2010 ANNUAL REPORT

Rallye

2010 Annual Report

RALLYE

Société anonyme with share capital of €132,900,009

054.500.574 RCS PARIS

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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

BOARD OF DIRECTORS

Jean-Charles NAOURI [1]
Chairman

André CRESTEY [1]
Vice Chairman

Didier CARLIER
Representing Foncière Euris[1]

Philippe CHARRIER [1]
Independent Director

Jean CHODRON DE COURCEL [1]
Independent Director

Jacques DERMAGNE [1]
Independent Director

Jacques DUMAS [1]
Director

Jean-Marie GRISARD
Representing Finatis [1]

Didier LÉVÊQUE
Representing Matignon Corbeil Centre [1]

Odile MURACCIOLE
Representing Eurisma [2]

Gabriel NAOURI
Representing Euris [1] [3]

Christian PAILLOT [1]
Independent Director

Jean LÉVY [1]
Non-voting observer (advisor to the board)

EXECUTIVE MANAGEMENT

Jean-Charles NAOURI
Chairman/Chief Executive Officer

Didier CARLIER
Deputy Managing Director

STATUTORY AUDITORS

ERNST ET YOUNG et Autres [1]
Represented by Pierre BOURGEOIS

KPMG Audit
Department of KPMG S.A.
Represented by Patrick-Hubert PETIT

(1) Proposed reappointments to be put to the Ordinary Shareholders' Meeting of May 4, 2011
(2) Appointment of Eurisma at the Ordinary Shareholders' Meeting of May 4, 2011
(3) Approval of the appointment of Euris at the Ordinary Shareholders' Meeting of May 4, 2011

CHAIRMAN'S MESSAGE

Over the last few years, Casino – Rallye's main subsidiary – has built up its growth profile based on its positioning as an international leader in countries with strong potential as well as its portfolio of diversified activities in France, with a predominance of convenience and discount stores and a top position in B-to-C non-food e-commerce.

In 2010, Casino's organic growth accelerated to 4.7%. This good performance, achieved in a macroeconomic environment that remains weak in Europe, attests to two positive developments along the same lines: In France, sales trends have been steadily improving and convenience store growth has been accelerating, particularly that of Franprix (as a result of sustained expansion) and that of Cdiscount; internationally, business activities rose strongly (up 22.3%) due to the effect of double-digit organic growth (up 10.8%) and the favorable impact of foreign exchange rates.

In 2010, Casino met the operational and financial excellence targets it had set for itself for the 2009-2010 period in terms of cost reduction, decrease in inventory and disposal of assets (€1.4bn compared to a €1bn target). Net debt was thus reduced to €3,845m at the end of December 2010 (vs. €4,072m at the end of 2009) and net debt/EBITDA was lowered to 1.97x at the 2010 year-end, below the 2.2x target.

In 2011, Casino's objectives are to reinforce its market share in France, notably by continuing to expand its convenience and discount store model, to increase Franprix Leader Price's margin, to maintain high and profitable organic growth internationally and to continue to pursue its strategy of asset rotation with target disposals of €700m.

Groupe GO Sport's current operating income remained practically unchanged, while sales declined slightly by 1.5%. GO Sport France's sales were in fact penalized early in the year by the renovation carried out at the main stores in order to bring them in line with the new concept offset by a strong improvement in trends in the second half, supported notably by the encouraging performance of the renovated stores. The increase in sales at Courir confirmed the success of its repositioning and its renewed sales momentum. In Poland, the encouraging performance over the 4th quarter attests to the relevance of the new store concept, mirroring that launched in France and now deployed across one third of store sites. Groupe GO Sport intends to continue to implement its action plans focused on a greater differentiation of product offerings and the deployment of the new GO Sport and Courir concepts.

In accordance with the strategic decision announced, the sale of Rallye's investment portfolio, valued at €435 million as of December 31, 2010, continues with €79 million in assets sold over fiscal year 2010.

Overall, Rallye's consolidated sales and current operating income rose by 8.4% and 4.8%, respectively, while the group share of net income from continuing operations reached €12 million compared to €79 million in 2009.This decrease is the result primarily of the increase in financial expenses, tied to the numerous refinancing activities carried out since the fall of 2009 and the high liquidity position which has resulted in sizeable carrying costs. It is also due to the lack of significant capital gains on disposals, with the previous year having benefitted from the disposal of the Mercialys shares.

