Rallye

2011 Annual report

2011 Annual Report

RALLYE

French public limited company (société anonyme) with share capital of €139,398,480

054 500 574 RCS PARIS

Registered Office: 83, rue du Faubourg Saint-Honoré – 75008 Paris – FRANCE

Telephone : +33 (0)1 44 71 13 73 – Fax: +33 (0)1 44 71 13 70

Website: http://www.rallye.fr – E-mail: info@rallye.fr

Contents

RALLYE

This reference document includes the annual financial report:

- Responsible person
- Management report
- Consolidated financial statements
- Company financial statements
- Auditors' reports on the consolidated and Company financial statements
- Chairman's report
- Auditors' reports on the Chairman's report

Corporate bodies

AND AUDITORS

Jean-Charles NAOURI
Chairman and Chief Executive Officer

> BOARD OF DIRECTORS[1]

- **Jean-Charles NAOURI**
  Chairman
- **André CRESTEY**
  Vice-Chairman
- **Didier CARLIER**
  Representing Foncière Euris
- **Philippe CHARRIER**
  Independent Director
- **Jean CHODRON de COURCEL**
  Independent Director
- **Jacques DERMAGNE**
  Independent Director
- **Jacques DUMAS**
  Director
- **Jean-Marie GRISARD**
  Representing Finatis
- **Didier LÉVÊQUE**
  Representing Matignon Corbeil Centre
- **Odile MURACCIOLE**
  Representing Eurisma
- **Gabriel NAOURI**
  Representing Euris
- **Christian PAILLOT**
  Independent Director
- **Jean LÉVY**
  Non-voting observer (advisor to the Board)

> EXECUTIVE MANAGEMENT

- **Jean-Charles NAOURI**
  Chairman and Chief Executive Officer
- **Didier CARLIER**
  Deputy Managing Director

> STATUTORY AUDITORS

- **ERNST & YOUNG and others**
  Represented by Pierre BOURGEOIS
- **KPMG Audit – Department of KPMG SA**
  Represented by Patrick-Hubert PETIT

(1) Proposed reappointments to be put to the Ordinary Shareholders' Meeting of May 23, 2012.

> CHAIRMAN'S MESSAGE

Over the past few years, Casino – Rallye's main subsidiary – has continued its development strategy based on combination of countries, activities and formats in line with major worldwide trends and with changes to methods of consumption, making the group into a unique player that is highly differentiated in the distribution sphere both in France and internationally.

In a still tense macroeconomic climate, Casino recorded a most remarkable growth in its sales and profitability in 2011. Organic growth increased to +5.7%, led by continued high growth internationally, and by the solid contribution made by France, where profitability was strengthened over the second half-year thanks to the effect of the action plans implemented.

The contribution made by international activities to the company's revenue and Current operating income increased significantly, standing at 45% and 50% respectively. This change is intended to become long-lasting.

In the current market environment, corporate financial structure is at the heart of investor attention. At Casino, development has always been supported, by constant concern for profitability and financial flexibility. Growth has regularly been financed by an active asset rotation policy. As at December 31, net debt stood at 2.35x EBITDA, a figure which should fall below 2.2 this year. Over the past financial year, the Casino Group also made the most of its excellent standing to carry out several bond issues and increase its credit lines.

In 2012, Casino will continue its profitable growth strategy by developing in its key countries banners that meet its customers' expectations even more. More international, and benefiting from solid positions in its markets, Casino is confident that its activity and profits will grow in 2012.

The consolidated revenue figure for Groupe GO Sport in 2011 was up +0.4% on a same-store basis and at constant exchange rates, while current operating income was down -11.7% specifically due to the effect of poor performance in seasonal goods, which have a higher margin. Sales for GO Sport banners is down in France and Poland by 1.7% and 3.1% respectively on a same-store basis. Revenue for Courir is however up sharply, standing at +8.9% on a same-store basis (after 3.6% in 2010), confirming the success of the brand's repositioning strategy.

To speed up its commercial momentum and strengthen its financial structure, Groupe GO Sport decided to carry out a capital increase for some €30 million[1] with maintained shareholder preferential subscription rights and guaranteed by Rallye.

In accordance with the announced strategic decision, the sale of Rallye's investment portfolio of €365 million as at December 31, 2011, is ongoing with €105 million of assets sold over the 2011 fiscal year.

Overall, Rallye's consolidated sales and current operating income rose by 17.7% and 20.6% respectively. The Net Income Group share stands at €15 million compared to -€1 million in 2010.

Rallye has a solid position in terms of liquidity, with €1.8 billion in confirmed unused and available immediately credit lines. The average maturity of these lines was extended to 4.2 years following the renegotiation or setting-up of some €1.8 billion of credit lines in 2011.

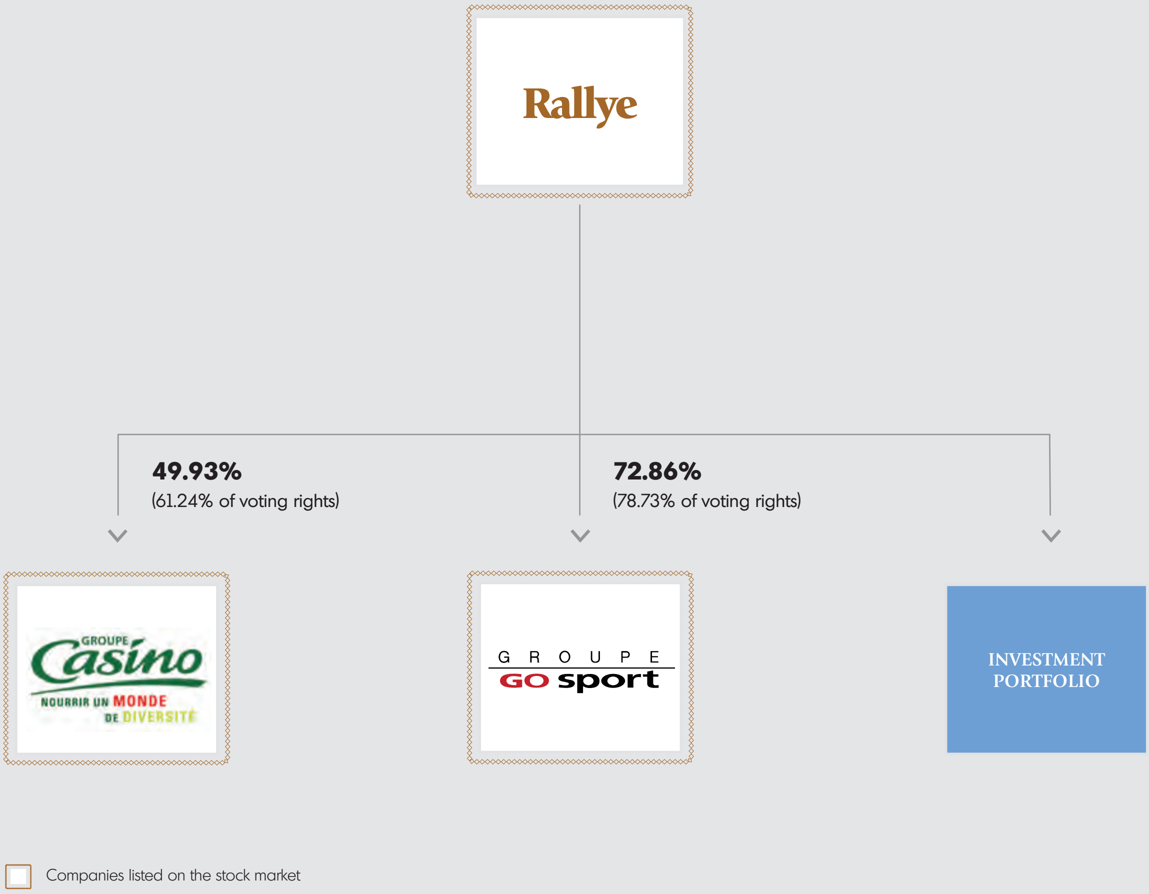
The Board of Directors will offer to pay a dividend of €1.83 per share at the Annual General Meeting on May 23, 2012. This figure remains stable compared to 2010 and includes an interim dividend of €0.80 which was paid on October 6, 2011. Shareholders will have the opportunity to opt for payment in shares for the balance of €1.03.

To conclude, I would like to mention operational excellence, which is at the heart of the group's corporate approach, and is a result of the efforts of all the men and women making up our teams. Everyone of them did a most remarkable job in 2011 which I would like to greet particularly.

Jean-Charles NAOURI

(1) This operation should be carried out over the second quarter of 2012, subject to the stamp of approval from the French Financial Markets Authority regarding the prospectus relating to the operation, and once the General Meeting of April 20, 2012 has approved the corresponding resolutions.

SIMPLIFIED GROUP ORGANIZATIONAL CHART AS OF DECEMBER 31, 2011

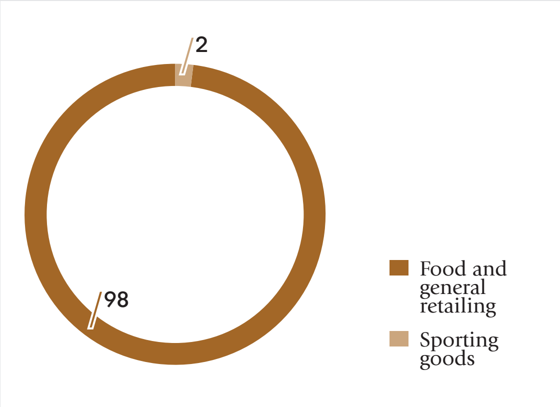


MAIN CONSOLIDATED FIGURES

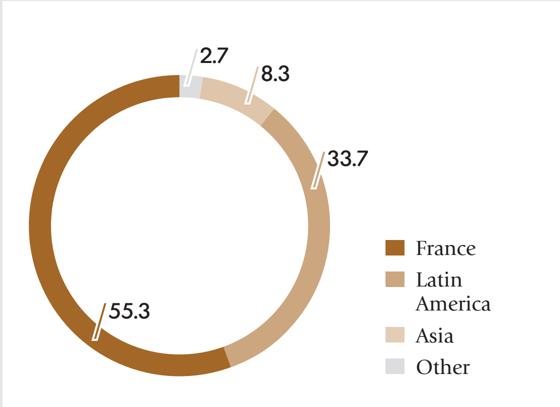
(in € millions)	2010 (2)	2011	Var.
Pre-tax sales from continuing operations	**29,780**	**35,057**	**+17.7%**
EBITDA (1)	1,965	2,315	+17.8%
Current operating income	**1,286**	**1,551**	**+20.6%**
Net finance costs	(552)	(676)	
Other financial income and expenses	(16)	19	
Tax expenses	(210)	(234)	
Net income from continuing operations	482	483	
Net income from continuing operations, Group share	**4**	**21**	
Net income from discontinued operations	(10)	(11)	
Net income	472	472	
Net income, Group share	**(1)**	**15**	

(1) EBITDA = current operating income + depreciation charges for current operations.
(2) The 2010 financial statements previously published have been restated following final accounting for the takeover of Nova Casa Bahia.

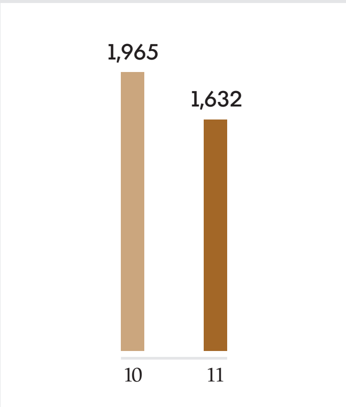
2011 KEY FIGURES



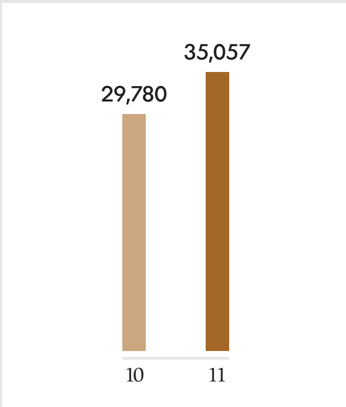
• **SALES BY ACTIVITY AS OF DECEMBER 31, 2011** (In%)



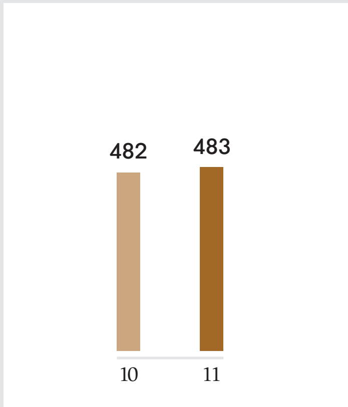
• **SALES BY GEOGRAPHICAL AREA AS OF DECEMBER 31, 2011** (In%)



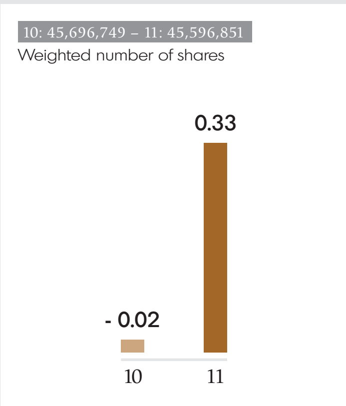
• **SHAREHOLDERS' EQUITY ATTRIBUTABLE TO THE COMPANY OWNERS**
(In € millions)



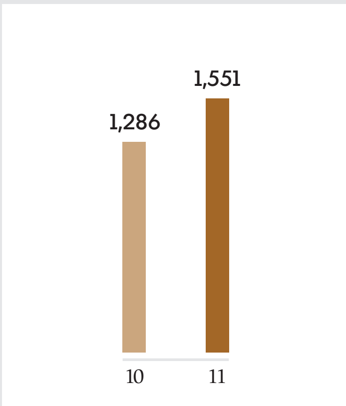
• **SALES**
(In € millions)



• **NET INCOME FROM CONTINUING OPERATIONS**
(In € millions)



• **NET INCOME ATTRIBUTABLE TO COMPANY'S OWNERS**
(In euros per share)



• **CURRENT OPERATING INCOME**
(In € millions)

Rallye management report

SIGNIFICANT EVENTS

CASINO

• Casino acquires the Charle brothers' stake in Cdiscount

On **January 6, 2011**, Casino announced the acquisition of the Charle brothers' remaining stake in Cdiscount of 16.56%. Casino now holds 99.6% in Cdiscount's capital. The Charle brothers, who have decided to pursue other career plans, also abandon their operational positions in Cdiscount.

• Acquisition of Carrefour's Thailand business

The agreement signed in November 2010 with Carrefour materialized on **January 7, 2011** with the acquisition of Carrefour's Thailand business by Big C Thailand. With this acquisition, which involves a portfolio of 42 stores (including 34 hypermarkets) and 37 shopping malls, Big C will become the co-leader on the hypermarkets segment. The stores and shopping malls were acquired for €857 million (price complement included).

• Dispute with the Baud family

On **February 4, 2011**, after ruling in favor of Casino in July 2009, the arbitration panel rejected the Baud family's request for payment of Franprix and Leader Price dividends for the years 2006 and 2007 due to anomalies and irregularities found in the financial statements. Thus Casino, pursuant to the panel's decision, only paid €34 million, corresponding to (i) Franprix and Leader Price dividends for the year 2008; (ii) a supplement to the sale price of Franprix and Leader Price shares previously bought by Casino, and; (iii) late interest payments in addition to the €18 million of interest already paid to the Baud family. This sum of €34 million is far less than the €67 million in provisions posted under "Other current debts".

• The Casino Group's debt profile was improved and its average maturity extended

On **May 18, 2011**, Casino issued under its EMTN program a new bond of €850 million with a ten-year maturity and annual coupon of 4.726%. In this context, €300 million of the bonds maturing in February 2012 (6.0% coupon), April 2013 (6.375% coupon) and April 2014 (4.875% coupon) were traded. Additional funds for €530 million were also raised through this issue. The Casino Group's bond debt average maturity was extended to 4.6 years (against 3.4 years before the operation).

CASINO SUPERMARCHÉ, Arcachon, France

- **Position of the GPA group**

Since the **end of May 2011**, the Brazilian and French press have been reporting on the status of the negotiations between the Diniz group (Casino's partner in Brazil), the Carrefour Group and Gama 2 SPE Empreendimentos e Participaçoes ("Gama"), a special purpose vehicle wholly owned by a fund managed by BTG Pactual and to be capitalized by the Brazilian National Bank for Development (BNDES). Breaching the shareholders' agreement signed in 2006 between the Diniz family and Casino, in their jointly held company Wilkes, the project included, without any prior consultation or agreement between the two shareholders, a merger of Carrefour's Brazilian assets with those of GPA in a 50-50 joint venture, with Gama becoming a key Carrefour shareholder.

In this context, on May 30 and July 1, 2011 Casino filed with the International Chamber of Commerce two arbitration proceedings against the Diniz group seeking compliance with and proper execution of the shareholders' agreement of November 27, 2006 relative to Wilkes, the company jointly held by them which controls the Brazilian company GPA.

Casino Guichard-Perrachon's Board of Directors then met on **July 12, 2011** to review the terms of the financial offer planned by the Diniz group, Carrefour group and Gama, made public on June 28, 2011.

At the completion of its work, the Board of Directors unanimously, with the exception of Mr. Abilio Diniz, who did not participate in the voting, found the project to be against the interests of GPA, of all its shareholders and Casino.

On **July 13, 2011**, the Casino Group took official notice of the withdrawal of Abilio Diniz, BTG Pactual and Carrefour from their project.

In June, the Casino Group acquired 9 million preferred shares (i.e. 3.4% of GPA's capital) for $382 million (i.e. €263 million), thereby bringing its stake in GPA's capital to 37.1%.

After June 30, 2011, the Group acquired another 15.8 million preferred shares (i.e. 6.1% of GPA's capital) for $792 million (i.e. €547 million), thereby bringing its stake in GPA's capital to 43.2%.

Through these increased stakes, Casino reaffirmed its commitment to GPA and its faith in his management team. Casino thus demonstrates its wish to reinforce GPA's long-term development in GPA and its international development strategy focused on high-growth countries.

These events did not lead to a change in the control of GPA, which continues to be exercised by Wilkes, pursuant to the provisions stipulated both in Wilkes' shareholders' agreement of November 27, 2006 and in GPA's shareholders' agreement of December 20, 2006.

PÃO DE AÇÚCAR, São Paulo, Brazil

EXITO, Cuba - Pereira, Colombia

• Successful arrangement of a $900 million medium-term financing

Casino announced on **August 31, 2011**, the signing of a medium term financing for $900 million (i.e. approximately €630 million) with a group of nine international banks.
With this transaction, which demonstrates Casino's creditworthiness, the Group will be able to strengthen its liquidity and gain access to competitive financial resources.

• Successful €600 million bond issue

Casino announced, on **September 27, 2011**, the successful placement of a bond issue for a total of €600 million and with a 4.5-year maturity. This transaction strengthens the Group's liquidity and extends the maturity of its total debt. It is intended to refinance the end of 2011 and start of 2012 bond maturities.
The new bond issued with a 4.47% coupon was largely subscribed by a diversified basis of investors.

• Acquisition by Exito of Casino' stakes in Disco and Devoto and successful capital increase in Colombia

Exito announced, on **June 29, 2011**, the signing of a share purchase agreement regarding the acquisition of Casino' stakes in Disco and Devoto for a total consideration of US$ 746 million (€548 million). Exito also announced its intention to launch a share offering in Colombia of up to US$ 1.4 billion in order to finance its expansion plan (including the aforementioned acquisition).
These two transactions demonstrate the Group's strategic ambitions in Hispanic Latin America, one of its key growth areas.
The execution of the transaction and the share placement were approved by Exito's shareholders during the general shareholders meeting which was convened the 6th of July 2011.
Almacenes Exito S.A. ("Exito"), a subsidiary of the Casino Group, announced on **September 27, 2011** the outcome of the allocation of its COP 2,500 billion ($1.4 billion) capital increase. The capital increase was subscribed 2.6x (excluding the subscription announced by Casino for its stake) demonstrating the strong interest of local and international investors in Exito despite difficult market conditions.

