 2008 on the remuneration of executive corporate officers. It has, therefore, sought to comply with the AFEP/MEDEF code of corporate governance as completed and consolidated in December 2008, in particular, in the preparation of the present report.

The code is available for consultation on the Company's website: www.rallye.fr

BOARD OF DIRECTORS

I Composition of the Board of Directors

A list of the members making up the Board of Directors is presented on page 28.

I Preparation and organization of the Board of Directors' work

The requirements governing the preparation and organization of the work of the Board of Directors are defined by law, as well as by the Company by-laws, the Board's rules of procedure, and those of the specialized committees it includes.

Organization and operation of the Board of Directors

The joint office of Chairman of the Board and Chief Executive Officer is held by Jean-Charles NAOURI.

The organization and operation of the Board of Directors are governed by rules of procedure as adopted in April 2003 and amended by the Board of Directors' meetings of April 21, 2005 and March 21, 2007. The by-laws bring together and specify the various rules which apply to the Company, whether by

law, or by the Company rules and by-laws. They also include principles of 'corporate governance' and prescribe their implementation.

The rules of procedure describe the *modus operandi*, as well as the powers and attributions of the Board of Directors and of its specialized committees, namely the Audit Committee and the Appointments and Remunerations Committee.

The rules of procedure set out the rules of ethics applicable to members of the Board of Directors, in particular the obligations of confidentiality under Article L.465-1 of the French Monetary and Financial Code and by Articles 621-1 et seq. of the regulations of the French Financial Markets Authority (AMF) relative to insider trading, as well as the abstention obligation concerning all transactions with the Company's shares during the fifteen-day period preceding the publication of the Company's annual and interim financial statements.

They also mention the registration of directors on the list of permanent insiders drawn up by the Company as part of the regulatory provisions intended to better preventing insider trading and breaches.

The rules of procedure also include provisions governing declarations that officers, their equivalent and individuals having close personal ties to them must make regarding their transactions in Company shares.

The rules of procedure set out the principle of formal and regular assessments of the Board of Directors' operations.

They also spell out the terms and conditions for its meetings and deliberations and allow directors to attend Board meetings by videoconference or telecommunication.

The office of Censor was created in 2002 to encourage qualified individuals to become members of the Board of Directors. The Censor attends Board meetings, expresses his observations and opinions and takes part in the proceedings, with consultative powers.

Missions and powers of the Board of Directors and the Chairman and CEO

- In compliance with the provisions of article L.225-35 of the Commercial Code, the Board of Directors lays down guidelines for the Company's business and ensures that these guidelines are implemented. Subject to the powers expressly attributed to the Shareholders' Meetings, and within the limits of the Company's purpose of business, the Board of Directors deals with all issues that concern the Company's operations. Through its proceedings, it resolves the issues confronting the Company. It also carries out all the verifications it deems necessary. The Board of Directors notably reviews and closes the consolidated financial statements and the parent company financial statements, both annual and interim. It presents reports on the activities and performance of the Company and its subsidiaries. It reviews the Company's management forecasts. It determines the amount of senior executive compensation, and decides whether to grant share purchase or subscription options and bonus shares.
- The Chairman of the Board of Directors organizes and manages the work of the Board of Directors. He convenes the meetings of the Board of Directors and is in charge of setting the agenda and producing the minutes of these

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meetings. He ensures that the Company's management bodies are functioning and, in particular, that the directors are in a position to fulfill their mission.

- The Chief Executive Officer, in compliance with article L.225-56 of the Commercial Code, has the broadest powers to act on behalf of the Company in every circumstance. He exercises these powers within the limits of the Company's purpose of business and subject to the powers expressly attributed by law to the Shareholders' Meetings and to the Board of Directors. He represents the Company with respect to third parties. However, in application of the rules of procedure, any transaction liable to have an impact on the group's strategy, financial structure, or business must be previously approved by the Board of Directors.

Independence of the Directors

As part of its mission, the Appointments and Remunerations Committee is in charge of monitoring the situation of each of the Directors in light of the relationship that may exist, if applicable, with the Company or companies in the Group, which might compromise a director's free judgment or lead to potential conflicts of interest with the Company.

Therefore, each year the Committee carries out an annual inspection of the makeup of the Board of Directors, and, in particular, of the independence of the Directors in light of the assessment criteria laid down by the AFEP and MEDEF code of corporate governance.

Board activities over the past year

In 2008, the Board of Directors met six times. The attendance rate was 93%.

Approval of the financial statements – the business of the Company and its subsidiaries

The Board of Directors examined the provisional and final statements for the year ended December 31, 2007, and the final statements for the first semester 2008, as well as the management forecasts. It also established the reports and the text of the resolutions brought to the Ordinary and Extraordinary General Meeting held on June 4, 2008.

The Board took note of the Group's activity for each quarter, its number of employees, level of debt, and available sources of funds.

The Board of Directors approved different operations subject to its authorization. This included, in particular, the provision of guarantees on behalf of the Company's subsidiaries when financial or real estate operations were being carried out. It also looked into lines of credit set up by the Company and its subsidiaries.

The Board also took stock of « private equity » financial asset disposals made by the group.

The Board of Directors decided to pay out an interim dividend.

Compensation

The Board of Directors, after consulting with the Appointments and Remunerations Committee, set the fixed and variable remuneration for the Deputy Managing Directors.

It also examined the Directors' and Censor's fees, as well as the remuneration paid to the members of the technical committees. It decided on the issuance of stock options and bonus shares, subject to performance criteria, to executives and employees of the Group and its affiliates. It decided on the exceptional issuance of stock options and bonus shares, subject to presence requirements, to executives of the Group.

Corporate governance

The Board of Directors also examined its own situation in terms of the principles of corporate governance: the composition and organization of the Board of Directors and technical committees, and the independence of directors.

The Board of Directors has approved the implementation of a new evaluation of its organization and operation, the conclusions of which are presented below, on page 46.

The Board of Directors examined then decided to adhere to the new AFEP and MEDEF code issued in October 2008.

The Board of Directors was informed of all of the work of the Committees, as described below.

Board Committees

The Board of Directors is assisted by two specialized committees created in 2000: the Audit Committee and the Appointments and Remunerations Committee.

The Board of Directors appointed the members of the Committees and defined the committees' powers and rules of operation.

THE AUDIT COMMITTEE

Composition

The Audit Committee is made up of three members: two directors, including one independent director, André CRESTEY (Chairman) and Christian PAILLOT, and Jean LEVY, Censor.

The appointment of a new independent director to the Audit Committee is under consideration.

Missions

The Audit Committee's mission is notably to help the Board of Directors in its task of reviewing and closing the annual and interim financial statements. It also assists the Board whenever an event occurs that is likely to have a significant impact on the situation of the Company or its subsidiaries in terms of commitments and/or risk. It provides assistance on issues relating to compliance with the legal and regulatory framework and on the major disputes underway.

The rules governing the organization and operation of the Audit Committee, as well as the Committee's powers and missions, have been defined by the Board of Directors and are included in the rules of procedure of the Board. They were detailed and completed in a charter adopted in April 2004.

Activities in 2008

The Audit Committee met twice in 2008, with all members in attendance at each meeting.

When the interim and annual financial statements were

closed, the Audit Committee verified the closing process and took note of the comments and conclusions of the statutory auditors concerning consolidation procedures and the Company's accounts.

The Committee also reviewed off-balance-sheet commitments, risks and accounting decisions on provisions as well as the relevant changes in the legal and accounting framework.

The Committee reviewed prevention documents and the Chairman's report on internal control procedures in force within the Company.

The Chairman of the Audit Committee reported back to the Board on work done at each of these meetings.

THE APPOINTMENTS AND REMUNERATIONS COMMITTEE

Composition

The Appointments and Remunerations Committee is made up of three members, including two independent directors: Jacques DERMAGNE (Chairman), Jacques DUMAS and Gilbert TORELLI, who have been appointed for the duration of their terms as directors.

The Chairman and CEO is entitled to attend the committee's meetings as a non-voting member, to present his proposals notably concerning senior executive compensation and stock option and bonus share allocations.