Casino subscribed the capital increase up to its share in Exito's capital thereby maintaining its stake in Exito at 54.8% of the capital.

• Big C Thailand's capital increase calendar

Big C Thailand, a Casino Group subsidiary, announced on **October 20, 2011**, that it had received the unanimous approval of its board of directors to launch a capital increase for a maximum amount of THB 25 billion (approximately €595 million). Proceeds from the capital increase will be used in priority to repay existing debt incurred for the acquisition of Carrefour's operations in Thailand. The transaction will also provide the company with greater financial flexibility, hence enabling it to implement the next step in its growth strategy.
Big C Thailand announced, on **November 17, 2011**, the decision of its board of directors to postpone the calendar of its planned capital increase, in light of the extraordinary circumstances caused by the flooding in Thailand.

• Leader Price – Geimex: Arbitration decision in the legal dispute between the Baud family and Casino

The Court of Arbitration, called upon to hand down definitively in the legal dispute between the Casino Group and the Baud family for damages and interests concerning dividends, issued its decision on February 4, 2011. It rejected out of hand the Baud family's claim for payment of dividends for 2006 and 2007, and the additional compensation stemming from their tax situation abroad due to the observed errors and irregularities in their financial statements.
As a result of this new decision, during the first half, Casino paid €34 million, corresponding to the dividends for 2008 for €28 million and additional consideration for the Franprix and Leader Price shares previously acquired by Casino for €6 million.
All of the implications of this decision had been booked in the 2010 Casino Group's accounts, excluding the effective payment done during the first half.

MINI BIG C, Bangkok, Thailand

Concerning Geimex, the company exploiting the Leader Price brand internationally, , which is held 50-50 by the Casino Group and the Baud family, a provisional administrator, appointed by the Paris Commercial Court, has been ensuring the company's management since 2008 following the disagreements between the two shareholders on the organization and operation of the company. The legal disputes between the two shareholders concern in particular the sale of Leader Price Polska by Casino in 2006 as well as the Swiss business of the Baud family for which an arbitration decision was handed down on December 23, 2011 and commercial and criminal proceedings are still in progress.

In its decision of December 23, 2011, the arbitration panel, rejected the claims that Casino had acted in such manner intentionally and estimated that the failure to give a notice has caused a loss of opportunity in the amount of €7 million. Casino will have to pay that amount to the Baud family less €1 million, paid by the Baud family to Casino to reimburse legal costs. These amounts of €7 million and €1 million were recorded respectively under "net income from discontinued operations" and "Other operating income".

- **Strong growth in sales in the 4th quarter of 2011, to +14.5%, and +18.2% rise in Casino total sales for the entire year**

With consolidated sales up +18.2% in 2011, the Casino Group reached its target for an annual increase in sales exceeding +10%. Organic growth, excluding fuel stood at +5.7%, a sharply faster pace compared with 2010 (+3.9%).

In France, the food market share of the Group was unchanged over the entire year and confirmed the complementarities of the various brands within the Group. Cdiscount's good performance has led to the sustained growth in non-food e-commerce.

The International segment, which accounted for 45% of the Group's consolidated sales in 2011 (compared with 38% in 2010) continues to expand very rapidly.

LEADER PRICE, Brétigny-sur-Orge, France

RALLYE

• Increase in Rallye's stake in Casino

Rallye acquired 2,897,280 Casino shares for €212 million in **late April/early May 2011**, increasing its stake from 48.48% to 51.30% of the capital and from 60.38% to 62.84% of voting rights as of **May 10, 2011**.

• Outcome of the payment of the 2010 dividend and of 2011 interim dividend payment in shares

The May 4, 2011, Annual Shareholders' Meeting of Rallye resolved to pay a dividend of €1.83 per share for fiscal year 2010, unchanged as compared to the 2009 dividend. An interim dividend of €0.80 per share was paid on October 7, 2010, leaving a balance of €1.03. It was decided to give the shareholder the choice to opt for its payment in cash or new company shares. 87.07% of the rights were exercised in favor of a payment in shares, as a result of which Rallye was able to increase its equity by €39 million by issuing 1,321,416 new shares. The €5.8 million payment of the balance in cash was made on **June 6, 2011**.
Similarly, on September 06, 2011 the Board of Directors decided to distribute an interim dividend of €0.80 per share for the 2011 fiscal year, which could be taken in new company shares at the shareholder's option. 46.03% of the rights were exercised in favor of a payment in shares, as a result of which Rallye was able to increase its equity by €16.5 million by issuing 793,939 new shares. The €19.1 million payment of the balance in cash was made on **October 6, 2011**.

• Ownership interest acquired in Grupo Pao de Acucar

In **August 2011**, Rallye acquired 3.3 million preferred shares/ADRs[1] issued by Grupo Pão de Açúcar (GPA) and 4 million call options giving it the option to acquire the same number of ADRs.
On **October 6, 2011**, Rallye announced that it had informed the GPA group of the increase of its stake by up to 0.6 million preferred shares/ADRs[1] and 5 million call options giving it the option to acquire the same number of ADRs. Rallye's total economic participation, including preferred shares/ADRs as well as the ADRs underlying the call options, currently represents 5% of GPA's capital. Considering these acquisitions, Rallye (Casino's majority shareholder) and Casino (GPA's leading shareholder) hold a total economic stake in GPA (including common shares, preferred shares/ADRs as well as the ADRs underlying the call options) representing as of October 6, 2011 48.1% of the latter. This acquisition underscores the commitment and the confidence that both Rallye and Casino have placed in Brazil and in GPA.

GROUPE GO SPORT

• Groupe Go Sport sales were slightly up like-for-like, but EBITDA was down due to the poor performance of seasonal items linked to unfavorable weather conditions

As of December 31, 2011, Groupe GO Sport's consolidated net sales stood at €680.4 million, up 0.4% on a same-store basis and at constant exchange rates. In France, the Go Sport banner's sales reported a 1.7% decline on a same-store basis in 2011. The banner experienced the negative effects of the poor performance of seasonal items due to the particularly unfavorable weather conditions. Sales for Courir were up sharply, standing at +8.9% on a same-store basis (after 3.6% in 2010), confirming the success of the brand's repositioning strategy. The sustained growth attests to the relevance of the offer and the attractivity nature of the new concept, currently deployed in 21 stores.
In Poland, GO Sport's sales on a same-store basis and at constant exchange rates were down 3.1% in 2011, due to the negative effects of the mild winter season. The stores with the new merchandising, now 15 after 7 remodelings demonstrated in 2011, good resilience to the economic conditions.
EBITDA and current operating income were down from 2010 and stood at €8.6 million and €(12.1) million, respectively. Half of the decline is due to the €4.8 million drop in gross profit due for the most part to the poor performance of seasonal items, which have a higher margin. It also results from the personnel cost increase, associated with the efforts to boost momentum at Courir, and rising rents.
Net financial debt stood at €86.2 million, up €54.7 million compared to end of 2010. This rise is due primarily to the sharp increase in working capital requirements related to the decrease in trade payables, due among other things to the shorter payment deadlines imposed by LME in 2011 and a shift in the acceptance of goods compared to 2010.

(1) ADR: American Depositary Receipts, listed on the New York Stock Exchange and representing preferred shares.

Rallye management report

SUBSEQUENT EVENTS

CASINO

• Opinion of the Competition Authority regarding food retail in Paris

On referral of the matter by Paris' Mayor for Opinion, in 2011 the Competition Authority examined the status of competition in the food retail sector in Paris.
In the Opinion issued on January 11, 2012, the Authority found "that Paris' market is extremely concentrated" and stated "that the Casino Group holds a market share exceeding 60% of the area" which "hinders competition". The Casino Group completely rebuts the methods of analysis used by the Competition Authority, as the group considers that its market share in Paris, combined with that of Monoprix, does not exceed 38.5% based on several studies.
Nevertheless, the Authority did not find any abuse of dominant position or anti-competitive practices by the Casino Group. It underscored that the Casino Group has invested in the Franprix-Leader Price and Monoprix networks "with the approval of the competition authorities" and acknowledged that "the success of the Casino Group can be attributed to its strategy and its own merits".
Since the matter was referred to the Competition Authority solely for an opinion, such opinion is without legal effect. Considering the qualifications expressed in that opinion, Casino however reserves the option to contest its validity.

• Mercialys' real estate and financial operation

To coincide with the launch of Mercialys' new strategy, Casino announced on February 9, 2012 that it would be significantly strengthening its financial flexibility:

- Casino will retain a stake in Mercialys of between 30% and 40% at the end of 2012, while renewing its partnership, and confirms its vision for the dual development model;
- Mercialys will announce a repayment of its shareholders' investments and a new financial structure.

In the context of this new stage in its real estate life, Mercialys intends to submit in 2012 to the vote of its shareholders two successive distributions for a total amount of €1.25 billion (€1.15 billion corresponding to a contribution redemption). The distribution of €1 billion is planned for the first half of the year. A second distribution, which could reach €250 million, is expected to occur in the second half of the year, following a second general meeting of shareholders, and contingent on the good performance of the disposal program, which requires the approval of the new board of directors.
The full completion of these distributions would enable Casino to recover its legacy contributions in the company.
Casino, which will reduce its stake to 30% to 40% of Mercialys' capital (compared to its current majority stake) will remain a first-rank partner for Mercialys. The composition of Mercialys' board of directors will be adjusted accordingly. The two companies plan to renew their partnership and Mercialys will thus continue to work together with Casino in the pursuit of the deployment of its dual value creating retail/real estate model. Mercialys will be equity accounted in Casino's financial statement at the date of loss of control.

GO SPORT, Paris, France

• Monoprix: Disagreement on Galeries Lafayette's divestment price

In 2000 and 2003, Galeries Lafayette sold its share (50%) of the joint control over Monoprix to Casino, which as from January 1, 2012, has the right to acquire the majority and as from March 31, 2012, to name the Chairman and CEO for three-year periods alternating with Galeries Lafayette.
Galeries Lafayette, which holds a put option, started on December 7, 2011, a price assessment procedure, which subsequently gives it a time period to decide whether to sell and to notify Casino of its intent to terminate the partnership.
The banks in charge of conducting this assessment could not reach an agreement and, pursuant to the memorandum of understanding, a third expert must be called in to conduct the assessment. The bank approached to complete the assessment has declared that it would not conduct it unless the two parties agreed beforehand on the main financial forecasts that are supposed to serve as a basis for the assessment. However, such agreement has not been reached.
Galeries Lafayette, which claims that the financial assumptions it uses should be binding on Casino, has refused to name another expert and has filed a complaint against Casino with the Commercial Court of Paris. According to Casino, the sole purpose of that complaint is to put pressure on it to accept the price targets Galeries Lafayette has set for itself. Shortly after having valued its stake at €1.95 billion as part of an assessment, Galeries Lafayette did make a €1.35 billion offer to sell to Casino, which Casino rejected, as its advising bank had, during the assessment, valued Galeries Lafayette's stake at €700 million.
This is the context in which, while the chairmanship of Monoprix's board of the directors is supposed to be held by Casino as from March 31, 2012, Galeries Lafayette has chosen to violate its contractual commitments by making the board members named it vote to extend Mr. Philippe Houzé's term of office as chairman and chief executive officer at the Monoprix board of directors meeting of **February 22, 2012**.
Casino will refer the matter to the competent courts to request enforcement of Galeries Lafayette's commitments.

GROUPE GO SPORT

• Planned capital increase of approximately €30 million, guaranteed by Rallye, intended to speed up the Group's recovery

To boost sales of both banners and reinforce its financial structure, the Board of Directors of Groupe GO Sport at its meeting on **February 21, 2012** decided in principle on a capital increase of approximately €30 million. This transaction, carried out with the preservation of preferential subscription rights for shareholders and guaranteed by Rallye, the majority shareholder of Groupe GO Sport, should be carried out over the second quarter of 2012, subject to obtaining the French Financial Markets Authority's approval for registration of the transaction's prospectus, and after the General Meeting of April 20, 2012 has approved the corresponding resolutions.

COURIR, Val d'Europe, Paris, France

Rallye management report

BUSINESS REVIEW

The Rallye Group operates within the specialized and food distribution industry through its majority holdings in Casino and Groupe GO Sport.

- As Rallye's main asset, representing 98% of consolidated sales, Casino is one of the world leaders in food sales. In France, its sales performance is based on a mix of brands and formats well suited to the economic environment and deep long-term trends in society; Casino's rollout abroad is centered on emerging countries that show high growth potential, with a priority on South America and Southeast Asia where its subsidiaries have strong local roots and a leading position.
- Groupe GO Sport specializes in retail sporting goods through its Go Sport and Courir brands.

Moreover, Rallye manages a diversified investment portfolio, comprising both financial investments in the form of direct stakes or stakes held through specialized funds, and commercial real estate development programs.

CASINO

In 2011, the Group reached its double-digit growth in sales target. In France, the good performance of most convenience stores enabled the group to keep a stable food market share in 2011.
Internationally, the organic growth in sales significantly sped up, reaching a double-digit level. The external growth transactions made it possible to significantly increase the contribution of the International segment to the Group's sales and current operating income.
The Group's consolidated sales rose +18.2% in 2011; current operating income increased sharply by +19.1% and was up +3.0% on an organic basis. Current operating margins were up +4 bp, at 4.5%.
The Group's sales and current operating income breakdown as follows:

• Sales

(In € millions)	2011	2010	Change
France	18,748	17,956	+4.4%
International	15,613	11,122	+40.4%
Latin America	11,826	8,245	+43.4%
Asia	2,895	2,009	+44.1%
Other	892	868	+2.8%
GROUP TOTAL	**34,361**	**29,078**	**+18.2%**

• Current operating income

(In € millions)	2011	2010	Change
France	750	769	-2.6%
International	798	530	+50.5%
Latin America	565	372	+51.9%
Asia	212	121	+75.5%
Other	22	38	n.s.
GROUP TOTAL	**1,548**	**1,300**	**+19.1%**

• France

France's weighting declined in 2011, since it represents 55% of 2011 sales and 48% of the 2011 current operating income of the Group.
French acivities sales stood at €18,748 million at December 31, 2011 compared with €17,956 million in 2010, up +4.4%.
The year was marked by greater growth of sales in France, up +2.6% on an organic basis, +1.4% excluding fuel (compared to respectively +1.8% and +0.6% in 2010).
Current operating income stood at €750 million, down -2.6% compared to 2010. On an organic basis, it declined -2.9%. This change reflects a significant increase in the second half of the year, after a drop in the first half.
Current operating margin stood at 4.0%, down -29 bp compared to 2010. On an organic basis, it declined by -23bp.
Casino's sales and current operating income in France breaks down as follows by type of store:

› Sales

(In € millions)	2011	2010	Change
Casino France	12,365	12,016	+2.9%
Monoprix	1,973	1,914	+3.1%
Franprix-Leader Price	4,410	4,026	+9.5%
TOTAL FRANCE	**18,748**	**17,956**	**+4.4%**

› Current operating income

(In € millions)	2011	2010	Change
Casino France	458	463	-1.1%
Monoprix	128	139	-8.2%
Franprix-Leader Price	164	167	-1.8%
TOTAL FRANCE	**750**	**769**	**-2.6%**

MONOPRIX, Paris, France

FRANPRIX, Paris, France

› Details by type of Casino store in France

Franprix-Leader Price sales recorded a significant increase (+9.5%) to €4,410 million (compared with €4,026 million in 2010).

- Same-store sales for **Leader Price** rose by +1.5% in 2011. The good performance is, among other things, the outcome of the operational excellence plans implemented by a renewed management. A new commercial policy has been deployed, based on a repositioning of prices, targeted promotional policy and reinforced communication. Leader Price opened 27 stores in 2011. The store base continued to improve with 67 stores renovated in 2011. The brand intends to conduct a controlled and profitable expansion strategy, while at the same time making its store base more attractive.
- **Franprix** posted growth in total sales of +8.6% due to the expansion trend and the integration of two franchisees. 67 new stores opened during the year bringing the number of stores under this brand to 897. Same-store sales for Franprix were down -4.2%.

Franprix-Leader Price's operating margin stood at 3.7%, down -43 bp compared with 2010 (-40 bp on an organic basis). This decline can be explained by the price repositioning which took place in the first half of 2011. The second half of the year was satisfactory and enjoyed the effect of the action implemented plans.

Monoprix's same-store sales, excluding fuel, rose by +1.4%. This performance is the result of commercial initiatives to make the brand more attractive, such as the launch in March 2011 of the online sales website for textiles. The deployment of the new packaging of the Monoprix proprietary brand to food and perfumery also intensified.

Monoprix continued its planned expansion policy for all its store types. Thus 33 stores opened in 2011, including 2 Citymarchés, 19 Monop', 3 Monop' Station and 6 Naturalia stores. Naturalia acquired 3 organic Serpent Vert stores.

Overall, Monoprix's sales were up by +3.1% to €1,973 million (vs €1,914 million in 2010). The market share remained unchanged for the year. Monoprix's operating margin stood at 6.5%, down -80 bp (-78 bp on an organic basis).

GÉANT CASINO, Arles, France

PETIT CASINO, Lyon, France

- Sales of the **Géant Casino** hypermarkets stood at €5,623 million, up 1.9% compared with 2010. Excluding fuel, same-store sales declined -1.5%. The average basket rose 2.2%.
  Food sales recorded a rise of 0.2%, sharply better compared with the two previous years (-3.7% in 2010 and -4.9% in 2009). The renovated stores and market spaces as well as the successful "Anniversary operation" in October explain the recovery. The food market share was, overall, unchanged for the year.
  Non-food sales posted a decline of -5.9%. The brand continued implementing its strategy based, among other things, on the most attractive categories of products, as well as on the deployment of the multi-channel (pickup of packages heavier than 30kgs bought from Cdiscount and Géant coupons distributed on Cdiscount). The actions to reduce the non-food space also continued.
- In 2011, **Casino Supermarkets** posted a +3.7% growth in sales of €3,619 million compared with €3,490 million in 2010 (+1.6% excluding fuel). Same-store sales excluding fuel were slightly down (-0.9%). The brand continued to expand in 2011 and, just like in 2010; it opened 11 supermarkets compared with 3 in 2009. The market share of the Casino Supermarkets was steady over the year.
- **Small supermarkets** sales reported a slight decline (-0.6%) to €1,485 million compared with €1,494 million in 2010. The streamlining of the small supermarket base continued: During the fiscal year, 295 points of sale opened and 409 closed. The expansion will benefit in the coming years from an agreement signed with La Poste for the conversion of some sites. New concepts were deployed with the opening of 6 Casino Shopping and 16 Casino Shop stores.
- **Other activities**, which include primarily Cdiscount, Mercialys, Banque Casino and Casino Restauration, achieved sales of €1,638 million compared with €1,516 million in 2010, i.e. an increase of +8.1% (+8.5% on a same-store basis).

This rise is due primarily to the strong trends at **Cdiscount** whose sales rose 14.3%. Household appliances, Housewares and the new departments deployed in 2011 (Wines, Toys, etc.) contributed to the growth in sales. The development of "to go" items was also a key to this success. Overall, Cdiscount outperformed its direct competitors and strengthened its leadership.
The increase in sales of the e-commerce site offsets the decline in non-food sales by Géant and also helps the Group record an increase in non-food sales for the entire year.
Mercialys recorded a healthy growth from rental income (+6.0%[1]). The company intensified the deployment of the "Esprit Voisin" program, completing 11 deliveries throughout the year. The deployment of the program has included, since 2010, an asset sales policy which is a part of the refocusing of the portfolio. The average size of the assets kept under management increases with a simultaneous decrease in quantity. €120 million in disposals, representing 16 assets and approximately 5% of the portfolio value were thus recorded in 2011.
Casino France's operating margin stood at 3.7% down -15 bp. On an organic basis, the margin was practically unchanged at -8 bp. Casino Supermarkets and the small supermarkets posted strong profits. Activities supplementing the retail business recorded higher operating income.