Missions

The Appointments and Remunerations Committee is notably in charge of helping the Board of Directors to review applications for senior management positions, select new directors, define and check executive compensation and stock subscription or purchase option and bonus share policies. If necessary, it reviews benefits and other forms of compensation for executives.

The Appointments and Remunerations Committee has drafted a charter, adopted in 2004, confirming its powers and missions, notably as regards verifying that the corporate governance principles and the code of ethics, notably in the Board of Directors' rules of procedure, are respected and applied.

Activities in 2008

The Appointments and Remunerations Committee was convened four times in 2008, with an attendance rate of 100%.

The Appointments and Remunerations Committee focused its recommendations on the proposed renewal of the term of office of the Chairman and Chief Executive Officer, the Vice-Chairman, the Directors and the Censor, as well as the composition of the technical committees.

The Committee also examined the independence of the members of the Board in light of the recommendations included in the AFEP and MEDEF corporate governance report.

The Committee issued a favorable opinion on the methods for setting the fixed and variable remuneration of the Deputy Managing Directors.

The Committee examined the executive management's proposal on the issuance of stock options and bonus shares to executives and employees of the Company and of related companies, as well as the directors' fees to be allocated to Members of the Board, the Censor, and to the members of the technical committees.

The Appointments and Remunerations Committee examined the recommendations concerning the compensation of executive officers as published by AFEP/MEDEF on October 6, 2008 and amended by the Council of Ministers release of October 7, 2008. The Committee has evaluated Rallye's implementation thereof.

The Committee Chairman reported to the Board of Directors on the work of the Appointments and Remunerations Committee.

Principles and rules determining compensation and benefits granted to corporate officers.

The means and the amount of officers' compensation are determined by the Board of Directors on the basis of recommendations made by the Appointments and Remunerations Committee.

Thus, the Board of Directors determines the compensation of the two Deputy Managing Directors; the Chairman and CEO does not receive compensation from the Company.

The compensation paid to the two Deputy Managing Directors includes both a fixed and variable portion. The basis for their determination is decided on each year by the Board of Directors, after consulting with the Appointments and Remunerations Committee, and if necessary, after examining studies carried out by external consultants.

The Board of Directors set the variable portion of compensation paid to the Deputy Managing Directors for 2008, on the basis of an overall evaluation of the implementation and management of the financial affairs of the company and its subsidiaries.

The Board of Directors, after consulting with the Appointments and Remunerations Committee, sets the rules for the distribution of director's fees to be paid to Directors and to the Censor as well as compensation to be paid to the members of technical committees, as follows:

- Director's fees include a flat fee of €4,000 and a variable payment of €16,000 based on attendance at Board Meetings, noting that director's fees for directors, senior managers, and those in charge of the Group have been reduced by half and that the variable payment foregone by absent directors is not re-allocated;
- the Vice-Chairman receives an additional flat fee of €20,000;
- additional Director's fees are paid to committee members, at a flat fee of €10,000. The fee is double this amount for each committee chairman.

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Information given to the Directors

In compliance with Article L.225-35 of the French Commercial Code, the Chairman and Chief Executive Officer provides each member of the Board with all of the documents and information necessary for the accomplishment of his mission. Therefore, all the necessary information pertaining to the issues to be examined by the Board is provided to the members prior to each Board meeting. Each member receives an information file containing all the documents and information pertaining to the subjects inscribed on the agenda for the meeting.

The Board of Directors is also informed by the Senior Management once every quarter of the state of business for the Company and its main subsidiaries. The information includes sales, income trends, debt and the position of credit lines that the Company and its main subsidiaries can draw on, as well as a summary table of the workforce employed by the Company and its main subsidiaries.

Once every six months, the Board of Directors also reviews the Group's off-balance-sheet commitments.

Assessment of the conditions in which the Board of Directors operates

Pursuant to the code of corporate governance, the rules of procedure provide for an annual discussion and a regular evaluation of the operation of the Board of Directors, to be performed by the Appointments and Remunerations Committee, with the help, if necessary, of an external consultant.

A new evaluation of the organization and operation of the Board of Directors was implemented at the end of 2008, through a questionnaire sent to each director.

The evaluations and observations made by the members of the Board of Directors indicate that the organization and operation of the Board is entirely satisfactory with respect to the ethics and principles of corporate governance.

The Directors have expressed the desire to appoint an additional independent director and an additional member of the Audit Committee, and for an additional Board meeting to be held at year-end.

PARTICIPATION IN SHAREHOLDERS' MEETINGS

Information concerning the modalities of participation of shareholders at Shareholders' Meetings is detailed in Articles 25, 27, and 28 of the corporate by-laws (see page 189). This information is repeated in the official convening notice which the Company publishes prior to each Shareholders' meeting.

(1) Committee Of Sponsoring Organizations of the Treadway Commission.

(2) Recommendations of the French Association for Private Enterprise (Association française des entreprises privées, AFEP) and of MEDEF, the French Confederation of Business Enterprises (Mouvement des entreprises de France), dated December 17, 2003 and entitled, "The application of the provisions of the Law on financial security governing the internal control procedures set in place by the Company".

ISSUES WHICH MAY HAVE AN IMPACT IN THE EVENT OF A PUBLIC OFFER

The Company's capital structure and any direct or indirect interests in the Company's capital structure of which it is aware by virtue of Articles L.233-7 and L.233-12 of the French Commercial Code are described beginning on page 21.

There are no statutory restrictions to the exercise of the voting rights and transfers of shares, nor are there any agreements of which the Company is aware under Article L.233-11 providing for preferential terms of sale or acquisition of shares, nor are there, to the Company's knowledge, any agreements between shareholders which might restrict the transfer of shares or the exercise of voting rights.

The Company has not issued any share with extraordinary control rights attached, and there is no control mechanism provided for in any employee share plan, when the latter does not exercise its control rights.

The rules which apply to the appointment and replacement of the members of the Board of Directors, as well as to the modification of Company by-laws are described beginning on page 44.

The powers of the Board of Directors are described on pages 44 and 188. With respect to the issue of shares, the delegations conferred to the Board of Directors are indicated on page 167, and as regards the repurchase of shares, the powers of the Board of Directors are described on page 23.

Any agreements entered into by the Company which are modified or come to an end in the event of a change in the control of the Company are mentioned on pages 205 et seq.

In addition, there are no agreements providing for compensation of the members of the Board of Directors or of employees should they resign or be dismissed without just cause or if their position is made redundant as a result of a public offer.

INTERNAL CONTROL PROCEDURES SET IN PLACE BY RALLYE

The information below was obtained from all those responsible for implementing Rallye's internal control procedures. Based on this information validated by senior management, a factual description of the control environment and procedures is given.

I Definition and objectives of internal control procedures

Framework

Rallye has adopted the internationally-accepted definition set out by the COSO⁽¹⁾, which is compatible with the definition used by the AFEP and MEDEF⁽²⁾ in France: internal control is a process, effected by an entity's Board of Directors, management and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

- effectiveness and efficiency of operations;
- reliability of financial reporting;
- compliance with applicable laws and regulations.

The internal control procedures applied by the Group are thus designed:

- on the one hand, to ensure that the Company's affairs are conducted in accordance with applicable laws and regulations, internal policies laid down by the governance bodies, corporate values, standards and rules, and the strategy and objectives set forth by senior management;
- on the other hand, to ensure that the accounting, financial and management information reported to the governance bodies provides a true image of the operations and position of the Company and Group.

The main objective of the internal control system is to identify, prevent and manage risks resulting from the Company's operations and particularly the risks of errors or fraud in accounting and financial information, in order to ensure the effectiveness and efficiency of the entity and the high quality of its accounting system and financial reporting.

As is the case with all control systems, however, it can only provide a reasonable assurance, rather than an absolute guarantee, that risks have been eliminated or brought under complete control.

Control environment

The control environment within the Company consists mainly of the corporate governance principles and the Group's organization principles. It has been designed carefully and is applied scrupulously, so that all types of risk can be managed as a whole and so as to provide a reasonable assessment of potential risks of any kind facing the Group.