(1) Data published by the company.

• International

International sales were up +40.4% to €15,613 million.

Current operating income for International activities stood at €798 million compared with €530 million in 2010, up +50.5%. The strong increase is the result both of the scope effect and of a robust organic increase in sales in Latin America and Asia. On an organic basis, current operating income for International activities rose +11.3%.

Casino's international business is focused on two priority areas: South America, primarily with GPA (Grupo Pao de Açucar) in Brazil and Exito in Colombia, and Southeast Asia with Big C in Thailand and Vietnam.

International activities contributed 45% to the Group's sales and 52% to current operating income (versus a 38% contribution to sales and 41% contribution to current operating income in 2010).

Latin America sales stood at €11,826 million compared with €8,245 at December 31, 2010, up +43.4%. The negative exchange rate effect was -1.1%. The scope effect was positive by +31.1% due to the increase in the stake held in GPA and the consolidation of Casas Bahia within GPA. On an organic basis, Latin America posted double-digit growth (+13.4%), due to the very strong increase in same-store sales for the entire region (+10.0%).

- In **Brazil**, GPA recorded a strong growth in same-store sales to +8.8%[1];
- In **Colombia**, Exito posted sustained growth in same-store sales (+8.4%[1] versus +5.7%[1] in 2010).
- **Argentina** and **Uruguay** continued to post very strong growth in same store sales.

Latin America's current operating income stood at €565 million in 2011, up +51.9%. On an organic basis, current operating income rose +15.1%. Latin America's same-store operating margin was up +7 bp due to a strong rise of the margin in Colombia.

Sales in **Asia** were up +44.1% to €2,895 million (versus €2,009 million in 2010). The negative exchange rate effect was +3.3%. On an organic basis, there was sustained growth (+11.3%), led by a strong performance in same store sales (+3.2%) and the contribution of the expansion activities.

- In **Thailand**, Big C's same-store sales were slightly up, despite the significant impact of the flooding that affected the country in the 4th quarter. Big C's total sales were up +46.8%[1], reflecting among other things the acquisition of Carrefour's business in the country, which was finalized in January 2011;
- **Vietnam** continued to post very high increases in sales at +27.2%. Organic increase was +46.9%. Big C Vietnam continued to deploy the dual model and opened 4 hypermarkets and 3 shopping malls. 5 convenience stores opened during the year.

Asia's current operating income rose +75.5% to €212 million (+16.4% on an organic basis). The operating margin was up +28 bp on an organic basis.

(1) Data published by the company.

LIBERTAD, Rafaela, Argentina

DEVOTO, Punto Del Este, Uruguay

• Casino's key figures

Casino's key figures for 2011 compared to 2010 were as follows:

(In € millions)	2011	2010*	Change
Net sales	34,361	29,078	+18.2%
EBITDA	2,287	1,953	+17.1%
Current operating income	1,548	1,300	+19.1%
Current operating profit	4,5%	4,5%	
Income before corporate income tax	987	936	+5.4%
Net income			
_ continuing operations, Group share	577	542	+6.4%
_ discontinued operations, Group share	(9)	(9)	
Net income, Group share	568	533	+6.5%
Net financial debt	5,379	3,845	

* The 2010 financial statements previously published for Casino have been restated following final accounting for the takeover of Nova Casa Bahia.

At December 31, 2011, the Group's net financial debt stood at €5,379 million, versus €3,845 million at December 31, 2010. The net debt-to-EBITDA ratio stood at 2.35x (versus 1.97x at the end of 2010).

The price of Casino shares as of December 31, 2011 was €65.08, with a market capitalization of €7.2 billion. Rallye owned 49.93% of Casino shares and 61.24% of its voting rights.

GROUPE GO SPORT

As of December 31, 2011, Groupe GO Sport's consolidated net sales stood at €680.4 million, up 0.4% on a same-store basis and at constant exchange rates (-0.4% overall).

In France, the Go Sport banner sales reported a 1.7% decline on a same-store basis in 2011. The brand experienced the negative effects of the poor performance of seasonal items due to the particularly unfavorable weather conditions. The increase in non-seasonal categories, which represent over 80% of sales, and the healthy business activity of the 42 new-merchandising model stores, offset in part that impact. Revenue for Courir was up sharply, at +8.9% on a same-store basis (after 3.6% in 2010), confirming the success of the brand's repositioning strategy. The sustained growth attests to the relevance of the offer and the attractive nature of the new concept, currently deployed in 21 stores.

In Poland, GO Sport's sales on a same-store basis and at constant exchange rates were down 3.1% in 2011, due to the negative effects of the mild winter season. The stores with the new merchandising, now 15 after 7 remodeling initiatives in 2011, showed good resilience to the economic conditions.

EBITDA and current operating income were down from 2010 and stood at €8.6 million and €(12.1) million, respectively. Half of the decline is due to the €4.8 million drop in gross profit due for the most part to the poor performance of seasonal items, which have a higher margin. It also results from the personnel cost increase, associated with the efforts to boost momentum at Courir, and rising rents.

Net financial debt stood at €86.2 million, up €54.7 million compared to end of 2010. This rise is due primarily to the sharp increase in working capital requirements related to the decrease in trade payables, due among other things to the shorter payment deadlines imposed by LME in 2011 and a shift in the acceptance of goods compared to 2010.

In 2011, Groupe GO Sport opened 4 GO Sport stores (1 in Poland and 3 franchised stores) and 1 Courir store (a franchise). Store base streamlining continued, both in France, with the closing of 3 GO Sport stores and 9 Courir stores, and abroad with the closing of 3 GO Sport stores (1 in Poland, 1 in Belgium and 1 franchise) and 3 Courir stores (franchises). This left the Group with a total of 349 outlets as of December 31, 2011: 175 GO Sport (including 31 franchises), and 174 Courir (including 14 franchises).

GO Sport's key consolidated figures for 2011 compared with 2010 were as follows:

(In € millions)	2011	2010
Net sales	680.4	683.1
Current operating income	(12.1)	(0.4)
Operating income	(8.1)	1.2
Profit before tax	(13.4)	(1.4)
Net income	(20.0)	(5.9)
Free cash flow*	11.1	18.5
Investment net of disposals	(21.6)	(15.8)

* Before tax and cost of net financial debt.

GO Sport's share price as of December 31, 2011 was €9.66, with a market capitalization of €36.5 million. Rallye held 72.86% of the shares and 78.73% of the voting rights at that date.

INVESTMENT PORTFOLIO

Rallye's investment portfolio was valued at €365 million as of December 31, 2011, compared to €435 million as of December 31, 2010. At the end of 2011, the portfolio consisted of financial investments with a market value[1] of €272 million (vs. €295 million at end-2010) and real estate developments measured at historical cost[2] of €93 million (vs. €140 million at the end of 2010).

In 2011, the financial investment portfolio contributed €39 million to Rallye's current operating income, compared to €10 million in 2010.

The €272 million in **financial investments** are broadly diversified in terms of geography: 48% North America, 28% Europe, 18% Asia, 6% rest of the world. Investments are also diversified by sector. LBOs make up 35% of financial investments, real estate funds 23%, energy also 23% and other sectors 19%. The diversification of financial investments is not limited to geography and sector, but also includes the type of investment, partner and scale, generating a strong spreading of risks which is further enhanced by the large number of investments and their small size. As of December 31, 2011, the portfolio had around 110 lines, four-fifths being less than €4 million with a per-line ceiling of €18 million in net cash invested. Systematic currency hedging allows the Group to eliminate exposure to exchange rate movements.

The €365 million investment portfolio also includes 8 **real estate developments** valued at €93 million. These are high-quality real estate assets, mostly held jointly with Foncière Euris, and very broadly diversified geographically.

- 3 real estate assets in **Poland**: Manufaktura, one of the biggest shopping centers in Poland, opened in Lodz in May 2006; a center in Gdynia (near Gdansk) an expansion to which is under construction until 2013, and land in Poznan;
- a shopping center (*Loop 5* near Frankfurt, opened in October 2009) and land near the *Alexa* shopping center in Berlin, **Germany**;
- 2 shopping centers in **France**: the *Ruban Bleu* center, in Saint-Nazaire, which has been in operation since May 2008 and leased-out in August 2009, and Paris-Beaugrenelle, partially sold in 2010 and under construction until 2013;
- Land (*Repton Place*), near Boston, in **the United States** and the marketing of the residential development was completed in first half 2011.

In accordance with the strategic decision to reduce the size of the portfolio, the planned sale of assets continued in 2011. €105 million in assets were sold over the entire fiscal year. Conversely, the group had to pay €12 million (net of inflows) for the year and recorded a strong €24 million value appreciation. Overall, the size of the investment portfolio was thus reduced by €70 million in 2011.

The value of disposals of **financial investments** was €53 million in 2011. This corresponds to the sale of some fifteen portfolio lines, primarily in the LBO segment, but in all regions of the world (geographic distribution by value: 41% North America, 29% Europe and 30% rest of the world).

Rallye also sold the **Leto shopping center** in Saint-Petersburg, which had opened in May 2011, and received contingent payment on the sale of the Alexa shopping center in Berlin signed at end 2009, for a total of €52 million for 2011.
The revaluation of the portfolio, for a 2nd year in a row (+€24 million in 2011 after +€12 million in 2010), supports the relevance of Rallye's strategy of gradual divestiture, aiming to maximize the price of the sale of its assets.

(1) The market value of financial investments is the book value entered into the consolidated accounts (fair value – IAS 39) and is calculated based on the latest available outside valuations (General fund Partners) adjusted if necessary based on the latest information available.

(2) Real estate developments are entered based on historic cost and restated before the sale of investments (IAS 16).

Rallye management report

FINANCIAL OVERVIEW

CONSOLIDATED FINANCIAL STATEMENTS

• Main changes to the scope of consolidation

- Consolidation of Casas Bahia into the GPA group since November 1, 2010.
- Consolidation of Carrefour Thailand's operations into Big C since January 7, 2011.
- Consolidation by the full consolidation method of the three franchises within Franprix-Leader Price as from February 1, 2011 with deconsolidation of one of them as from September 1, 2011.
- Consolidation of GPA at 40.13% as of December 31, 2011.

• Profit

Rallye made consolidated net sales of €35.1 billion versus €29.8 billion in 2010, a gain of 17.7%. Sales are broken down in detail under the business overview for each operating subsidiary.

Sales by activity in the last two years were as follows:

(In € millions)	2011		2010	
	Amount	%	Amount	%
Food and general retailing	34,361	98.0	29,078	97.6
Sporting goods retail	680	1.9	683	2.3
Other businesses*	16	0.1	19	0.1
TOTAL	**35,057**	**100.0**	**29,780**	**100.0**

* Holding company business and investment portfolio.

Sales by geographical region in the last two years was as follows:

(In € millions)	2011		2010	
	Amount	%	Amount	%
France	19,380	55.3	18,590	62.4
Latin America	11,826	33.7	8,245	27.7
Asia	2,895	8.3	2,009	6.7
Other	956	2.7	936	3.1
TOTAL	**35,057**	**100.0**	**29,780**	**100.0**

Current operating income rose by 20.6% to €1,551 million, mainly due to an increase in Casino's current operating income (+19.1%). Current operating income is broken down in detail under the business review for each operating subsidiary.

Other operating income and expenses was €(169) million, compared to €(41) million in 2010.

The net finance costs was €(676) million, up 22.5% over 2010. Other operating income and expenses was €(19) million, versus €16 million in 2010.

Income before taxes was €726 million compared to €679 million in 2010, a gain of over 6.9%.

The share of income from affiliated companies was €(9) million, compared to €13 million in 2010.

Net income attributable to the Company's owners was €15 million in 2011.

Rallye Group's headcount in 2011 was 227,995 people. Group employees break down as follows by business line in the last two years:

	2011		2010	
	Amount	%	Amount	%
Food retail*	223,050	97.8	170,248	97.1
Sporting goods retail	4,876	2.1	5,057	2.9
Other activities	69		75	
TOTAL	**227,995**	**100.0**	**175,380**	**100.0**

* The headcount of affiliated companies is not included in "headcount"; the headcount in joint ventures is recognized in proportion to the Group's holdings.

• Financial structure

Equity capital attributable to the company's owners was €1,632 million as of December 31, 2011, compared to €1,965 million as of December 31, 2010. This decrease is due, in particular, to:

- recognition of €(167) million in negative exchange differences;
- payment of €80 million in dividends, including a €36 million interim dividend for 2011, paid on October 6, 2011;
- €56 million increase in equity capital through the creation of 1,321,416 new shares in payment of the balance of the 2010 dividend, and 793,939 new shares in payment of the 2011 interim dividend;
- change in interest shares without gain or loss of control of subsidiaries for €(122) million;
- net income, Group share, of €15 million for 2011;
- sale of €34 million of treasury stock.

As of December 31, 2011, the EBITDA/financial expense coverage ratio (EBITDA is current operating income adjusted for current operating depreciation and amortization) was 3.42, compared with 3.56 in 2010.

Rallye group's net debt was €8,412 million as of December 31, 2011 compared to €6,565 million as of December 31, 2010, distributed among the following entities:

- Casino, with net debt of €5,379 million compared with €3,845 million at end-2010;
- Groupe GO Sport, whose net debt rose to €86 million from €31 million at December 31, 2010;
- Companies within the scope of the Rallye holding company, with net debt of €2,849 million compared with €2,591 million at end-2010;
- Rallye's investment subsidiaries, with net debt of €98 million (compared with €94 million in 2010), corresponding to specific financing packages for real estate developments in the investment portfolio without recourse against the holding companies.

The net debt to consolidated equity ratio (gearing) stood at 106% in 2011 compared with 82% in 2010 and can be broken down as follows:

(In € millions)	2011	2010
Net debt	8,412	6,565
Consolidated equity	7,913	7,979
Leverage	106%	82%

Also, the financial structure of companies within the Rallye holding company's scope, defined as Rallye plus all its wholly owned subsidiaries that act as holding companies and which own either Casino shares, Groupe GO Sport shares and the investment portfolio, is best understood by looking at two indicators:

- coverage of net financial expense of companies within the Rallye holding company's scope by the dividends received; and
- coverage of net debt of companies within the Rallye holding company's scope by assets at market value.

In 2011, companies within the Rallye holding company's scope received dividends totaling €149 million: 1.02 time their net financial expense. The drop in the coverage ratio compared with 2010 (1.34 time) came from the increase in net financial expenses. Note: in 2009, the ratio was 2.11.
As of December 31, 2011, the restated net assets of companies within the Rallye holding company's scope totaled €4,106 million. These comprised €3,674 million in Casino shares, €27 million in Go Sport shares and €365 million in the investment portfolio (other assets totaled €40 million). As of December 31, 2011, the net debt from the companies within the Rallye holding company's scope totaled €2,849 million; Rallye's restated assets were therefore 1.44 time the net debt of the companies within Rallye's holding company scope. The equivalent coverage ratios as of December 31, 2010 and 2009 were 1.71 and 1.52, respectively.

RALLYE FINANCIAL STATEMENTS

• Profit

Rallye made an operating loss of €32.2 million compared to a €47.4 million loss at December 31, 2010.
Rallye's headcount as of December 31, 2011 was 30.
Rallye's financial income totaled €72.6 million, compared to €53.0 million as of December 31, 2010.
It includes the following main items:

› Income

- Revenue and dividends collected from subsidiaries and holdings, especially from:
  - Casino: €59.4 million,
  - L'Habitation Moderne de Boulogne: €59.8 million.
- Income from the group's cash management of €1.8 million.

› Expenses

- Allocations to provisions for:
  - impairment to the value of Parande investment securities of €34.8 million,
  - bond redemption premiums of €7.1 million,
  - net charges on forward contracts (speculative swaps and swaptions) of €1.7 million.

Other interest and similar income mainly refers to remuneration of current accounts with subsidiaries. Interest and similar charges are mostly interest on borrowings.

The extraordinary income of €39.8 million includes extraordinary gains of €51 million from the disposal of Casino stock.

Net income for the year totaled €80.3 million versus €75.6 million as of December 31, 2010.
The impact of the 2011 French law on modernizing the economy, which governs company-to-supplier payment deadlines, has no material impact on Rallye.

• Financial structure

Equity totaled €1,755.3 million as of December 31, 2011 versus €1,699.2 million on December 31, 2010, mainly due to:

- €80.3 million in net income for 2011;
- a €56 million increase in equity capital through the creation of 1,321,416 new shares in payment of the balance of the 2010 dividend, and 793,939 new shares in payment of the 2011 interim dividend.

And, conversely:
- payment of €80.4 million in dividends, including a €36 million for the 2011 interim dividend.

DIVIDEND

Rallye will propose at the General Shareholders' Meeting of May 23, 2012 the payment of a net dividend per share of €1.83 for 2011, the same as in 2010 and 2009. A 2011 interim dividend of €0.80 per share was paid on October 6, 2011, leaving an outstanding balance of €1.03.
This interim dividend could be collected in new company shares at the shareholder's option. The issue price for the new shares had been set at €20.77, which corresponds to 90% of the average opening price for the twenty trading sessions prior to September 6, 2011, less the interim dividend. 46.3% of the rights were exercised in favor of payment in shares. With this transaction Rallye was able to increase its equity by €16.5 million by issuing 793,939 new shares immediately included in the company's outstanding shares. Cash payment of the interim dividend totaled €19.1 million.
The company reserves the right to pay another interim dividend in 2012. The company's dividend distribution policy is presented under the heading "Further information" on page 207 of this registration document.

Rallye's balance sheet for fiscal year ended December 31, 2011 shows a profit of €80,256,091.38, which the Board of Directors has proposed to allocate as follows:

(In €)	
Net income for the year	80,256,091.38
Legal reserve	(649,847.10)
Retained earnings	98,062,369.57
Net income available for distribution	**177,668,613.85**
Dividend paid to shareholders(1)	(84,357,280.00)
Balance allocated to retained earnings	**93,311,333.85**

(1) The amount of the dividend to be paid to shareholders is calculated according to the number of shares comprising the share capital as of December 31, 2011 and will be adjusted according to the number of shares issued, if need be, between January 1, 2012 and the date of payment of the balance of the dividend following exercise of subscription options with rights to the balance of the dividend.

The net dividend per share will thus be set at €1.83.

New shares distributed as payment of the aforementioned interim dividend, as well as those arising from the exercise of subscription options carried out after payment of the interim dividend, only

give rights to payment of the balance of the dividend to be distributed (i.e. €1.03 per share). This balance will be paid on June 28, 2012 and can be collected in new company shares at the shareholder's option.
The whole of this dividend is eligible for the 40% rebate allowed under Article 158-3-2 of the French General Tax Code except where the flat-rate tax provided for under Article 117 *quater* of the General Tax Code applies.
Dividends paid on treasury stock held by the Company on the dividend payment date will be credited to "Retained earnings".

The dividends paid for the last three financial years are as follows:

(In €)	**2010**	**2009**	**2008**
Dividend	1.83	1.83	1.83

A table comparing net income for the past year and the four preceding years appears on page 182 of this report.

No non-tax-deductible expenses under Article 223-4 of the French General Tax Code have been incurred by the company in the course of year ended.