Description of control procedures in place

The scope of internal control over accounting and financial information comprises the parent company and the operating subsidiaries included in the Group's consolidated financial statements (the latter use an internal audit department to manage their own internal control).

General organization of internal control

The internal control procedures are part of the general policy framework laid down by the Board of Directors and implemented under the direct responsibility of the Company's management.

The main people involved in managing the internal control system are as follows:

Senior management and the administration and finance department

Rallye's administration and finance department, which reports back to senior management, supervises all of the staff departments: controlling, accounting, cash management and legal affairs.

The Board of Directors and the Audit Committee

Given their missions as defined in the Company by-laws and the rules of procedure, the Board of Directors and the Audit Committee take part in the internal control process by expressing opinions and making recommendations to senior management and through the analyses and investigations that they carry out or commission.

Statutory auditors and independent consultants

The Statutory Auditors give their opinion on the individual and consolidated financial statements, in conformity with legal and regulatory requirements, on an annual basis. They also examine the Company's interim consolidated financial statements and verify the information given in the interim report. They are consulted regularly regarding the accounting treatment of ongoing operations. As part of their mission, the Statutory Auditors also examine how the internal control procedures are organized and applied in practice. If necessary, they are asked to make recommendations.

As part of its investment or financing projects, the Company often employs independent consultants in economic, financial, organizational, and legal matters.

Dissemination of information within the Group

The Group ensures that the relevant information is disseminated and provided to those concerned so that they can fulfill their responsibilities, in compliance with Group standards.

With a view to providing reliable financial information and communication, Rallye ensures that the organization as a whole complies with the following references in carrying out its functions: the manual of accounting and consolidation procedures, the French general chart of accounts, the code of ethics outlined in the Board of Directors' rules of procedure; the Audit Committee charter and the Appointments and Remunerations Committee charter.

Identification and assessment of risks

The Group identifies and assesses the main risks that could hinder the achievement of its objectives. It takes measures to limit the occurrence and effects of such risks, thus promoting a risk control environment.

In the course of its business, the Group is exposed to a range of risks.

These risks and the systems designed to manage them are partially described in note 23 "Financial risk management objectives and policies" of the Notes to the consolidated financial statements for the year ended December 31, 2008. Note 23 mentions the main risks associated with the Group's financial instruments: interest rate, foreign exchange, credit, liquidity and share price risk.

The operational risks related to business operations, the legal risks and the description of the insurance policies are detailed in the Company's Reference Document in the chapter entitled "Other information – information on Rallye's activity".

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Control activities

In order to enhance its control over identified risks, the Group has put in place control procedures for both operational processes and financial information.

Within the Company, internal control procedures are centralized. Because Rallye is a holding company, its procedures are aimed mainly at drafting and processing financial and accounting information to ensure that the consolidated financial statements are reliable and to monitor the subsidiaries.

In the operating subsidiaries:

Each subsidiary of Rallye has its own internal audit department whose mission is to assess internal control activities and procedures in order to obtain a reasonable assurance that the subsidiary's own risks are under control.

The Group controls the quality of the information supplied by the subsidiaries, notably by appointing the same person to several executive bodies, but also through the meetings of the Audit Committees and Appointments and Remunerations Committees. The committees, together with senior management, receive the support of the staff departments in the subsidiaries.

Information is also verified when Rallye's central controlling department monitors the subsidiaries' information systems. It is also verified at monthly meetings with the operating subsidiaries.

The Company's financial communication and that of its subsidiaries rely increasingly on shared software to generate quantitative data. The security of the subsidiaries' IT systems is taken into account from the design stage and is implemented through constant monitoring.

Six years ago, Rallye also set up a legal auditing department, which provides assistance to the Company and its subsidiaries, and carries out specific reviews and investigations as needed, to prevent and detect legal anomalies and problems in the Group's management.

The legal department and the legal auditing department regularly update senior management and the administration and finance department on the main legal disputes underway and on the attendant risks.