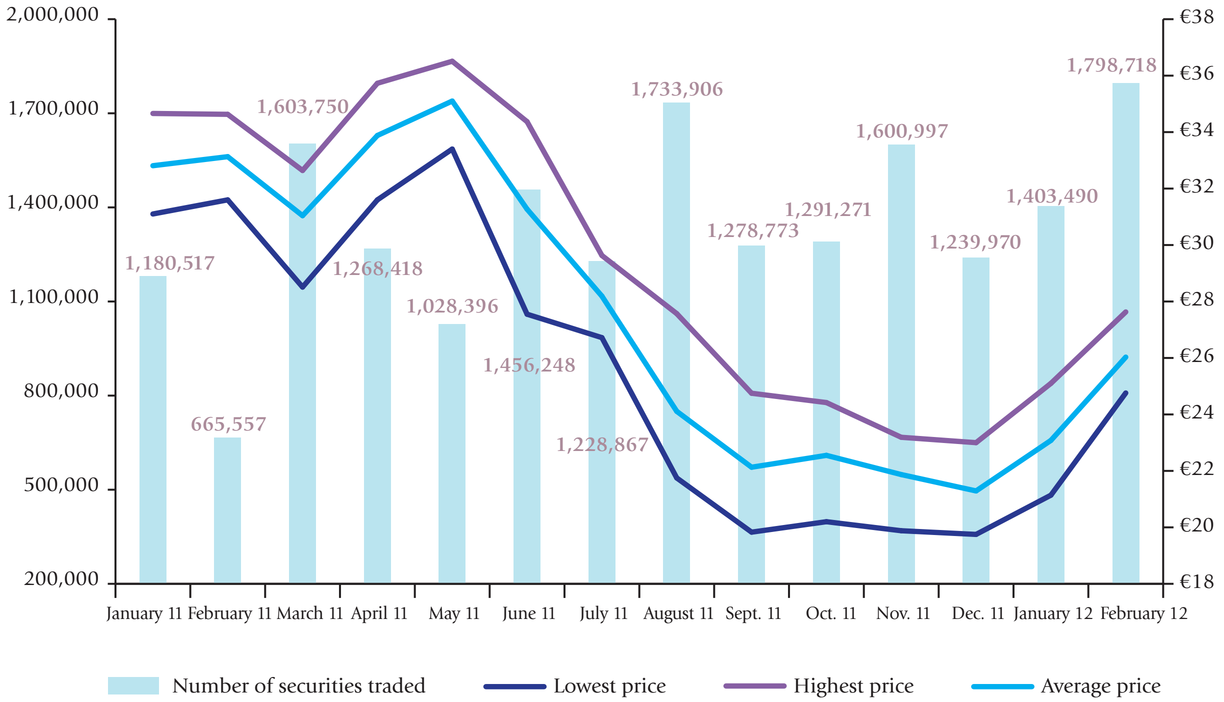
STOCK MARKET INFORMATION

Rallye shares are listed in Compartment A of the Euronext Paris market.
Code: ISIN: FR0000060618

High (05/10/2011)	€36.505
Low (12/19/2011)	€19.75
Share price at 12/31/2011	€21.605
Trading volume 2011 (number of shares)	15,576,670
Trading volume 2011 (value)	€429 million

As of December 31, 2011, Rallye had a stock market capitalization of €1,004 million.

• Rallye share – Monthly change in stock price 2011 and start of 2012



Rallye management report

RECENT TRENDS AND OUTLOOK

(Unaudited figures)

RECENT TRENDS

During the first quarter of 2012, Rallye's consolidated net sales reached €8.9 billion, up 11.2% compared to the first quarter of 2011.

• Casino

Consolidated Casino sales rose by 11.3% in the first quarter of 2012. Changes in the scope of consolidation had a positive impact of +4.1%, due mainly to Casino's increased ownership stake in GPA. Exchange rates had a positive impact of +0.7%. Petrol had no material impact on the quarter. France and International markets benefited from a favourable calendar effect of 2.5% and 0.7%, respectively. Organic sales growth, excluding petrol, was up 6.6%, an improvement over 2011 as a whole (up 5.7% at the end of 2011).

In France, organic growth was up 2.0% in Q1 2012. All convenience formats (Casino supermarkets, Monoprix, Franprix and superettes) reported solid growth, with increased sales in organic terms. Leader Price reported increased same-store sales, up 1.7%. Géant's food sales performance was satisfactory despite a mixed environment for hypermarkets. Cdiscount maintained double-digit sales growth, enabling Casino to report aggregate non-food sales growth (Géant +Cdiscount) of +2.3%.

International operations continued to post very solid growth in organic terms (+11.9%). Changes in the scope of consolidation contributed 10% to sales growth and foreign exchange 1.7%. Latin America reported growth of 13.5% in organic terms, driven by strong same-store sales. This performance shows the sales momentum across all Casino's activities in the region. Organic growth in Asia was strong at +9.7% due to good same-store sales progression (+4.5%) and to expansion. Reported international sales accounted for 49% of all Casino sales for the period, compared to 45% for the whole of 2011.

• Groupe GO Sport

In Q1 2012, Groupe GO Sport's sales reached €167.6m, up 7.6% on a same-store basis and with constant exchange rates. Same-store sales for the GO Sport banner increased both in France (+6.7%) and in Poland (+9.3% with constant exchange rates), benefiting from the seasonal goods' return to growth and the outperformance of the stores remodeled in 2011. Courir same-store sales growth accelerated to 9.7% for Q1 2012 after an increase of 8.9% for the year 2011, testifying to the relevance of the banner's new concept.

At March 31, 2012, Groupe GO Sport numbered 347 stores (175 GO Sport stores of which 32 franchisees and 172 Courir stores of which 13 franchisees).

OUTLOOK

• Casino

The Group, with its new profile, will continue its profitable growth strategy. In 2012, over 50% of sales and current operating income will be generated by strong-growth countries:

- in June 2012, the Group intends to exercise an option enabling it to take control over GPA, the retail leader in Brazil, and to fully consolidate that company in its financial statements as soon as Casino will take exclusive control;
- accelerated expansion in the four key countries for the Group with a multi-format strategy focused on convenience and discount as well as development of the dual model (shopping malls adjoining the new stores).

In France, the Group will continue with the mix change toward growth and performing formats, in line with consumers' expectations:

- focus of the multi-format strategy on the highest growth and most profitable concepts and deployment of multi-channel;
- strengthening of the dual model: Streamlined allocation of surfaces between hypermarkets and shopping malls.

By adapting its country, businesses and store type mix, the Group will be in a position to better serve the needs of its customers and thereby generate profitable growth. For 2012 the Group seeks:

- an increase in Group sales over 10%;
- steady Group market share in the food segment in France;
- increase in Franprix-Leader Price's current operating income.

Finally, Casino plans to continue its active policy of rotating its assets with an asset disposal/capital increase target of €1.5 billion in 2012, two-thirds of which already announced as of 31 March 2012 (extraordinary dividend announced by Mercialys, disposal of 10% to 20% of Mercialys and private placement in Thailand).
It also intends to maintain a robust level of financial flexibility and maintain its Net Debt/EBITDA ratio below 2.2x.

• Groupe GO Sport

In a difficult market environment, Groupe GO Sport intends to rely on its assets and notably on its well-established positioning as the third largest major retailer of sporting goods in France and to continue implementing the action plans put in motion within each brand.
These initiatives, centered on diversifying the offerings and merchandising, building a stronger customer relationship and achieving greater communication in partnership with the brands, aims as a priority to speed up the commercial momentum of the two Groupe GO Sport brands.
To support of these initiatives and reinforce its financial structure, the Board of Directors of Groupe GO Sport at its meeting of February 21, 2012 decided in principle on a capital increase of approximately €30 million. This transaction, carried out with the preservation of preferential subscription rights for shareholders and guaranteed by Rallye, the majority shareholder of Groupe GO Sport, should be carried out over the second quarter 2012, subject to obtaining the French Financial Markets Authority's approval for registration of the transaction's prospectus and after the General Meeting of April 20, 2012 has approved the corresponding resolutions.

• Rallye

Rallye has a solid liquidity, with over €2 billion in confirmed credit lines which are unused and available immediately as at March 31, 2012.
The average maturity of these lines was extended to 4.2 years following renegotiation or the setting-up of some €1.8 billion of credit in 2011.
Rallye has confirmed its commitment to continue to improve its financial structure and reduce its financial debt in 2012 particularly by progressively disvesting its investment portfolio.

Rallye management report

CAPITAL AND SHAREHOLDING STRUCTURE

SHARE CAPITAL

Rallye's share capital as of December 31, 2011 totaled €139,398,480, divided into 46,466,160 shares with a par value of €3 each. As of December 31, 2010, it was €132,900,009, divided into 44,300,003 shares with a par value of €3 each.
This change corresponds to the portion of the 2010 dividend balance and the 2011 interim dividend paid in stock, leading to the issuance of 2,166,157 new shares.

SHAREHOLDING STRUCTURE

As of December 31, 2011, Foncière Euris held 55.55% of the capital and 71.15% of the voting rights.

As of December 31, 2011, Rallye held 728,686 shares, representing 1.57% of the capital.

To the company's knowledge, no other shareholder held more than 5% of the capital or voting rights as of December 31, 2011.

The following instances were declared in which thresholds were crossed in 2011:

Informant	Date threshold crossed	Manner in which threshold crossed	Number of shares declared	% of capital	% of voting rights
Dexia AM	06/17/2011	above	501,434	1.10	1.10
Natixis AM	09/12/2011	above	700,000	1.53	1.01
Dexia AM	10/27/2011	below	449,091	0.97	0.64

Transactions in Rallye shares conducted by corporate officers or related persons, shareholders from January 1st, 2011 to February 29, 2012 are notified of the following:

Informant(1)	Financial instrument	Date	Nature of transaction	Average weighted price	Amount
Gabriel Naouri	Shares	03/28/2011	Acquisition	€31.11	€10,888.50
Foncière Euris	Shares	04/26/2011	Acquisition	€33.60	€10,821,484.80
Eurisma	Shares	05/05/2011	Acquisition	€35.40	€10,620.00
Didier Lévêque	Shares	06/06/2011	Option to have the 2010 dividend balance in shares	€29.61	€9,741.69
Didier Carlier	Shares	06/06/2011	Option to have the 2010 dividend balance in shares	€29.61	€10,363.50
André Crestey	Shares	06/06/2011	Option to have the 2010 dividend balance in shares	€29.61	€30,468.90
Foncière Euris	Shares	06/06/2011	Option to have the 2010 dividend balance in shares	€29.61	€26,298,358.38
Eurisma	Shares	06/06/2011	Option to have the 2010 dividend balance in shares	€29.61	€296.10
Foncière Euris	Shares	06/21/2011	Sale	€30.55	€2,820,773.15
Foncière Euris	Shares	06/28/2011	Sale of shares as part of an Equity Swap	€30.00	€21,000,000.00
Didier Lévêque	Shares	09/19/2011	Sale	€22.70	€8,739,.50
Didier Lévêque	Shares	10/06/2011	Option to take the 2011 interim dividend in shares	€20.77	€7,996.45
Foncière Euris	Shares	10/14/2011	Sale of shares as part of an Equity Swap	€23.70	€9,480,000.00
Didier Carlier	Shares	12/02/2011	Exercise of stock options	€14.24	€170,880.00
Didier Lévêque	Shares	12/09/2011	Acquisition	€21.85	€26,220.00
Didier Lévêque	Shares	12/20/2011	Exercise of stock options	€14.24	€142,400.00

(1) Director.

Declarations of the above share transactions have been posted online on the FMA's website.
To the company's knowledge, no other corporate officer traded company share from January 1st, 2011 to February 29, 2012.

SHARE EQUIVALENTS

As part of the Group's employee promotion and merit policy, Rallye grants stock options and/or bonus shares to its employees. Pursuant to Article L.225-180 of the French Commercial Code, as authorized by the General Meeting of Shareholders, shares are also awarded to employees at the parent companies, Euris and Foncière Euris. These companies are part of the same group; they participate in strategy consulting and development assignments in particular, and offer legal and administrative advice to Rallye.

• Stock options

The board of directors was authorized by the Extraordinary Shareholders' Meetings of June 6, 2007 and May 19, 2010 to award stock subscription options to employees of Rallye and related companies.

As of December 31, 2011, there were 678,453 options outstanding conferring the right to subscribe to 678,453 shares under the following stock option plans:

Grant date	Date after which options may be exercised	Expiration date	Number of beneficiaries on initial grant	Subscription price(1)	Number of options granted: To company officers	Number of options granted: To top ten employee beneficiaries	Number of options exercised as of 12/31/2011	Number of options(2) not exercised at 12/31/2011
10/01/2007	01/01/2011	03/31/2013	60	48.73	50,866	52,434	-	147,687
04/23/2008	07/23/2011	10/23/2013	66	43.15	80,234	72,624	-	213,599
04/27/2009	10/27/2011	10/26/2014	13	14.24	151,852	62,937	50,802	180,682
12/09/2009	06/09/2012	06/08/2015	1	24.62	-	-	-	12,000
09/06/2010	03/05/2013	03/05/2016	12	26.44	42,263	37,439	-	124,485

(1) Options are granted based on the undiscounted market price.
(2) Number of options originally granted, less cancelled and exercised options (4,220 options were cancelled and 50,802 options were exercised during 2011).

• Bonus shares

The board of directors was authorized by the Extraordinary Shareholders' Meetings of June 4, 2008 and May 4, 2011 to award bonus shares to employees of Rallye and related companies.
As of December 31, 2011, there were 271,904 unvested bonus shares relating to the following plans:

	Vesting date of bonus shares granted	Date from which the acquired shares can be sold	Number of beneficiaries on initial grant	Number of shares granted: To company officers	Number of shares granted: To top ten employee beneficiaries	Total number of shares granted at 31/12/2011(3)
09/06/2010	03/06/2013(1)	03/06/2015	61	21,132	42,675	138,872
06/08/2011	06/08/2014(2)	12/08/2016	58	31,548	40,040	133,032

(1) Vesting of bonus shares is subject to the beneficiary being employed by the company on the share vesting date, and 50% of the share allotment is subject to a performance criterion: viz., that the ratio of consolidated EBITDA to consolidated debt, measured annually based on the consolidated financial statements, must be greater than 2.75.
(2) The vesting of bonus shares granted to the beneficiaries is only subject to a requirement that the beneficiary should still be working for the Company on the vesting date and two performance criteria. For 50% of the initial grant based on the consolidated EBITDA to net consolidated debt ratio and for 50% of the initial grant, based on achieving an objective for the cost of net financial debt of Rallye's holding company scope.
(3) Corresponds to the original number of shares granted, less rights cancelled following the departure of beneficiaries (4,323 were cancelled in fiscal year 2011).

COMPANY PURCHASES OF TREASURY STOCK

As of December 31, 2011, the Company held 641,936 shares acquired over the previous fiscal years to cover stock option plans and bonus share allocations granted to employees and corporate officers. These shares represented 1.38% of the Company's share capital. Their total acquisition cost was €12.5 million and they had a nominal value of €1.9 million.

As of December 31, 2011, these shares were entirely allocated to cover the bonus shares and stock option plans.

Moreover, Rallye implemented a liquidity agreement with Rothschild & Cie Banque to encourage trading on the stock in the market. As of December 31, 2011, the balance of the account was 86,750 shares.

683,328 shares had been bought and 596,578 had been sold under the 2011 buyback program at an average price of €19.80 and €23.01, respectively.

Shareholders at this Meeting are being asked to renew the authorization for the Company to purchase its own shares, pursuant to Articles L.225-209 *et seq.* of the Commercial Code.

The Board of Directors will be authorized, with the option to sub-delegate, to purchase the Company's shares for the following purposes:

- to cover the stock option plans granted to employees and corporate officers, in compliance with Articles L.225-177 *et seq.* of the Commercial Code, as well as all corporate savings plans and stock ownership plans;
- to allot bonus shares to employees and officers of the Company within the framework laid down by Articles L 225-197-1 *et seq.* of the Commercial Code;
- to ensure active trading of the Company's shares under the liquidity agreement signed with an investment services firm, in accordance with the Code of Conduct issued by the AMAFI and approved by the AMF;
- to hold shares for delivery to holders of Company securities who exercise their right to receive shares through redemption, conversion, exchange, presentation of a warrant or any other instrument entitling them to receive existing shares;
- to hold shares in reserve to use at a later date as a means of exchange or payment in mergers or acquisition in accordance with the market practices authorized by the FMA;
- to cancel shares, up to a maximum of 10% of share capital over a period of 24 months, as part of a capital reduction plan.

The maximum purchase price is set at €75 per share.

The Board of Directors, however, may adjust the aforesaid price if there is a change in the par value per share, a capital increase through the capitalization of retained earnings and a bonus share allocation, a stock split or reverse stock split, a capital amortization or reduction, a distribution of reserves or other assets, and any other operation affecting equity, in order to reflect the impact of such transactions on the share value.

Under the terms of the authorization, the Company may hold a maximum of 10% of its share capital as of December 31, 2011. This corresponds to a maximum of 4,646,616 shares and a maximum amount of €348.5 million.

The aforementioned shares may be acquired, sold, transferred or exchanged by any means and at any time, on the stock market or off, between trading parties or over the counter, including as blocks of shares or through the use of derivatives such as call options. The maximum share of capital that may be transferred in the form of blocks of shares may be as high as the entire amount of the repurchase program.

The shares can also be loaned, in accordance with the provisions of Articles L.221-22 et seq. of the French Monetary and Financial Code.

Shareholders at their General Meeting decide by resolution that the Company may continue to implement its repurchase program, even in the event of a takeover bid or public offer relating to shares, bonds or other securities issued by the Company or at the Company's initiative.

The shareholders' authorization of the share repurchase program will expire at the next Shareholders' Meeting convened to approve the 2012 financial statements and management report, and no later than November 23, 2013.

Rallye management report

CORPORATE AND ENVIRONMENTAL INFORMATION

(Articles 148-2 and 148-3 of Decree 2002-221 of February 20, 2002)

Rallye's business as a holding company, with 30 employees as of December 31, 2011, had no significant direct social or environmental impacts.

The main corporate, workplace and environmental information concerning the business activities of Rallye and its principal subsidiaries is presented below. The subsidiaries specialized in food and sporting goods retailing manage the social and environmental consequences of their business. Further information appears in the annual reports of the relevant subsidiaries.

Scope

For Casino, the corporate data concern all the stores under the brand name Casino Guichard-Perrachon, Distribution France Casino, Codim 2, Casino Cafétéria (and its subsidiary Restauration Collective Casino – R2C), Easydis, l'Immobilière Groupe Casino (and its subsidiary Sudéco), EMC Distribution, Comacas and Casino Services, Monoprix (50%-owned subsidiary of the Casino Group), Cdiscount, and the Franprix-Leader Price group (90%-held by the Casino Group).

The environmental information presented for Casino relates to all stores under the brands Géant, Casino supermarché and Petit Casino (including the Corsican businesses of subsidiary Codim 2), Casino cafeterias, Easydis warehouses, Sudéco shopping malls through the operation subsidiary and the administrative sites, Monoprix (50%-owned subsidiary of the Casino Group), CDiscount and the Franprix-Leader Price group (90%-held by the Casino Group) relating solely to the scope of consolidation .

Additional information (including data pertaining to the foreign subsidiaries) is available in the 2011 Business and Corporate Responsibility Report of the Casino Group and in that of Monoprix on the www.groupe-casino.fr website.

For Groupe GO Sport, the information provided below covers all of its consolidated French subsidiaries: Groupe Go Sport, Go Sport France, and Courir France.

Through its social and environmental actions, the Group aims to promote good workplace relations, to act as a supportive and responsible retailer, and to express its commitment to preserving the environment.

PROMOTING GOOD WORKPLACE RELATIONS

• Safeguarding jobs and developing employees' professional skills

The skills and commitment of all of its employees are one of the keys to Casino's success. Since its inception, Casino has fostered the development of quality relationships based on respect and communication. As a result of the diversity of the businesses and activities it is involved in, Casino offers its employees a great deal of professional mobility and opportunities for professional development, in particular through the Group's in-house university in France. Campus Casino offers a range of extremely diversified programs, designed to meet the needs of all the businesses and job levels: In 2011, 12,800 French employees received training. Campus Casino also provides international employees with e-Learning foreign-language training opportunities. In the context of the Individual Right to Education (DIF), the Casino Group honored more than 6,000 requests in 2011. It has in addition set up the Ex&Co program specifically for the validation of experience-based skills to help in obtaining a professional title or diploma.

Groupe GO Sport had a training budget in 2011 of €1.8 million. Groupe GO Sport's training policy in 2011 directly contributed to the progress of the "GO To 2012" project. The goal of the training was to help the sales teams acquire an attitude similar to the one in a technical sports atmosphere, reflecting the trends in the world of sports and achieving operating excellence while making sure that each customer has an enjoyable shopping experience.

• Promoting health and safety in the workplace

In 2006, Casino conducted a study on health in the workplace and signed a national charter with the French health insurance fund (CNAM). The "Cap Prévention" program, launched in 2007, continued in 2011 at 31 hypermarket sites and all the warehouses and supermarkets and has yielded positive results, with a continuous trend towards fewer and less serious workplace accidents over the past six years. Agreements were signed with CNAMTS (*Caisse Nationale Maladie des Travailleurs Salariés*/ National Salaried Workers Sickness Fund) to put accident prevention policies in place, starting with a store's design phase or from the moment it undergoes renovation.

To support its Health and Safety in the Workplace Policy as a whole, the Casino Group has become the first food and general retailing player to have an attending occupational physician, attuned to the needs of the employees, as well as occupational physicians throughout all the sites in France.

Groupe Go Sport also strives to constantly improve the occupational health and safety of its employees. In this regard, safety commissions have been formed to study workplace risk prevention and to improve workplace conditions, including the task of monitoring compliance with legislative and regulatory directives.

• Commitment to diversity

Casino has been committed for over 20 years, in partnership with members of the public sector, to the fight against discrimination in all its forms, and in October 2004 it signed the diversity charter along with 40 other major companies, thereby committing itself to six basic principles to promote diversity in the Group.

In May 2009, Casino was awarded the Diversity Label, recognizing its commitment to the prevention of discrimination, to equality of opportunity and to the promotion of diversity. In 2010, this label was verified and extended by AFNOR Certification.

In keeping with its commitment, the second required round of testing was conducted by the Group in 2011 in association with labor and management and in partnership with outside experts by sending 3,000 fictitious resumes three years after the first required round of testing conducted by ISM-Corum in the context of the European Equal projects *Lucidité*, followed by Averroes. The results will be published in the first half of 2012.

Casino has been committed to integrating individuals with disabilities into the workplace since 1995. This program, built around a collective agreement, is known as "Handipacte".

For Groupe Go Sport, 2011 was marked by the signing, by all the union organizations represented within the Group, of a second company-wide agreement supporting job entry and safeguarding the jobs of disabled employees in 2011, 2012 and 2013.

In 2011, Groupe Go Sport continued with its trend to recruit and keep people with disabilities employed by hiring 20 new employees with disabilities. The group also made commitments to the French Handisport Federation in the context of various partnerships.

› Workplace figures

2011 workplace indicators	Units	Rallye holding company	Casino[1]	Groupe GO Sport
Number of employees at December 31	No.	30	77,454	4,876
Percentage of total workforce represented by women	%	56%	60%	51%
Percentage of part-time workers	%	13%	32%	29%
Number of long-term contracts[2]	No.	30	70,968	4,028
Number of short-term contracts[2]	No.		6,416	848
Average number of hours training per employee per year	hours	15.27	6	12.88
Number of long-term contract recruitments	No.	2	12,190	1,328
Number of short-term contract recruitments	No.		36,893	4,277
Number of layoffs	No.		126	4
Payroll (salaries, wages and social charges)	€ million	8	2,611	111.1
Amount paid to the Works Committee	€ million		17	0.6
Donations (solidarity, sports, culture)	€ million		13	0.7

(1) Casino's workplace figures cover all companies wholly owned by the Group in France, Monoprix, the Franprix-Leader Price group and Cdiscount.
(2) Average annual number of employees at month-end for Casino.
Number of employees as of 12/31/2011 for Groupe Go Sport and Rallye.

A SUPPORTIVE AND RESPONSIBLE RETAILER

By signing the United Nations Global Compact, Casino wanted to reassert its desire to respect and promote human rights at all of its international subsidiaries and with its suppliers. In 2011, Casino rolled-out its Group Ethics Charter for its French and International subsidiaries, explicitly noting its attachment to the principles of the Universal Declaration of Human Rights and the declarations of the fundamental agreements of the ILO.

The action plan implemented by its purchasing department in 2000 is designed to promote and monitor respect for human rights in the workplace by its suppliers in developing countries. The Supplier Ethics Charter, prepared in accordance with the Universal Declaration of Human Rights and the fundamental principles of the International Labor Organization (ILO), has been incorporated into all standard contracts since 2002. The corporate auditing program for suppliers operating in developing countries continued in 2011

In order to involve its business partners in its sustainable development approach, Groupe Go Sport asks its suppliers and their sub-contractors to become involved in sustainable development actions by signing, dating and returning its general purchase conditions, which contain the code of conduct to be followed in the sports sector. The code requires respect for the fundamental rights described in the eight recommendations of the International Labor Organization, respect for the fundamental principles of the International Labor Organization, protection of the environment in compliance with law and regulations in force, and promotion of these requirements to the suppliers' sub-contractors.

In addition, Groupe Go Sport is a member of an ethics commission within the FPS[1] which is responsible for setting out a social and environmental code of conduct ("Collectif de l'éthique sur l'étiquette" - cooperative promoting of ethical labeling).

(1) *Fédération Professionnelle des entreprises du Sport* (Professional Federation of Sporting Goods Companies).

TAKING ACTION TO PROTECT THE ENVIRONMENT

• Waste management

Casino generates small quantities of non-hazardous waste (cardboard, plastic and wood) and industrial waste requiring specific recycling (fluorescent tubes, cooking oil, office waste). As well as reducing the quantity of waste produced (developing returnable containers, publishing fewer leaflets), Casino has made improvements in waste sorting and recycling a priority and has set up, with trash services, national waste collection and recovery agreements for this purpose.
Groupe GO Sport is a member of the French organization "Eco-Systèmes" and as such participates in funding the recovery and recycling of end-of-life electrical and electronic equipment. In accordance with French Law 2006-1666, Groupe Go Sport also agreed to contribute financially to recovering and recycling the textile waste generated by the clothing, household linens and shoes it sells to its customers. Groupe GO Sport has also played an active role in the creation of ECO TLC, of which it has become an associate member.

• Protecting biodiversity

Casino has included in commitment No. 8 of its Group ethics charter: protecting biodiversity.
It continued in 2011 developing all the ranges of responsible Casino products: organic "AB" products, sustainable agriculture products under the brand Terre et Saveur, MSC products, PEFC and FSC products, European Ecolable products, fair trade products. It organized national campaigns aimed to inform and incite consumers to switch to these products.
Casino continued its commitment to eliminate palm oil from all of its Casino-brand food products by the end of 2012.
Casino was a pioneer in the carbon labeling of its proprietary brand products which is carried today by more than 700 products in close to 7,000 stores in France. It responded to the request for proposals launched by the Ministry of Ecology and Sustainable Development for environmental labeling in collaboration with several suppliers. This labeling includes in addition to carbon, water consumption and water pollution, also over the entire product life cycle and visible on the packaging.
Groupe GO Sport has continued to make annual financial contributions to the recycling of printed materials and the plastic and cardboard packaging its customers take home. In 2011, the company continued its in-house and outside action plan to offer product packaging that uses fewer natural resources and that are easy to recycle.

• Contributing to the fight against climate change and the promotion of sustainable building

Casino's gas emissions concern primarily CO_2 emissions from the transportation of goods and the indirect CO_2 emissions generated by electricity consumption and refrigerants. Apart from saving energy and related emissions, the group has also managed to cut down the distances traveled for deliveries as part of the "Citygreen" initiative of France logistics, thus saving more than 13 million kilometers or the equivalent of almost 14,000 tons of CO_2 emissions in 2011.
The update to the latest EURO 5 standards for the fleet of trucks continues; 90% of the fleet was up to standard at the end of 2011 with a planned 100% for 2012.
51% of the transport of Casino's major import eligible goods is done via waterways or railways and long-distance rail project is being discussed with the operators.
Groupe Go Sport, for its part, is likewise committed to combating climate change, focusing particularly on reducing energy consumption and the use of sensitive items. Groupe Go Sport's development strategy both in France and internationally has always consisted of ensuring that all new stores comply with stringent current technical standards and laws and that stores already in use be constantly renovated to bring them into conformity with the most recent standards.

• Limiting environmental damage

The majority of Casino's stores and warehouses are located in urban areas and their activities are low-risk in terms of pollution of the soil and ecosystems. Gas stations, pyralene transformers, refrigeration towers and air conditioning equipment are monitored closely and a program has been laid down listing those that need priority upgrading to bring them into line with current standards:

- in order to limit the risks of soil and groundwater pollution, single membrane fuel containers are systematically being replaced by double membrane containers;
- recently built Casino stores comply with regulatory requirements regarding the recovery and treatment of rainwater in gas stations and supermarket parking areas. All the gas stations operated by the hypermarkets in France are equipped with hydrocarbon separators.

• Improving energy efficiency

Store lighting and food refrigeration are the two highest consumers of energy, which is mainly generated by electricity. In 2011, several measures were taken to improve energy efficiency and encourage the use of renewable energy.

• Environmental figures

The principal figures presented here cover all companies wholly-owned by the Group in France, Monoprix, the Franprix-Leader Price group and Cdiscount.

Environmental data of importance to Casino	Units	2011	2010
Total quantity of waste sorted for recycling(1)	Ton	91,877	84,900
Tonnage of batteries collected from customers	Ton	378	322
Energy consumption by source			
_ Electricity	MWh	1,781,690	1,791,765
_ Natural gas	MWh	244,002	269,822
Water consumption	m^3	2,377,524	2,241,260
Greenhouse gas emissions related to goods transportation(2)	CO_2 Equiv. ton	195,980	194,452
Number of workplace audits on supplier production sites	No.	140	164

(1) Waste collected under national framework agreements.
(2) Based on distances traveled, according to the GhG Protocol methodology (warehouse-store).

Casino is regularly in contact with professionals in the socially responsible investment industry (rating agencies, ethical investment funds) who have noted the group's steady progress in this field. In 2011, Casino was again listed in the indexes presenting socially responsible investment products FTSE4Good (Eiris rating agency), Ethibel Pioneer® and in E. Capital Partners' Euro Ethical Index.

Rallye management report

CORPORATE GOVERNANCE

During the past year, the Company has continued to carefully apply the principles laid down by the AFEP/MEDEF corporate government code for listed companies.

STRUCTURE AND OPERATION OF THE BOARD OF DIRECTORS

The term of office of all directors expires at the General Shareholders' Meeting of May 23, 2012. If the resolutions proposed are adopted, after the meeting, the Board of Directors will comprise twelve directors, four of whom will be independent:

- Jean-Charles NAOURI, Chairman and Chief Executive Officer;
- André CRESTEY, Vice-Chairman;
- Didier CARLIER, Representing Foncière Euris;
- Philippe CHARRIER, Independent Director;
- Jean CHODRON de COURCEL, Independent Director;
- Jacques DERMAGNE, Independent Director;
- Jacques DUMAS, Director;
- Jean-Marie GRISARD, representing Finatis;
- Didier LÉVÊQUE, representing Matignon Corbeil Centre;
- Odile MURACCIOLE, representing Eurisma;
- Gabriel NAOURI, representing Euris;
- Christian PAILLOT, Independent Director;

- Jean LÉVY, Non-voting observer.

The Board of Directors, following advice from the Appointments and Compensation Committee, has decided to renew all directors' mandates as well as that of the non-voting observer.

As part of its mission, the Appointments and Compensation Committee examined the membership of the Board of Directors, and in particular, it is also reviewing the situation of each director with regard to dealings with Group companies that might compromise his/her freedom of judgment or entail a conflict of interest.

The members of the Board of Directors were selected on the basis of their skills, experience, in particular in the field of commerce and consumption and ability to complement one another.

Four directors are independent according to the criteria of said code: Philippe CHARRIER, Jean CHODRON de COURCEL, Jacques DERMAGNE and Christian PAILLOT.

The Board also now includes a female director, in accordance with the law on equal representation of men and women on Boards of Directors and with the AFEP/MEDEF code.

The remaining members of Rallye's Board of Directors are either company officers or executives from the Rallye parent companies.

The Board does not include any director elected by employees.

The rules and modes of operation of the Board of Directors are as established by law, company by-laws and the Board's internal rules of procedure. They are described in detail below, in the "Chairman's report".

Directors are appointed for one year.

• Non-voting observer

Company by-laws allow for the appointment of one or several non-voting observers, chosen from among the shareholders. These are appointed for one year and participate in Board Meetings; in connection with this role, they share their observations and advice and take part in discussions in an advisory capacity. There may not be more than five such observers in total.

The re-appointment of Jean LÉVY as non-voting observer will be proposed at the Ordinary General Meeting of Shareholders on May 23, 2012.

OFFICES AND POSITIONS HELD BY THE MEMBERS OF THE BOARD OF DIRECTORS

Information about the operation of the Board of Directors is given in the Chairman's report on the organization of the Board and the internal control procedures, on pages 51 to 59 of this registration document.

• Directors whose reappointment is being proposed at the General Shareholders' Meeting

Jean-Charles NAOURI

Date of birth: March 8, 1949, age 63.
Business address: 83, rue du Faubourg Saint-Honoré – 75008 Paris.

- Biography

A graduate of École Normale Supérieure (Sciences), Harvard University, and École Nationale d'Administration, Jean-Charles NAOURI, Inspecteur des Finances, began his career with the Department of the Treasury. He was appointed Principal Private Secretary to the Minister of Social Affairs and National Solidarity in 1982, and later to the Minister of the Economy, Finance, and the Budget in 1984. In 1987, he founded Euris.

- Principal Executive Positions

Chairman and Chief Executive Officer of Casino, Guichard-Perrachon SA.
Chairman of Euris SAS.

- Offices and positions held at the company

Office/Position	First appointment date	End of office
Director	October 25, 1993	GSM of May 23, 2012
Chairman / CEO	April 2, 1998	GSM of May 23, 2012

- Other offices and positions held in 2011 and continuing as of February 29, 2012

› Within the Euris group
- Director of Companhia Brasileira de Distribuicao - CBD companies (a listed company) and Wilkes Participaçoes (Brazil);
- Vice-President of the Casino Foundation;
- President of the Euris Foundation.

› Outside the Group
- Director of Fimalac (a listed company);
- Manager of Penthièvre Neuilly Real Estate company;
- Member of the Consultative Committee of Banque de France;
- President of the association "Promotion des talents";
- Honorary Chairman and Director of the Institut de l'École Normale Supérieure.

- Other offices and positions held in the past five years (not including the offices and positions listed above)
- Chairman of the Board of Directors of Finatis and Euris SA;
- Member of the Supervisory Board of Groupe Marc de Lacharrière SCA and Super de Boer;
- Representative of Casino, Guichard-Perrachon, Chairman of Distribution Casino France;
- Manager of Penthièvre Seine;
- Director of Natixis, Finatis and HSBC France;
- Non-voting observer of Caisse National des Caisses d'Épargne et de Prévoyance (CNCE);
- Vice-President of the Euris Foundation.

Number of Rallye shares held: 344

Philippe CHARRIER

Date of birth: August 2, 1954, age 57.
Business address: 60-62 rue d'Hauteville – 75010 Paris.

- Biography

Philippe CHARRIER is graduate of HEC and holds a diploma in accounting (DECS). He entered the Financial Department of the Procter & Gamble Group in 1978, where he spent the majority of his career as Financial Director for France, Marketing Director for France, CEO for Morocco, and went on to serve as Chairman and Chief Executive Officer for France until 2006. From 2006 to 2010, he was Vice-Chairman and Chief Executive Officer of Oenobiol. Then in January 2011, he became Chairman of Labco.

- Principal Executive Position

Chairman of Labco SAS.

- Offices and positions held at the company

Office/Position	First appointment date	End of office
Director	June 3, 2009	GSM of May 23, 2012

- Other offices and positions held in 2011 and continuing as of February 29, 2012

> Outside the Group

- Chairman of the Supervisory Board of the Spotless Group;
- Chairman of the Board of Directors of Dental Emco SA;
- Chairman of the Board of Directors of Alphident SA;
- Director of Lafarge SA (a listed company);
- Member of the business club "Entreprise et Progrès";
- Founding member of the business club "Entreprise et handicap";
- Vice-Chairman of UNAFAM;
- Chairman of Clubhouse.

- Other offices and positions held in the past five years (not including the offices and positions listed above)

> Outside the Group

- Vice-president, Chief Executive Officer of Laboratoires Oenobiol SAS;
- Chairman of "Entreprise et Progrès";
- Director of Fondation Nestlé pour la Nutrition.

Number of Rallye shares held: 1,252

André CRESTEY

Date of birth: February 22, 1939, age 73.
Business address: 83, rue du Faubourg Saint-Honoré – 75008 Paris.

- Biography

From 1977 to 1992, André CRESTEY was Chief Executive Officer of Euromarché. In 1992, he entered the Rallye group, where he served first as Chairman of the Management Board, then as Chairman and Chief Executive Officer (1993) and as Vice-Chairman and Chief Executive Officer from 1998 to 2001. Since 2001, he has been Vice-Chairman of the Board of Directors.

- Principal Executive Position

Vice-Chairman of Rallye SA.

- Offices and positions held at the company

Office/Position	First appointment date	End of office
Director	August 14, 1992	GSM of May 23, 2012
Vice-Chairman	April 2, 1998	GSM of May 23, 2012

- Other offices and positions held in 2011 and continuing as of February 29, 2012

› Within the Euris group

• Director of Miramont Finance et Distribution SA and Groupe Go Sport SA (a listed company).

› Outside the Group

• Director of FCD;

• Director of Périfem.

- Other offices and positions held in the past five years (not including the offices and positions listed above)

› Within the Euris group

• Director of Foncière Euris SA (a listed company);

• Permanent representative of Omnium de Commerce et de Participations SAS on the Board of Directors of Casino, Guichard-Perrachon SA (a listed company).

› Outside the Group

• Chairman of Perifem;

• Statutory president of the FCD.

Number of Rallye shares held: 31,471

Jean CHODRON de COURCEL

Date of birth: May 14, 1955, age 57.
Business address: 29, rue de Berri – 75008 Paris.

- Biography

Jean CHODRON de COURCEL is a graduate of HEC School of Management and an alumnus of ENA, the French National School of Public Administration. After having held various positions within the government administration and on ministerial staffs, in 1990, Jean CHODRON de COURCEL joined senior management at the Schneider group, then, in 1997, at Credit Agricole Indosuez. From 1995 to 1997, he was Deputy Private Secretary to Prime Minister Alain JUPPÉ. He was Deputy Managing Director of the Penauille Polyservices SA group. In 2008, he was senior adviser of Hawkpoint Partner Limited. Since January 1, 2011, he is serving Vice-Chairman Europe of Hawkpoint.

- Principal position

Vice-Chairman-Europe of Hawkpoint.

- Offices and positions held at the company

Office/Position	First appointment date	End of office
Director	June 9, 2004	GSM of May 23, 2012

- Other offices and positions held in 2011 and continuing as of February 29, 2012

None.

- Offices and positions held in the past five years (not including the offices and positions listed above)

› Outside the Group

• Senior adviser at Hawkpoint Partner Limited.

Number of Rallye shares held: 345

Jacques DERMAGNE

Date of birth: November 28, 1937, age 74.
Business address: 9, place d'léna – 75016 Paris.