At Rallye:

> Monitoring operating risks:

• *Cash, financing and expenditures*

The cash management team, within the administration and finance department, is in charge of drafting financial forecasts (e.g., financing and investment policy proposals, financing plans and cash budgets), of managing and verifying the group's cash position on a daily basis, and of monitoring the banking terms previously negotiated.

Company cash must only be invested in instruments whose maturity is in keeping with the planned duration of the investment and must never be invested in speculative or risky instruments.

Senior management receives weekly reports of cash movements during the week and the positions of the credit lines, along with the respective terms and conditions.

Financing arrangements can optimize management of the balance sheet and of financial debt, and enhance the Group's financial structure. They must be approved by the Board of Directors depending on their level of complexity (e.g., bilateral lines, bond issues, structured financing...). Independent consultants validate the legal, technical and accounting aspects of structured financing as necessary. All expenditures must follow a formal authorization procedure, so as to facilitate and reinforce the control of Company spending, from financial investments to general administrative expenses. Invoices must be authorized at the appropriate management level before the payment can be made.

• *Market risks monitoring*

The Company's market risk monitoring policy is described in the Reference Document in the chapter "Other information – Information on Rallye's activity". In light of the priorities it uncovers, managers regularly adapt the corresponding control measures.

• *Investment portfolio*

Investment and divestment projects require prior approval to ensure that they comply with the Group's strategy and profitability criteria. Changes in the investment portfolio are reported to senior management on a weekly basis.

• *Payroll and compensation*

The administration and finance department is in charge of payroll organization and management.

The legal department regularly monitors changes in legal and social data that may affect payroll management.

The Appointments and Remunerations Committee reviews compensation for senior executives, which is then submitted for approval to the Board of Directors. Compensation for all other employees is validated by senior management.

• *IT system security*

In order to ensure the effectiveness of the internal control procedures, as well as the security and the integrity of all of its data and their processing, as well as its ability to deal with possible major damage to its systems, whether accidental or due to acts of malfeasance, the entire system is secured by the following:

- a system providing authorization and protected access to the network;
- sites which are physically secured (through access checks, and fire detection systems, for instance);
- daily data backups to off-site electronic storage media.

> Producing and processing financial and accounting data:

• *Production of the individual and consolidated financial statements*

The Group's administration and finance department is responsible for preparing the financial statements. These can be a source of financial risk, particularly as regards the accounting records, the consolidation process, and the recognition of off-balance sheet commitments.

The accounting department implements a standard internal accounting system in compliance with accounting procedure manuals, using "Agresso" software to produce the parent company financial statements, and "Equilibre" software to produce the consolidated financial statements. The accounting department is also in charge of ensuring that the methods employed are consistent, reliable and homogenous and that accounts closing schedules are respected, in line with deadlines set by the Board of Directors and its Committees.

Each subsidiary has a monthly budget, which is sent to central controlling at Rallye. The monthly statements are analyzed and compared with accounting and consolidated forecasts.

Consolidation of the financial statements is performed every six months, as a centralized procedure, carried out by the consolidation team on the basis of information provided by the subsidiaries. The team performs an overall review of the Group's financial statements, and prepares a file which includes all the restatements and eliminations made, and documents the checks performed, thereby ensuring traceability.

In addition, the Consolidation Department is in charge of the update of the consolidation procedures, the inclusion of the subsidiaries in the scope of consolidation, the information processing and the maintenance of the consolidation instruments.

In the course of their mission to give an opinion on the individual and consolidated financial statements, the Statutory Auditors prepare a report intended for the Group shareholders, in which they certify that the financial statements are accurate, truthful, and faithful. For the year 2008, the Statutory Auditors found no significant weakness or major deficiency in the internal control system.

Finally, the financial statements are reviewed by senior management prior to examination by the Audit Committee, in preparation for the deliberation by the Board of Directors which gives the final approval to the financial statements.

The Group regularly monitors the off-balance-sheet commitments, which are provided in detail in the Notes to the consolidated financial statements. The list of such commitments linked to current and exceptional operations is included in a report every semester, to determine whether there is a need to make a provision for risks incurred as a result of such commitments.