- Biography

In 1968, after studying law and literature, Jacques DERMAGNE entered the Conseil National du Commerce, where he became President in 1981. He was Executive Vice-President of the CNPF from 1980 to 1999, then was elected President of the Economic, Social and Environmental Council, and re-elected in 2004 to serve until November 2010. In June 2003, he was appointed President of the International Association of Economic and Social Councils and Similar Institutions. Since November 2010, he has been Honorary Chairman of the Economic, Social and Environmental Council.

- Principal position

Honorary Chairman of the Economic, Social and Environmental Council.

- Offices and positions held at the company

Office/Position	First appointment date	End of office
Director	June 5, 2002	GSM of May 23, 2012

- Other offices and positions held in 2011 and continuing as of February 29, 2012

› Outside the group

• Director of BNP Paribas Personal Finances SA, Comexposium SA and Devanlay SA;
• Director of CELSA (Sorbonne).

- Offices and positions held in the past five years (not including the offices and positions listed above)

› Outside the group

• President of the French Economic, Social and Environmental Council;
• President of the French Expositions and Conventions Committee;
• Director of Unibail-Rodamco;
• Member of the Supervisory Board of DMC SA;
• Non-voting observer of France Convention SA.

Number of Rallye shares held: 500

Jacques DUMAS

Director

Date of birth: May 5, 1952, age 60.
Business address: 83, rue du Faubourg Saint-Honoré – 75008 Paris.

- Biography

Jacques DUMAS, who has a Master's Degree in Law, and is an alumnus of the Institut d'Études Politiques de Lyons, began his career as a lawyer, and then became Administrative Director at the Compagnie Française de l'Afrique Occidentale – CFAO (from 1978 to 1986). In 1987, he was appointed Deputy Company Secretary of the Rallye group, then Director of Legal Affairs at the Euris group (1994). He is currently Deputy Managing Director at Euris, and Advisor to the Chairman of Casino, Guichard-Perrachon.

- Principal Executive Positions

Advisor to the Chairman of Casino, Guichard-Perrachon SA.
Deputy Managing Director of Euris SA.

- Offices and positions held at the company

Office/Position	First appointment date	End of office
Director	July 19, 1990	GSM of May 23, 2012

- Offices held in 2011 and continuing as of February 29, 2012:

› Within the Euris group

• Chairman and member of the Supervisory Board of Leader Price Holding;
• Director of Mercialys (a listed company);
• Member of the Supervisory Board of Franprix Holding;
• Permanent representative of Distribution Casino France on the Board of Directors of Distribution Franprix;
• Permanent representative of Germinal SNC, President of Théïadis;
• Permanent representative of Euris, director of Finatis (a listed company).

› Outside the Euris group

• Manager of SCI Cognac-Parmentier.

- Other offices and positions held in the past five years (not including the offices and positions listed above)

› **Within the Euris group**

• Chairman and Chief Executive Officer of La Bruyère SA;
• Chairman of Alpetrol and Kerrous;
• Chairman of the Board of SAAD;
• Vice-Chairman and Member of the Supervisory Board of Geimex;
• Director of Groupe Go Sport, Cdiscount and Monoprix;
• Permanent representative of Asinco SA to the Board of Directors of Cafige SA and Financement Gestion Administration et Contrôle - F.I.G.E.A.C.;
• Permanent representative of Distribution Casino France, Member of the Supervisory Board of Cofilead (SAS);
• Permanent representative of Société de Distribution Parisienne (SDP) to the Board of Directors of Gregorim Distribution SA;
• Permanent representative of Euris SAS to the Board of Directors of Foncière Euris;
• Permanent representative of L'Habitation Moderne de Boulogne to the Boards of Directors of Colisée Finance and Colisée Finance II;
• Permanent representative of Matignon Diderot to the Board of Directors of Finatis;
• Permanent representative of RLPI. to the Board of Directors of Villette Discount SA and Clignancourt Discount SA;
• Director of the Euris Foundation;
• Chairman of the Supervisory Board of Franprix Holding.

Number of Rallye shares held: 4,837

Christian PAILLOT

Date of birth: September 9, 1947, age 64.

- Biography

Christian PAILLOT has spent most of his career in manufacturing and distribution of photographic, video, and hi-fi equipment. He built and developed the French businesses of Akai, Konica and Samsung. He is the current Vice-president of the French Horseback Riding Federation, a Member of the International Equestrian Federation and Vice-president of the European Equestrian Federation.

- Offices and positions held at the company

Office/Position	First appointment date	End of office
Director	April 15, 2004	GSM of May 23,2012

- Other offices and positions held in 2011 and continuing as of February 29, 2012

› **Outside the Group**

• Manager of Ecurie du Haras de Plaisance SARL, SCI Parim.

- Offices and positions held in the past five years (not including the offices and positions listed above):

None.

Number of Rallye shares held: 1,055

FINATIS

French stock corporation (SA) with share capital of €84,852,900.
Registered office: 83, rue du Faubourg Saint-Honoré – 75008 Paris.
No. 712 039 163 in the Paris Companies and Trade Register.

- Offices and positions held at the company

Office/Position	First appointment date	End of office
Director	June 2, 1998	GSM of May 23, 2012

- Other offices and positions held in 2011 and continuing as of February 29, 2012

• Director of Carpinienne de Participations, Foncière Euris and Casino, Guichard-Perrachon (listed companies).

- Offices and positions held in the past five years (not including the offices and positions listed above)

• Director of Euris SA.

Number of Rallye shares held: 285

Permanent representative:
Jean-Marie GRISARD

Date of birth: May 1st, 1943, age 69.
Business address: 83, rue du Faubourg Saint-Honoré – 75008 Paris.

- Biography

A graduate of HEC School of Management, Jean-Marie GRISARD began his career with the mining group Penarroya-Le-Nickel-Imétal, where he held various positions in Paris and London. In 1982, he was named Financial Director of Francarep, which became Paris-Orléans. In 1988, he joined Euris as Company Secretary until 2008.

- Principal position

Advisor to the Chairman of Euris SA.

- Other offices and positions held in 2011 and continuing as of February 29, 2012

> Within the Euris group

• Director of Carpinienne de Participations (a listed company) and Euris Limited;
• Director of the Euris Foundation;
• Permanent representative of Matignon Diderot to the Board of Directors of Casino, Guichard-Perrachon.

> Outside the group

• Manager of Fregatinvest;
• Member of the Executive Committee and Deputy Treasurer of the association “Promotion des Talents”.

- Other offices and positions held in the past five years (not including the offices and positions listed above)

> Within the Euris group

• Company Secretary of Euris SAS;
• CEO of Euris SA and Finatis SA;
• Chairman of Matimmob 1 SAS, Eurdev SAS, Matignon Diderot SAS and Matignon Rousseau SAS;
• Director of Foncière Euris, Finatis SA, Euris North America Corporation – (ENAC), Euris Real Estate Corporation – (EREC), Euristates and Park Street Investments International Ltd.;
• Permanent representative of Euris SA to the Board of Directors of Casino, Guichard-Perrachon SA;
• Permanent representative of Euris SAS to the Board of Directors of Euris SA;
• Treasurer of the Euris Foundation.

Number of Rallye shares held: 4,101

FONCIÈRE EURIS

French stock corporation (SA) with share capital of €149,648,910.
Registered office: 83, rue du Faubourg Saint-Honoré – 75008 Paris.
No. 702 023 508 in the Paris Companies and Trade Register.

- Offices and positions held at the company

Office/Position	First appointment date	End of office
Director	October 25, 1993	GSM of May 23, 2012

- Other offices and positions held in 2011 and continuing as of February 29, 2012
- Chairman of Matignon Abbeville SAS, Matignon Bail SAS, Matignon Corbeil Centre SAS, Marigny Belfort SAS, Marigny-Elysées SAS and Marigny Foncière SAS;
- Director of Casino, Guichard-Perrachon (a listed company);
- Manager of SCI Sofaret and SCI Les Herbiers.

- Offices and positions held in the past five years (not including the offices and positions listed above)
- Chairman of Marigny Concorde and Marigny Expansion;
- Director of Apsys International;
- Co-manager of SNC Alta Marigny Carré de Soie.

Number of Rallye shares held: 25,813,596

Permanent representative:
Didier CARLIER

Date of birth: born January 5, 1952, age 60.
Business address: 83, rue du Faubourg Saint-Honoré – 75008 Paris.

- Biography
Didier CARLIER is a graduate of the École Supérieure de Commerce de Reims (Rheims Management School) and a certified public accountant. He started his career in 1975 with Arthur Andersen (Audit Department), rising to the position of Manager. He subsequently served as Company Secretary at Équipements Mécaniques Spécialisés and as Chief Financial Officer at Hippopotamus. He joined the Rallye group in 1994, as Chief Financial Officer, and was appointed Deputy Managing Director in 2002.

- Principal Executive Position
Deputy Managing Director of Rallye SA.

- Other offices and positions held in 2011 and continuing as of February 29, 2012
› Within the Euris group
- Chairman and Chief Executive Officer of Miramont Finance and Distribution SA and La Bruyère SA;
- Chairman of Alpétrol SAS, Cobivia SAS, Genty Immobilier et Participations SAS, L'Habitation Moderne de Boulogne SAS, Les Magasins Jean SAS, Matignon Sablons SAS and Parande SAS;
- Chairman of the US companies Crapon LLC, King LLC, Lobo I LLC, Oregon LLC, Parker I LLC, Pointer I LLC, Sharper I LLC,et Summit I LLC;
- Chairman and Chief Executive Officer of MFD Inc USA;
- Representative of Parande SAS, Chairman of Pargest SAS, Parinvest SAS;
- Permanent representative of Euris SAS to the Board of Directors of Casino, Guichard-Perrachon (a listed company);
- Permanent representative of Matignon Sablons, director of Groupe Go Sport SA (a listed company);
- Manager of SCI de Kergorju, SCI des Sables, SCI des Perrières.

› Outside the Group
- Manager of SC Dicaro.

- Other offices and positions held in the past five years (not including the offices and positions listed above)
› Within the Euris group
- Chairman and Chief Executive Officer of Ancar, Colisée Finance SA, Colisée Finance II SA and Colisée Finance VI;
- Chairman of MFD Finances SAS, Parande Développement SAS, Kerrous SAS, Marigny Percier SAS, Parcade SAS, Soparin SAS, Syjiga SAS, Colisée Finance III SAS, Omnium de Commerce et de Participations SAS, Colisée Finance IV SAS and Colisée Finance V SAS;

- Managing Director of Club Sport Diffusion SA (Belgium) and Limpart Investments BV (Netherlands);
- Director of Clearfringe Ltd;
- Representative of Parande SAS, Chairman of Pargest Holding SAS, Matignon Neuilly SAS and Sybellia SAS;
- Permanent representative of Omnium de Commerce et de Participations SAS, director of Groupe GO Sport.

Number of Rallye shares held: 32,764

MATIGNON CORBEIL CENTRE

French simplified stock corporation (SAS) with share capital of €555,000.
Registered office: 83, rue du Faubourg Saint-Honoré – 75008 Paris.
No. 392 679 247 in the Paris Company and Trade Register.

- Offices and positions held at the company

Office/Position	First appointment date	End of office
Director	June 4, 2008	GSM of May 23, 2012

- Other offices and positions held in 2011 and continuing as of February 29, 2012
None.

- Offices and positions held in the past five years (not including the offices and positions listed above)
None.
Number of Rallye shares held: 282

Permanent representative:
Didier LÉVÊQUE

Date of birth: December 20, 1961, age 50.
Business address: 83, rue du Faubourg Saint-Honoré – 75008 Paris.

- Biography
Didier LÉVÊQUE is a graduate of HEC School of Management. From 1985 to 1989, he served as Research Analysts at the Financial Department of the Roussel-UCLAF Group. He joined Euris in 1989 as Deputy Company Secretary. He now holds the position of Company Secretary.

- Principal Executive Positions
Company Secretary of Euris SAS.
Chairman and Chief Executive Officer of Finatis SA.

- Other offices and positions held in 2011 and continuing as of February 29, 2012
> Within the Euris group
- Chairman and Chief Executive Officer of Euris North America Corporation (ENAC), Euristates Inc. Euris Real Estate Corporation (EREC) (USA) and Parande Brooklyn Corp;
- Chairman of Par-Bel 2 SAS, Matignon Diderot SAS and Matimmob 1 SAS;
- CEO of Carpinienne de Participations SA (a listed company);
- Director of Carpinienne de Participations and Euris Limited (UK);
- Member of the Supervisory Board of Centrum Development SA, Centrum Leto SA, Centrum Poznan SA and Centrum Weiterstadt SA (Luxembourg);
- Permanent representative of Finatis, director of Foncière Euris (a listed company);
- Permanent representative of Foncière Euris to the Board of Directors of Casino, Guichard-Perrachon (a listed company);
- Director and Treasurer of the Euris Foundation;
- Co-manager of Silberhorn Sarl.

> Outside the Euris group
- Manager of EMC Avenir 2 SARL.

- Other offices and positions held in the past five years (not including the offices and positions listed above)

› Within the Euris group

• Deputy Company Secretary of Euris SAS;

• Chairman of Parinvest SAS, Dofinance SAS, Euristech SAS, Par-Bel 1 SAS, Parantech Expansion SAS, Montparnet SAS and Matignon-Tours SAS;

• Director of Park Street Investments International Ltd;

• Permanent representative of Euris SA, director of Foncière Euris (a listed company);

• Permanent representative of HMB, director of Colisée Finance;

• Permanent representative of Matignon Diderot, director of Finatis (a listed company);

• Permanent representative of Omnium de Commerce et de Participations, director of Casino, Guichard-Perrachon.

› Outside the Euris group

• Manager of EMC Avenir.

Number of Rallye shares held: 29,485

EURIS

French simplified stock corporation (SAS) with share capital of €164,806.
Registered office: 83, rue du Faubourg Saint-Honoré – 75008 Paris.
No. 348 847 062 in the Paris Companies and Trade Register.

- Offices and positions held at the company

Office/Position	First appointment date	End of office
Director	June 8, 2005	GSM of May 23, 2012

- Other offices and positions held in 2011 and continuing as of February 29, 2012

• Director of Finatis, Foncière Euris and Casino,Guichard-Perrachon (listed companies).

- Offices and positions held in the past five years (not including the offices and positions listed above)

• Director of Euris SA.

Number of Rallye shares held: 343

Permanent representative:

Gabriel NAOURI

Date of birth: July 6, 1981, age 30.
Business address: 148, rue de l'Université – 75007 Paris.

- Biography

Gabriel NAOURI, age 30, holds a Master's in Applied Mathematics from the University of Paris Dauphine. In 2004, he joined the M&A division of Rothschild & Cie in New York where he was involved in the sale of Swissport, world leader in airport services, then in 2006, he held a position at L'Oréal USA (New York) as marketing manager (in the consumer products division). In early 2007, he joined the Group, first at Rallye as a special assistant, then at Casino where he carries out various operating functions at stores, serving especially as hypermarket director. He is Operational Director of Géant Casino for the Île-de-France region and advisor at Euris.

- Principal Executive Position

Operational Director of Géant Casino for the Île-de-France region;
Advisor at Euris.

- Other offices and positions held in 2011 and continuing as of February 29, 2012

› Outside the group

• Manager of Financière GN;

• Manager of SNC Georges Pompidou.

- Offices and positions held in the past five years (not including the offices and positions listed above)

Operations Director of Casino's Hypermarket for the Île-de-France region.

Number of Rallye shares held: 350

EURISMA

French simplified stock corporation (SAS) with share capital of €25,537,485.
Registered office: 83, rue du Faubourg Saint-Honoré – 75008 Paris.
No. 343 718 102 in the Paris Companies and Trade Register.

- Offices and positions held at the company

Office/Position	First appointment date	End of office
Director	May 4, 2011	GSM of May 23, 2012

- Other offices and positions held in 2011 and continuing as of February 29, 2012
None.

- Offices and positions held in the past five years (not including the offices and positions listed above)
None.
Number of Rallye shares held: 321

Permanent representative:
Odile MURACCIOLE

Date of birth: May 20, 1960, age 52.
Business address: 83, rue du Faubourg Saint-Honoré – 75008 Paris.

- Biography
After receiving her Advanced Studies Diploma in employment law, Odile MURACCIOLE began her career as head of the legal department at the Alty Group, an independent oil company. She joined the Euris Group in 1990 where she serves as Legal Director of Euris.

- Principal position
Legal Director of Euris SA.

- Other offices and positions held in 2011 and continuing as of February 29, 2012
> Within the Euris group
• CEO of Parinvest SAS, Pargest SAS and Parande SAS;
• President of Eurisma;
• Permanent representative of Euris to the Board of Directors of Foncière Euris (a listed company);
• Permanent representative of Finatis (a listed company) to the Board of Directors of Carpinienne de Participations SA (a listed company);
• Member of the Supervisory Board of Centrum Development SA;
• Director of the Euris Foundation.

- Other offices and positions held in the past five years (not including the offices and positions listed above)
> Within the Euris group
• Director of Legal Affairs of Euris;
• Permanent representative of Euris to the Board of Directors of Carpinienne de Participations (a listed company);
• Permanent representative of Kerrous SAS to the Board of Directors of Colisée Finance;
• Permanent representative of Kerrous SAS to the Board of Directors of Colisée Finance II;
• Chief Executive Officer of Pargest Holding SAS;
• Member of the Supervisory Board of Centrum Leto SA, Centrum Poznan SA and Centrum Weiterstadt SA.
Number of Rallye shares held: 13,681

Non-voting observer:
Jean LÉVY

Date of birth: November 9, 1932, age 79.

- Biography

After graduating in economics from the Institut d'Études Politiques de Paris and in international economics from Yale, Jean LÉVY spent most of his career at L'Oréal (1960-1987), where he was Vice-president for consumer products. He then joined Sanofi, where he was a member of the management committee from 1987 to 1991. Since 1991, as an independent counselor and company Director, he has held the offices of Chairman of AFCOHT (the French Association of DutyFree Commerce). He is an honorary member of *Conseillers du Commerce Extérieur de la France.*

- Offices and positions held at the company

Office/Position	First appointment date	End of office
Non-voting observer	June 4, 2008	GSM of May 23, 2012

- Other offices and positions held in 2011 and continuing as of February 29, 2012

• Director of Interparfums Inc, Interparfums Inc, Interparfums France, Axcess SA;
• Director of Mont-Blanc SAS.

- Offices and positions held in the past five years (not including the offices and positions listed above)

• Director of Opthtalmic;
• Director of Vivactis SAS;
• Director of Price-Minister SA.

Number of Rallye shares held: 1

No family ties exist among members of the Board of Directors with the exception of Jean-Charles NAOURI and Gabriel NAOURI.

It is stated that, to the Company's knowledge, none of the members of the Board of Directors has been found guilty of fraud or has been associated with a bankruptcy, receivership or liquidation in the past five years. Furthermore, no judgment or official public sanction has been handed down against them by any statutory or regulatory authority, and no court of law has prevented them from acting as members of an administrative, managing or supervisory body of a listed company, nor from taking part in the management or supervision of a listed company's affairs.
No loans or guarantees have been set up or granted by the Company to Members of the Board of Directors.

EXECUTIVE MANAGEMENT

The duties of Chairman of the Board of Directors and of Chief Executive Officer are unified and carried out by Jean-Charles NAOURI.

At the end of the Ordinary Shareholders' Meeting of May 23, 2012, the Board of Directors will be asked to hand down a decision regarding reappointment to the offices of Chairman and CEO.

The CEO is vested with full powers to act in all circumstances on behalf of the Company. He exercises these powers within the limits of the Company's business purpose and subject to the powers expressly assigned by law to Shareholders' Meetings and the Board of Directors. He represents the Company in its dealings with third parties.

However, in accordance with the internal rules of procedure, any decision likely to affect the Group's overall strategy must be authorized in advance by the Board of Directors.

Didier CARLIER, an employee, is the Deputy Managing Director.

COMPENSATION RECEIVED BY EXECUTIVES AND OTHER CORPORATE OFFICERS

The principles and rules decided on by the Board of Directors to determine compensation and benefits of any kind to be granted to corporate officers are provided in the Chairman's report (page 51).

• Compensation of the Chairman and Chief Executive Officer

As in 2010, Jean-Charles NAOURI received no remuneration or benefits from the Company, other than €10,000 in director's fees.

Jean-Charles NAOURI is not part of any supplementary pension scheme and will not benefit from any payment if he should end his duties. He has not been given any stock options or bonus shares in Rallye, the companies controlled by Rallye, or the companies that control Rallye.

Compensation, attendance fees and benefits of all kind paid to the Deputy Managing Director by Rallye, the companies it controls, the companies that control it and the companies that control those companies are as follows:

	2010 fiscal year	2011 fiscal year
Compensation paid for the fiscal year (before taxes and charges)	€2,216,111(1)	€2,674,068(2)
Valuation of options granted during the fiscal year	N/A	N/A
Valuation of bonus shares granted during the fiscal year	N/A	N/A
TOTAL	**€2,216,111**	**€2,674,068(3)**

(1) Compensation and/or director's fees and/or benefits of all kind paid for 2010 by Casino, Guichard-Perrachon (€1,245,278), Rallye (€10,000), Finatis (€833) and Euris (€960,000).
(2) Compensation and/or director's fees and/or benefits of all kind paid for 2011 by Casino, Guichard-Perrachon (€1,353,235), Rallye (€10,000), Finatis (€833) and Euris (€1,310,000).
(3) Compensation and/or directors fees paid in 2011 by Rallye, the companies that control it, and the companies controlled by the latter totaled €2.556.111 before taxes and charges.

• Compensation of Didier CARLIER, Deputy Managing Director

The total compensation of the deputy managing director, who is an employee as well as a member of the Board of Directors, consisted of a fixed portion and a variable portion based on the attainment of quantitative group targets, qualitative individual targets and on a general evaluation of managerial attitudes and behavior.

Compensation, attendance fees and benefits of all kind paid to the Deputy Managing Director by Rallye, the companies it controls, the companies that control it and the companies that control those companies are as follows:

	2010 fiscal year		2011 fiscal year	
	Amounts due[4]	Amounts paid[5]	Amounts due[4]	Amounts paid[5]
Fixed compensation[1]	€362,000	€362,000	€384,000	€384,000
Variable compensation[1][2]	€188,265	€163,448	€196,956	€188,265
Exceptional compensation[3]	-	€200,000	-	-
Rallye Director's fees	€10,000	€10,000	€10,000	€10,000
Benefits in kind	-	-	-	-
TOTAL	**€560,265**	**€735,448**	**€590,956**	**€582,265**[6]

(1) Gross compensation before taxes and charges.
(2) The basis for the determination of 2011 variable compensation is detailed in the Chairman's Report on page 51.
(3) Exceptional compensation granted in view of the major contribution to debt refinancing, and renewal of bank loans and credit lines, during a time of severe financial crisis.
(4) Compensation granted for the year irrespective of the payment date.
(5) Total remuneration paid by the Company during the fiscal year.
(6) Compensation and/or director's fees paid in 2011 by Rallye, the companies that control it, and by the companies controlled by the latter totaled €598,765.

Didier CARLIER received no remuneration from controlled companies or companies in control of Rallye, other than €16,500 in director's fees related to his position as director.

• Compensation received by other corporate officers

The Shareholders' Meeting, of May 19, 2010, set the total amount of director's fees allocated to members of the Board of Directors and Committees at a maximum of €300,000. On the basis of recommendations from the Appointments and Compensation Committee, the rules governing the distribution of director's fees and the remuneration received by the non-voting observer were set by the Board of Directors and are detailed in the Chairman's report.

The total amount of director's fees and remuneration paid out in May 2011 for the terms in office ended to Directors, the non-voting observer, and members of the specialized committees totaled €258,333, versus €295,429 and €272,143 for prior terms in office. The individual director's attribution is unchanged since 2002.

The total amount of remuneration and director's fees paid out to company officers other than the Chairman and CEO and the Deputy Managing Director, by the Company, the companies it controls, the companies that control it or the companies controlled by the latter, is as follows:

(In €)	Director's fees and compensation paid			
	In 2010		In 2011	
	Director's fees	Other compensation (1)	Director's fees	Other compensation(1)
Philippe CHARRIER	30,000		30,000	-
Jean CHODRON de COURCEL	20,000		30,000	-
André CRESTEY	50,000(2)	148,353	50,000(2)	103,316
Jacques DERMAGNE	40,000		40,000	-
Jacques DUMAS	20,000	696,317	20,000	765,307(3)
Jean-Marie GRISARD(4)	10,000	22,826	10,000	14,583
Jean LÉVY	20,000		17,333	
Didier LÉVÊQUE(5)	10,000	618,036	10,000	580,043
Gabriel NAOURI(6)			3,667	324,465(7)
Christian PAILLOT	25,429		27,333	-

(1) Director's fees and/or compensation and benefits of all kinds paid by the companies that Rallye controls, companies that control it, or companies controlled by the latter.
(2) An additional Director's fee of €20,000 was paid to André CRESTEY in connection with his duties as Vice-Chairman of Rallye.
(3) A total amout of €765,307 was paid to Jacques DUMAS in 2011 for compensation and/or director's fees and/or benefits of all kind paid by the Company, the companies it controls, the companies that control it or the companies controlled by the latter, excluded exceptional premium of €330,000 before taxes and charges.
(4) Jean-Marie GRISARD is also a manager of Frégatinvest, which received €130,000 in consulting fees, excluding taxes, in 2010 and 2011.
(5) A total amout of €618,036 was paid to Didier LÉVÊQUE in 2010 for compensation and/or director's fees and/or benefits of all kind paid by the Company, the companies it controls, the companies that control it or the companies controlled by the latter, excluded exceptional premium of €21,250 before taxes and charges.
(6) Permanent representative since January 2011 of Euris, the Group's parent company, which in 2011 received total fees of €3,900,000 from companies it controls, excluding taxes, under strategy consulting agreements, of which €1,642,270, excluding taxes, was paid by Rallye.
(7) Compensation and/or director's fees and/or benefits of all kind paid by Casino, Guichard-Perrachon (€99,465) and Euris (€225,000).

STOCK OPTIONS AND BONUS SHARES GRANTED TO CORPORATE OFFICERS AND OPTIONS EXERCISED

No stock subscription option was granted, in 2011, to the corporate officers by Rallye.

• In 2011, stock options granted to corporate officers by companies controlled by Rallye were as follows:
By Groupe Go Sport:

Officer	Grant date	Date after which options may be exercised	Expiration date	Number of options granted	Exercise price
Didier CARLIER	04/29/2011	10/29/2013	10/29/2016	1,500	€17.55
Jacques DUMAS	04/29/2011	10/29/2013	10/29/2016	1,500	€17.55

• In 2011, bonus shares allocated to corporate officers by the Company were as follows:

Officer	Grant date	Vesting date of shares(1)	Date after which the acquired shares may be sold	Number of bonus shares granted
Didier CARLIER	06/08/2011	06/08/2014	12/08/2016	9,766
Jacques DUMAS	06/08/2011	06/08/2014	12/08/2016	2,930
Didier LÉVÊQUE	06/08/2011	06/08/2014	12/08/2016	11,078
Odile MURACCIOLE	06/08/2011	06/08/2014	12/08/2016	7,774

(1) The vesting of bonus shares granted to the beneficiaries is only subject to a requirement that the beneficiary should still be working for the Company on the vesting date and two performance criteria: for 50% the EBITDA/financial expense coverage, for 50% a cost of debt level.

• In 2011, bonus shares allocated to corporate officers by controlled companies were as follows:
By Casino, Guichard-Perrachon:

Officer	Grant date	Vesting date of shares	Date after which the acquired shares may be sold	Number of bonus shares granted
Jacques DUMAS	04/15/2011	04/15/2013	04/15/2015	3,179
	04/15/2011	04/15/2014	04/15/2016	10,002

• In 2011, corporate officers exercised stock subscription and/or purchase options on Rallye shares under the following terms:

Officer	Grant date	Number of options granted	Number of options exercised	Exercise price
Didier CARLIER	04/27/2009	37,037	12,000	€14.24
Didier LÉVÊQUE	04/27/2009	37,037	10,000	€14.24

• In 2011, stock options exercised by the Company's corporate officers with regard to Casino, Guichard-Perrachon:

Officer	Grant date	Number of options granted	Exercise price
Jacques Dumas	04/13/2006	8,000	€58.16

• In 2011, bonus shares definitively awarded to corporate officers by the Company were as follows:

Officer	Grant date	Vesting date of granted shares	Number of bonus shares originally granted	Number of bonus shares vested	Date after which the acquired shares may be sold
Didier CARLIER	10/01/2007	01/01/2011	1,667	695(1)	01/01/2013
	04/23/2008	07/23/2011	2,083	301(2)	07/23/2013
	04/27/2009	10/27/2011	9,259	9,259(3)	10/27/2013
Jacques DUMAS	10/01/2007	01/01/2011	500	208(1)	01/01/2013
	04/23/2008	07/23/2011	625	90(2)	07/23/2013
	04/27/2009	10/27/2011	2,778	2,778(3)	10/27/2013
Didier LÉVÊQUE	10/01/2007	01/01/2011	1,667	695(1)	01/01/2013
	04/23/2008	07/23/2011	2,083	301(2)	07/23/2013
	04/27/2009	10/27/2011	9,259	9,259(3)	10/27/2013
Odile MURACCIOLE	10/01/2007	01/01/2011	1,250	521(1)	01/01/2013
	04/23/2008	07/23/2011	1,563	226(2)	07/23/2013
	04/27/2009	10/27/2011	6,944	6,944(3)	10/27/2013

(1) The vesting of bonus shares granted to the beneficiaries is only subject to a requirement that the beneficiary should still be working for the Company on the vesting date and two performance criteria: that of the "coverage of net debt by assets", assessed at the level of the "Rallye holding company scope» measured successively on December 31, 2007, December 31, 2008 and December 31, 2009.
(2) The vesting of bonus shares granted to the beneficiaries is only subject to a requirement that the beneficiary should still be working for the Company on the vesting date and two performance criteria: that of the "coverage of net debt by assets", assessed at the level of the "Rallye holding company scope» measured successively on December 31, 2008, December 31, 2009 and December 31, 2010.
(3) The vesting of bonus shares granted to the beneficiaries is only subject to a requirement that the beneficiary is still working for the Company on October 27, 2011.

• In 2011, bonus shares allocated to corporate officers by controlled companies vested as follows:
By Casino, Guichard-Perrachon:

Officer	Grant date	Vesting date of granted shares	Number of bonus shares originally granted	Number of bonus shares vested	Date after which the acquired shares may be sold
Jacques DUMAS	04/08/2009	10/08/2011	8,000	7,667	10/08/2013

• Conflicts of Interest in Corporate Bodies and Executive Management – Regulated Agreements

As part of the day-to-day management of the Group, the Company is involved in normal business relationships with all its subsidiaries. It also benefits from consulting services provided by Euris, the ultimate parent company majority-owned by Jean-Charles NAOURI, with which a strategic consulting agreement was signed in 2003 (see page 204).
Jean-Charles NAOURI, Didier CARLIER, André CRESTEY, Jacques DUMAS, Jean-Marie GRISARD, Didier LÉVÊQUE, Gabriel NAOURI and Odile MURACCIOLE, Directors or permanent representatives of Rallye and Euris group companies, have management functions and/or are members of the corporate bodies of companies within the Rallye and Euris groups and receive the corresponding compensation and/or director's fees.
These relationships aside, there are no conflicts of interest between the duties to the Company of the members of the Board of Directors and general management and their private interests.
The duties of the Audit and Appointments and Compensation Committee allow for conflicts of interest to be avoided and ensure that the majority shareholder does not abuse his control.

STATUTORY AUDITORS

In compliance with legal requirements, Rallye appoints two regular and two alternate statutory auditors.

• Statutory Auditors

› KPMG

Signing partner: Patrick-Hubert PETIT (since May 2010).
First appointed: June 29, 1993.
Latest term of office expires: at the end of the 2013 Annual General Meeting of Shareholders.

› ERNST & YOUNG et Autres

Signing partner: Pierre BOURGEOIS (since May 2010).
First appointed: June 1, 1999.
Latest term of office expires: at the end of the 2017 Annual General Meeting of Shareholders.

• Alternate Statutory Auditors

› KPMG Audit ID

Substituting for KPMG.
First appointed: May 19, 2010.
Latest term of office expires: at the end of the 2013 Annual General Meeting of Shareholders.

› Auditex

Substituting for Ernst & Young et Autres.
First appointed: May 4, 2011.
Latest term of office expires: at the end of the 2017 Annual General Meeting of Shareholders.

One or the other of the same audit firms are auditors to the Company's main subsidiaries.

FEES PAID TO STATUTORY AUDITORS AND MEMBERS OF THEIR NETWORKS BY THE GROUP IN 2010 AND 2011

(In €)	Ernst & Young				KPMG			
	Amount		%		Amount		%	
	2011	2010	2011	2010	2011	2010	2011	2010
AUDIT								
Statutory auditing, auditor's opinion, examination of company and consolidated accounts								
Issuer	182,000	171,676	4	4	182,000	171,500	25	22
Fully consolidated subsidiaries	4,194,042	4,501,776	88	92	347,949	473,599	48	62
Additional assignments								
Issuer	-	-	-	-	-	-	-	-
Fully consolidated subsidiaries	344,835	140,500	7	3	85,320	11,000	12	1
Sub-total	**4,720,877**	**4,813,952**	**99**	**99**	**615,269**	**656,099**	**84**	**85**
Other services provided by the networks to fully consolidated subsidiaries								
Legal, tax, corporate	-	2,994	-	-	114,346	119,641	16	15
Other (give details if more than 10% of audit fees)	47,500	47,500	1	1	-	-	-	-
Sub-total	**47,500**	**50,494**	**1**	**1**	**114,346**	**119,641**	**16**	**15**
TOTAL	**4,768,377**	**4,864,446**	**100**	**100**	**729,615**	**775,740**	**100**	**100**

Report of the chairman

OF THE BOARD OF DIRECTORS

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

The 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, attached to the Management Report prepared by the Board of Directors describing the activities of the Company and its subsidiaries during the year ended December 31, 2011, which has been reviewed by the Appointments and Compensation Committee and the Audit Committee, has been approved by the Board of Directors, and was made available to the shareholders prior to the Annual Shareholders' Meeting.

It was also the subject of a report by the statutory auditors, under Article L.225-235 of the French Commercial Code, with regard to internal control procedures relating to the preparation and processing of accounting and financial information, as well as a certification concerning the preparation of other necessary information.

I. CODE OF CORPORATE GOVERNANCE

As part of the Company's good-governance practices, the Board of Directors has confirmed that the Company has used the AFEP/MEDEF Code of Corporate Governance of April 2010 in particular for the preparation of this report.

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

II. BOARD OF DIRECTORS

• 1 › Composition of the Board of Directors

A list of the members comprising the Board of Directors is presented on page 33.

• 2 › Preparation and organization of the Board of Directors' work

The requirements for preparation and organization of the work of the Board of Directors are defined by law, as well as by the Company's bylaws, the Board's rules of procedure and special Board committees.

› Organization and operation of the Board of Directors

At its meeting of May 4, 2011 and following advice from the Appointments and Compensation Committee, the Board of Directors decided to renew the duties of the Chairman and Chief Executive Officer, and thus maintained the unified positions of Chairman of the Board of Directors and executive management.

This unity of functions, which ensures greater consistency between strategy and operational management as well as shorter decision cycles, seemed more appropriate to the situation of the Company, which is an intermediate Group holding firm.

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. They bring together and specify the various rules that are legally binding upon the Company, the Company's rules of procedure and its bylaws, as well as including corporate governance principles and arranging for their implementation.

The rules of procedure describe the operation, powers, authorizations and duties of the Board of Directors and of the special Board committees: the Audit Committee and Appointments and Compensation Committee.

The rules of procedure also set out the rules of ethics applicable to members of the Board of Directors, in particular the obligations of confidentiality referred to in Article L.465-1 of the French Monetary and Financial Code and Article 621-1 and *seq.* of the regulations of the French Financial Markets Authority (FMA – *Autorité des Marchés Financiers*) relating to insider trading, as well as the obligation to observe a blackout period in relation to all transactions in the Company's shares during the 15-day period preceding the release of the Company's annual and six-monthly financial statements.

They also indicate the registration of directors on the list drawn up by the Company as part of the regulatory provisions intended to better guard against insider trading and breaches.

The rules of procedure include provisions governing the declarations that must be made by corporate officers, individuals having close personal ties to them and similar individuals 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, in particular, allow directors to attend Board meetings by videoconference or any other means of telecommunication.

The office of non-voting observer was created in 2002 to encourage qualified individuals to become members of the Board of Directors. The non-voting observer attends Board meetings, expresses his or her observations and opinions and takes part in the proceedings in an advisory capacity.

› Authorizations and duties of the Board of Directors

In accordance with the provisions of Article L.225-35 of the French Commercial Code, the Board of Directors decides upon the general directions to be followed in the Company's business dealings and sees to it that they are implemented. Subject to the powers expressly assigned to Shareholders' Meetings and within the limits of the Company's corporate purpose, the Board of Directors deals with all issues concerning the proper functioning of the Company. By its resolutions, it settles the matters that pertain to it. It also carries out all checks and audits it deems necessary.

The Board of Directors also reviews and approves the annual and six-monthly individual company and consolidated financial statements, presents reports on the activities and performance of the Company and its subsidiaries, approves management forecasts and reviews the Chairman's report for approval. It sets compensation for senior management and grants stock subscription options and bonus shares. It is called upon to deliberate every year with regard to the Company's policy on equal job opportunities and equal pay.

- Powers of the Chief Executive Officer

The Chief Executive Officer, in accordance with Article L.225-56 of the French Commercial Code, has the broadest range of powers to act on behalf of the Company under every circumstance. He/she exercises these powers within the limits of the Company's business purpose and subject to the powers expressly assigned by law to the Shareholders' Meetings and to the Board of Directors, and represents the Company in its dealings with 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 activities must be approved in advance by the Board of Directors.

- Powers of the Chairman of the Board of Directors

Within the Board of Directors, the Chairman organizes and directs the activities of the Board and reports thereon to the Shareholders' Meeting.

The Chairman convenes meetings of the Board of Directors, is in charge of setting the agenda and producing the minutes of such meetings and assures the proper functioning of the Company's operations and, in particular, that the directors are capable of performing their duties.

› Independence of directors

As part of its duties, the Appointments and Compensation Committee is in charge of monitoring the situation of all directors with regard to any dealings they may have with the Company or with companies in the Group that might compromise a director's free judgment or lead to potential conflicts of interest with the Company.

Each year, this committee therefore carries out an annual review of the membership 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/MEDEF code of corporate governance, and then presents its findings to the Board of Directors.

› Board activities during the year ended

In 2011, the Board of Directors met seven times. Board members' attendance rate for these meetings was 96%.

- Approval of the financial statements – Business of the Company and its subsidiaries

The Board of Directors examined the financial statements for the year ended December 31, 2010 and the statements for the first half of 2011, as well as the management forecasts. It also decided on the reports and the text of the resolutions submitted to the Ordinary and Extraordinary General Shareholders' Meeting held on May 4, 2011.

For each quarter, the Board took note of the Group's activity, number of employees, level of debt and available sources of funding.

The Board of Directors approved various operations that were subject to its authorization. These 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 examined the lines of credit set up by the Company and its subsidiaries.

In addition, the Board took stock of the financial and fixed asset disposals made by the Group.

The Board also decided to pay an interim dividend in October 2011 and had a presentation on the gender equality policy within the Company.

- Compensation

The Board set the 2011 fixed and variable compensation for the Deputy Managing Director Didier Carlier, and set his 2010 variable compensation, it being specified that the Chairman/Chief Executive Officer does not receive any fixed or variable compensation.