The assets of the holding company, as well as its level of debt, are monitored on a weekly basis. In this process, the value of the holding company's assets, at both market and investment value, is compared to its net financial debt.

• **Controlling**

This department reports to the Chief Financial Officer.

The department's mission is to:

- monitor key business indicators for the Company and its subsidiaries;
- monitor action plans, control budgets and analyze differences;
- produce monthly Group management and financial reports for senior management;
- help prepare the financial statements;
- elaborate the budget and the three-year plan.

• **Financial communication**

The financial communication department is in charge of fulfilling the obligations of periodic dissemination of financial information to the market and to stock market regulatory bodies. It communicates the Company's strategy and performance to the financial markets.

From January 20, 2007, in compliance with Article L.451-1-2 of the French Monetary and Financial Code, which results from the transposition of the so-called EU "Transparency" Directive (Directive 2004/109/EC), Rallye is making a "Regulated Information" section available on its website:

<http://www.rallye.fr/en/investors/statutory-information> and is transmitting this information electronically to a professional news distributor that fulfills the AMF requirements. In this section, the documents relating to published regulated information from 2007 onwards are published and archived during 5 years.

Rallye

STATUTORY AUDITORS' REPORT, PREPARED IN ACCORDANCE WITH ARTICLE L.225-235 OF THE FRENCH COMPANY LAW (CODE DE COMMERCE), ON THE REPORT PREPARED BY THE CHAIRMAN OF THE BOARD OF RALLYE COMPANY, ON THE INTERNAL CONTROL PROCEDURES RELATING TO THE PREPARATION AND PROCESSING OF FINANCIAL AND ACCOUNTING INFORMATION YEAR ENDED DECEMBER 31, 2008

To the Shareholders,

In our capacity as Statutory Auditors of Rallye, and in accordance with Article L.225-235 of the French Code of Commerce, we hereby present our report on the report prepared by the Chairman of your Company in accordance with Article L.225-37 of the French Code of Commerce for the year ended December 31, 2008.

It is incumbent upon the Chairman to draw up and submit to the Board of Directors for their approval a report on the internal control and risk management in place within the Company, and to provide therein other information as required by Article L.225-37 of the French Commercial Code concerning, in particular, its provisions on corporate governance.

It is our duty to:

- inform you of our observations on the information contained in the Chairman's Report, with respect to the internal audit procedures concerning the preparation and processing of accounting and financial information; and
- attest that the report contains other information required as per Article L.225-37 of the French Code of Commerce, having specified that we are not required to verify the truthfulness of the said other information.

We have performed our task in accordance with the professional guidelines applicable in France.

INFORMATION CONCERNING THE INTERNAL CONTROL PROCEDURES PERTAINING TO THE PREPARATION AND PROCESSING OF FINANCIAL AND ACCOUNTING INFORMATION

Professional guidelines require us to perform procedures to assess the fairness of the information set out in the Chairman's report on the internal control procedures relating to the preparation and processing of financial and accounting information. These procedures notably consisted of:

- obtaining an understanding of the internal control procedures relating to the preparation and processing of financial and accounting information, to support the information as set out in the Chairman's report, and perusing the existing documentation;
- obtaining an understanding of the work performed to prepare this information and perusing the existing documentation;
- determining whether any significant weaknesses in the internal control procedures relating to the preparation and processing of financial and accounting information, which we may have found during our engagement, have been appropriately disclosed in the Chairman's report.

On the basis of these procedures, we have no matters to report in connection with the information on the internal control procedures relating to the preparation and processing of financial and accounting information, contained in the Chairman of the Board's report, prepared in accordance with article L.225-37 of the French Company Law (*Code de commerce*).

OTHER INFORMATION

We certify that the Chairman of the Board's report includes the other information required by article L.225-37 of the French Company Law (*Code de commerce*).

Paris La Défense and Neuilly-sur-Seine, April 27, 2009

KPMG AUDIT
Département de KPMG S.A.
Catherine CHASSAING
Partner

ERNST & YOUNG et Autres
Henri-Pierre NAVAS
Partner