It also examined the directors' and non-voting observer's fees, as well as the compensation paid to members of Board committees. It decided on the allocation of bonus shares, subject to the achievement of performance conditions, to managerial staff and employees of the Group and its affiliates.

- Corporate governance

The Board of Directors examined its situation with regard to the principles of corporate governance, including the composition and organization of the Board of Directors and Board committees and the independence of directors.

The Board of Directors approved the Chairman's report on the organization and operation of the Board of Directors and executive management as well as the internal control and risk management procedures.

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

› Board committees

The Board of Directors is assisted by two special committees, created in 2000: the Audit Committee and Appointments and Compensation Committee.

Committee members are named by the Board of Directors, which also appoints the chairman of each committee. Neither the Chairman/Chief Executive Officer nor any of his representatives may be members of any committee.

The areas of authority and specific methods of operation of each committee were defined by the Board of Directors when they were created and incorporated into the rules of procedure.

- Audit Committee

› Composition

The Audit Committee has three members, two of whom are independent: André CRESTEY (Chairman), Philippe CHARRIER and Christian PAILLOT, who have been appointed for the duration of their terms as directors.

All members of the Audit Committee currently hold or have held positions as Company directors and thus have the financial and/or accounting expertise required under Article L.823-19 of the French Commercial Code.

› Duties

The Audit Committee provides support to the Board of Directors involving the review and approval of the annual and six-monthly 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 risks.

In this regard and in accordance with Article L.823-19 of the French Commercial Code, it monitors issues related to the preparation and auditing of accounting and financial information, subject to the responsibility of the Board of Directors.

Thus, inter alia, it is charged with monitoring the preparation of financial information, the efficacy of internal control and risk management systems, the legally required audit of annual and consolidated financial statements by the statutory auditors and the independence of the latter.

The Audit Committee has an organization and operations charter, which confirms its powers and authorities with regard to, among other things, management risk analysis and the detection and prevention of management irregularities.

› 2011 activities

The Audit Committee met three times in 2011, with all members in attendance at each meeting.

In connection with the approval of the six-monthly and annual financial statements, the Audit Committee verified the account closing process and took note of the statutory auditors' analysis, in particular including all of the Company's consolidation procedures and financial statements. The committee also reviewed off-balance-sheet commitments, risks and accounting options taken with regard to provisions, together with relevant legal and accounting changes. It was notified of the audit plan and the fees in 2011 paid to the statutory auditors.

The committee reviewed risk prevention documents as well as the Chairman's report on internal control and risk management procedures.

The Audit Committee initiated the procedure for reappointment of one regular and one acting auditor without resorting to the appeal of offers.

The Audit Committee had knowledge of the accounts press releases projects published.

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

- Appointments and Compensation Committee

› Composition

The Appointments and Compensation Committee has three members, two of whom are independent: Jacques DERMAGNE (Chairman), Jacques DUMAS and Jean CHODRON de COURCEL, who were appointed for the duration of their terms as directors.

The Chairman/Chief Executive Officer may attend committee meetings in an advisory capacity in order to present proposals related, in particular, to the compensation of senior managers and the granting of options and bonus shares.

› Duties

The Appointments and Compensation Committee is charged, in particular, with helping the Board of Directors review candidates for executive management positions, select new directors and define and monitor policies for senior management compensation and stock option and bonus share awards. As appropriate, it also reviews senior management's benefits and other forms of compensation.

The Appointments and Compensation Committee drew up an organizational chart, adopted in 2004, confirming its powers and authorities with regard to performance evaluation of the Board of Directors and verification that the corporate governance principles and code of ethics, in particular as derived from the Board of Directors' internal rules of procedure, are being properly respected and applied.

› 2011 activities

The Appointments and Compensation Committee met four times in 2011, with all members in attendance at each meeting.

The committee performed its annual review of the organization and operations of the Board of Directors and its special committees as well as of the proper application of corporate governance principles in accordance with the AFEP/MEDEF code and the provisions of the rules of procedure.

It examined the situation of each director with regard to dealings with Group companies that might compromise his/her freedom of judgment or entail conflicts of interest.

The Appointments and Compensation Committee expressed its recommendations regarding the proposed reappointment of the Chairman/Chief Executive Officer and Vice-Chairman, the appointment of directors and of the non-voting observer the composition of Board committees and the appointment of a new director.

The committee issued a favorable opinion on the methods for setting the fixed 2011 and variable 2010 compensation of the Deputy Managing Director.

It also reviewed the methods for determining the 2011 variable compensation component for Didier CARLIER, Deputy Managing Director.

The committee examined the executive management's proposal for the allocation of bonus shares to managerial staff and employees of the Company and affiliated companies, as well as attendance fees to be awarded to Board members, the non-voting observer and members of Board committees.

It examined the Chairman's report on the organization of the Board of Directors' work, along with the corporate governance-related information mentioned in the management report.

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

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

The type and amount of corporate officers' compensation are set by the Board of Directors on the basis of recommendations made by the Appointments and Compensation Committee.

The Board of Directors thus determines the compensation of the Deputy Managing Director, who is also a director; the Chairman/Chief Executive Officer does not receive compensation from the Company.

The compensation paid to the Deputy Managing Director includes both a fixed and a variable component. The basis for determining both is decided upon each year by the Board of Directors as per the recommendation of the Appointments and Compensation Committee, and, as applicable, based on studies conducted by external consultants.

The 2011 variable compensation component is based on the attainment of quantitative Group targets, qualitative individual targets and a general evaluation of managerial attitudes and behavior. The variable element may be a maximum of €100,000 if the defined objectives are achieved and up to €200,000 if such objectives are exceeded.

The quantitative Group targets are evaluated according to criteria corresponding to significant business indicators for the Rallye Group: reduction in the cost of debt and improvement in the ratio of EBITDA to consolidated finance charges.

The Board of Directors, on the recommendation of the Appointments and Compensation Committee, sets the rules for distribution of the fees payable to the directors and the non-voting observer, as well as the compensation to be paid to Board committee members, as follows:

- A flat fee of €4,000 and a variable component of €16,000 based on attendance at Board meetings. Note: fees for directors, senior managers and Group executives have been reduced by half, and the variable component attributable to absent directors is not re-assigned.
- The Vice-Chairman receives an additional flat fee of €20,000.
- An additional flat fee is paid to committee members in the amount of €10,000, with the fee being doubled for each committee chairman.

› Information provided to directors

In accordance with Article L.225-35 of the French Commercial Code, the Chairman/Chief Executive Officer provides all Board members with the documents and information necessary for the performance of their duties.

As such, all necessary information pertaining to the issues to be examined by the Board is provided to Board members in advance of each Board meeting. Each member receives a preparatory file containing all documents and information subject to their availability and according to the state of progress of cases pertaining to the subjects listed on the agenda for the meeting.

The Board of Directors is also informed by executive management once every quarter with regard to the state of business for the Company and its main subsidiaries. The information includes sales, income trends, debt and the status of credit lines that the Company and its main subsidiaries can draw on, along with 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 under which the Board of Directors operates

Pursuant to the code of corporate governance, the rules of procedure provide for an annual discussion and regular evaluation of the Board of Directors' operations, to be performed by the Appointments and Compensation Committee with the help, if desired, of an external consultant.

A new evaluation of the Board of Directors' organization and operation was implemented during the first quarter of 2011, using responses to a questionnaire sent to each director.

The evaluations and observations made by the Board of Directors' members indicate that the Board's organization and operations are entirely satisfactory with respect to proper corporate governance.

The directors have expressed a desire to name additional directors and, in particular, a second woman, as well as to have the managers of subsidiaries regularly attend Board meetings.

III. PARTICIPATION IN SHAREHOLDERS' MEETINGS

The methods of participating in shareholders' meetings are presented in Articles 25, 27 and 28 of the bylaws (see page 195).

IV. ISSUES THAT 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 on page(s) 26 and *seq.*

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

The Company has not issued any securities with special control rights attached, and there is no control mechanism provided for in any employee stock ownership plan when the control rights are not exercised by employees.

The rules that apply to the appointment and replacement of members of the Board of Directors and to amendments to the Company bylaws are described beginning on page(s) 192 and *seq.*

The powers of the Board of Directors are described on pages 51 and 193. With respect to the issuance of shares, the authorizations granted to the Board of Directors are indicated on page 199, and the powers of the Board of Directors with regard to share repurchases are described on page 28.

Agreements entered into by the Company that are modified or come to an end in the event of a change in the control of the Company are mentioned on pages 211 and *seq.*

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

V. INTERNAL CONTROL PROCEDURES IMPLEMENTED BY RALLYE

The information below was obtained from those responsible for implementing Rallye's internal control procedures and was validated by executive management. This information enabled a factual description to be made of the control environment and procedures put in place.

• 1 > Definition and objectives of internal control procedures

> Reference framework used

Rallye uses the internationally-recognized COSO[1] definition, which is compatible with the AFEP/MEDEF definition[2]: internal control is implemented by an organization's board of directors, executives and staff, and aims to provide reasonable assurance that the following goals will be met:
- effectiveness and efficiency of operations;
- reliability of financial reporting;
- compliance with applicable laws and regulations.

The internal control procedures in force within the Group are thus designed:
- on the one hand, to ensure that management actions are conducted in accordance with applicable laws and regulations, Company values, standards and rules and the strategy and objectives set out by executive management;
- on the other hand, to ensure that the accounting, financial and management information reported to the governance bodies fairly presents the operations and position of the Company and Group.

The main objective of the system of internal controls is to identify, prevent and manage risks resulting from the Company's operations, especially the risks of error or fraud in accounting and financial information, as well as to ensure the effectiveness and efficiency of the organization and the quality of its accounting system and financial information.

As with any control mechanism, however, it can only provide a reasonable assurance, rather than an absolute guarantee, that risks have been eliminated or completely brought under control.

> Control environment

The control environment within the Company consists mainly of principles of corporate governance and Group organization, carefully designed and rigorously applied. The aim is for all risks to be managed as a whole and for a reasonable assessment to be made of potential risks of any kind with which the Group may be faced.

• 2 > Description of control procedures put 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 have an internal audit department available at subsidiary level to manage their own internal control.)

> General organization of internal control

Internal control procedures are part of the general policy framework set out by the Board of Directors and implemented under the direct responsibility of the Company's senior management.

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

- Executive management and the administration and finance department

Rallye's administration and finance department, which reports to executive management, oversees all of the Company's staff departments: management control, accounting, cash management and legal affairs.

- The Board of Directors and the Audit Committee

Given their duties as defined by the Company bylaws and the rules of procedure, the Board of Directors and its Audit Committee take part in the internal control process by expressing opinions and making recommendations to executive management and through the analyses and investigations that they perform or commission.

- Statutory auditors and outside consultants

The statutory auditors certify the individual and consolidated financial statements, in accordance with legal and regulatory requirements, on an annual basis. They also examine the Company's six-monthly consolidated results and verify the information given in the six-monthly report. They are consulted regularly regarding the accounting treatment of ongoing operations. As part of their duties, the statutory auditors also examine how internal control procedures are organized and applied in practice. If necessary, they are asked to issue recommendations.

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

(2) Recommendations of the French association of private companies and the movement of French companies of December 17, 2003, known as "The application of the provisions of financial security law with regard to the chairman's report on internal control procedures implemented by the company".

› Dissemination of information within the Group

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

With the objective of providing reliable financial information and communication, Rallye strives to ensure that the entire organization respects certain references in the performance of its duties, including the manual of accounting and consolidated procedures, general accounting plan, code of ethics described in the Board of Directors' rules of procedure and organizational charts of the Audit Committee and the Appointments and Compensation Committee.

› Identification and assessment of risks

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

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

These risks and the provisions intended to control them are partially detailed in Note 31 "Financial risk management policies and objectives" to the 2011 consolidated financial statements. The main risks related to the Group's financial instruments are discussed, including interest rate risks, currency exchange risks, credit risks, liquidity risks and security risks.

Operational risks related to business operations, legal risks and the description of the policy with regard to insurance are detailed in the Company's Reference Document in the chapter entitled "Other information - information on Rallye's activities".

› 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, the procedures implemented relate mainly to the preparation and processing of financial and accounting information aimed at ensuring that consolidated financial statements are reliable and that subsidiaries are monitored.

- Operating subsidiaries

Each Rallye subsidiary has its own internal audit department charged with ensuring the effectiveness of internal control activities and procedures in order to obtain reasonable assurance that the subsidiary's own risks are under control.

The chairmen of the Casino, Guichard-Perrachon and Groupe Go Sport listed subsidiaries have prepared their own reports on internal control, to which readers may refer. These reports have been made available to the shareholders of the relevant companies.

The Group checks the quality of the information coming from subsidiaries, notably by appointing the same person to several executive bodies as well as through the meetings of the various Audit Committees and Appointments and Compensation Committees. In dealing with a subsidiary's executive management, these committees may count on the participation of all the subsidiary's staff departments.

Information is also verified thanks to the familiarity of Rallye's central management control department with the various IT systems, as well as through the holding of monthly meetings.

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

The Company's legal department performs any special investigations or examinations that it deems necessary for the prevention and detection of any legal irregularity or anomaly in Group management. It regularly communicates with executive management and with administrative and financial management regarding the status of the main disputes that may affect the subsidiaries, as well as with regard to the risks incurred.

- Rallye

› Procedures for monitoring operating risks

- Cash management, financing and expenditure

Within the administration and finance department, the cash management team is in charge of preparing cash management forecasts (e.g. proposed financing and investment policies, preparation of financing plans and cash budgets), optimizing and verifying the Group's cash position on a daily basis and monitoring the banking terms previously negotiated.

Company cash must be invested in instruments whose maturity is matched to the planned duration of the investment, and must never be invested in speculative or risky instruments.

Executive management receives reports of weekly cash flows and the status of credit lines, along with the respective terms and conditions.

Permanent financing arrangements permit optimized management of the balance sheet and financial debt and enhance the Group's financial structure. They are subject to prior approval by the Board of Directors, if necessary, depending upon their level of complexity, e.g. bilateral lines, bond issues, structured financing etc., the latter being subject, as required, to legal, technical and accounting validation by outside consultants.

A formal authorization procedure has been put in place to facilitate and reinforce control over Company expenditure, from financial investments to general administrative expenses. Supporting documents for such expenditure must be approved at the appropriate management level before payment can be made.

- Market risk monitoring

The Company's market risk monitoring policy is described in the Reference Document in the "Other information – Information on Rallye's activities" chapter. In light of the priorities emanating from the latter, those responsible regularly make adjustments to the control measures pertaining thereto.

- Investment portfolio

Investments and divestments require prior approval to ensure that they comply with the Group's strategy and profitability criteria. Weekly reports showing changes to the investment portfolio are sent to executive management.

- Payroll and compensation

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

The Group's legal department regularly monitors changes in legal and social information affecting payroll management.

In addition, the Appointments and Compensation Committee reviews compensation for senior managers; this review is then submitted for approval to the Board of Directors. Compensation for all other employees is validated by executive management.

- IT security

In order to ensure the effectiveness of internal control procedures as well as the security and integrity of all data and data processing in the face of a possible major incident, 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 that are physically secured (through access checks and fire detection systems);
- daily data backups to off-site electronic storage media.

› Procedures for producing and processing financial and accounting data

- Preparation of 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 with regard to the accounting records, the consolidation process and the recognition of off-balance-sheet commitments.

The accounting department implements a standard internal accounting system in accordance with accounting procedure manuals, using Agresso software to produce the individual 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 scheduled account closures are respected, in line with the deadlines set by the Board of Directors and specialized Board committees.

Each subsidiary prepares a monthly budget, which is sent to central management control at Rallye. Accounts are analyzed monthly and are 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 accounts, prepares a file that includes all adjustments and eliminations made and documents the checks performed, thereby ensuring traceability.

In addition, the consolidation department is in charge of updating consolidation procedures, including subsidiaries within the scope of consolidation, information processing and maintaining the consolidation tools.

In the performance of their duties to express an opinion regarding the individual and consolidated financial statements, the statutory auditors prepare a report intended for the Group's shareholders certifying that the financial statements are accurate, truthful and fair in their presentation.

The Group regularly monitors developments in off-balance-sheet commitments, details of which are provided in the notes to the consolidated financial statements. A list of such commitments linked to current activities and exceptional operations is reported every six months to determine whether there is a need to make a provision for the 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.

- Management control
This department reports to the chief financial officer.

The department's duties are 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 executive management;
• help prepare the financial statements;
• prepare the budget and the three-year plan.

- Financial communications
The financial communications department is in charge of fulfilling all obligations for periodic dissemination of financial information to the market and to stock market regulatory agencies. It communicates the Company's strategy and performance to the financial markets.

Beginning January 20, 2007 and in accordance with Article L.451-1-2 of the French Monetary and Financial Code, which results from transposition of the EU's so-called "Transparency" directive (Directive 2004/109/EC), Rallye is making a "Regulatory Information" section available on its website, http://www.rallye.fr/fr/investisseurs/information-reglementee, and is transmitting this information electronically to a professional news distributor that meets the requirements set forth in the FMA's general regulations. In this section, documents pertaining to the regulatory information distributed from 2007 onward are published and archived for five years.

Statutory Auditors' report

PREPARED IN ACCORDANCE WITH ARTICLE L.225-235 OF THE FRENCH COMMERCIAL CODE ("CODE DE COMMERCE"), ON THE REPORT PREPARED BY THE CHAIRMAN OF THE BOARD OF RALLYE

Year ended 31 December 2011

This is a free translation into English of the statutory auditors' report on the financial statements issued in French and it is provided solely for the convenience of English-speaking users. The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions or disclosures. This report also includes information relating to the specific verification of information given in the management report and in the documents addressed to the shareholders. This report should be read in conjunction with and is construed in accordance with French law and professional auditing standards applicable in France.

To the Shareholders,

In our capacity as Statutory Auditors of Rallye, and in accordance with Article L.225-235 of the French Commercial Code ("Code de commerce"), we hereby report to you on the report prepared by the Chairman of your company in accordance with Article L.225-37 of the French Commercial Code for the year ended 31 December 2011.

It is the Chairman's responsibility to prepare, and submit to the Board of Directors for approval, a report on the internal control and risk management procedures implemented by the Company and containing the other disclosures required by Article L.225-37 of the French Commercial Code relating to matters such as corporate governance.

It is our responsibility:
- to report to you on the information contained in the Chairman's Report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information, and
- to attest that this report contains the other disclosures required by Article L.225-37 of the French Commercial Code, it being specified that we are not responsible for verifying the fairness of these disclosures.

We conducted our work in accordance with professional standards applicable in France.

INFORMATION ON THE INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES RELATING TO THE PREPARATION AND PROCESSING OF ACCOUNTING AND FINANCIAL INFORMATION

Professionnal standards require that we perform the necessary procedures to assess the fairness of the information provided in the Chairman's Report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information. These procedures consisted mainly in:
- obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information on which the information presented in the Chairman's Report is based and existing documentation;
- obtaining an understanding of the work involved in the preparation of this information and existing documentation;
- determining if any significant weaknesses in the internal control procedures relating to the preparation and processing of the accounting and financial information that we would have noted in the course of our assignment are properly disclosed in the Chairman's Report.

On the basis of our work, we have nothing to report on the information in respect of the company's internal control and risk management procedures relating to the preparation and processing of accounting and financial information contained in the report prepared by the Chairman of the Board in accordance with Article L.225-37 of the French Commercial Code.

OTHER DISCLOSURES

We hereby attest that the report prepared by the Chairman of the Board includes the other disclosures required by Article L.225-37 of the French Commercial Code.

French original signed by
The Statutory Auditors

Paris La Défense, 2 April 2012

KPMG Audit	ERNST & YOUNG et Autres
A division of KPMG S.A.	
Patrick-Hubert Petit	Pierre Bourgeois
Partner	Partner