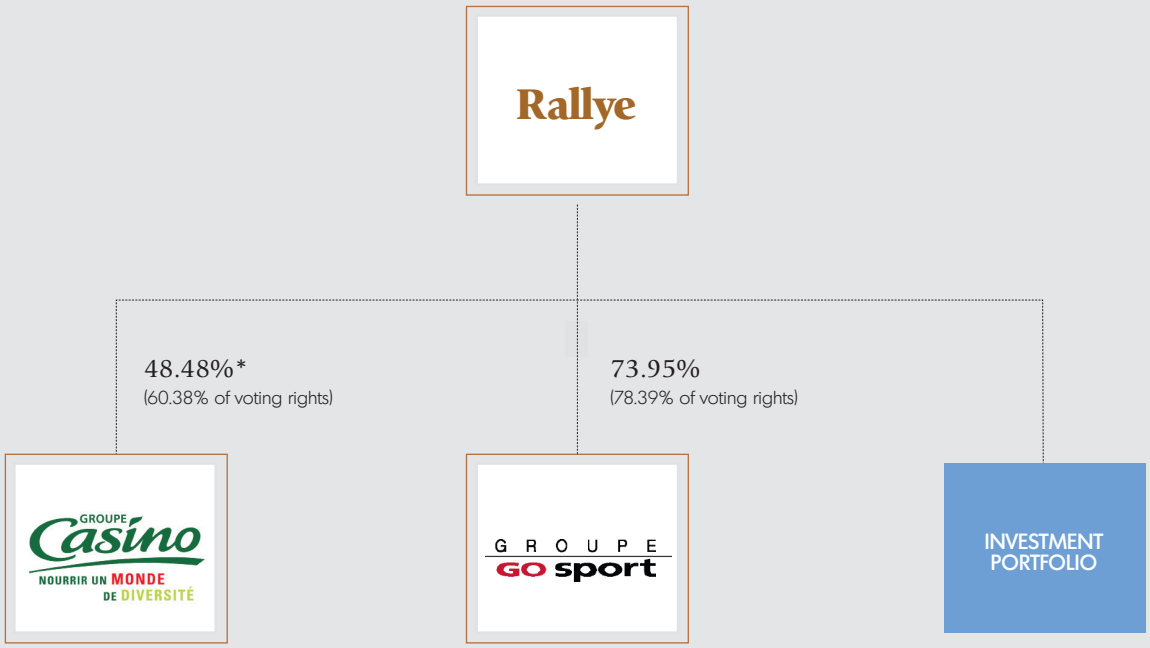
Rallye enjoys a stronger liquidity position, with 1.7 billion euros in confirmed, unused and immediately available lines of credit resulting from the February 2011 refinancing of the syndicated credit line, the amount of which is now 735 million euros and the maturity of which was extended to 2016, together with close to 800 million euros in liquid assets.

The Board of Directors will propose to the Shareholders' Meeting of May 4, 2011 the payment of a dividend of 1.83 euros per share, unchanged from 2009, with an interim dividend of 0.80 euros having been paid on October 7, 2010. Shareholders will have the option to elect payment in shares for the balance of 1.03 euros.

Finally, I would like to extend a warm thank you to all of Rallye's employees as well as to all partners who, by their motivation and commitment, are making it possible for the Group to look forward to the future with confidence.

Jean-Charles NAOURI

SIMPLIFIED GROUP ORGANIZATIONAL CHART AS OF DECEMBER 31, 2010



Companies listed on the stock market
* as a percentage of common shares

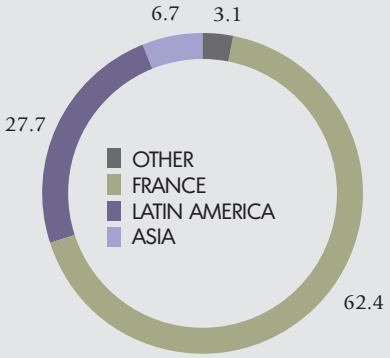
CONSOLIDATED HIGHLIGHTS

Continuing operations (in € millions)	2010	2009	2008[1]
Pre-tax sales	**29,780**	**27,478**	**27,820**
EBITDA[2]	1,965	1,889	1,931
Current operating income	**1,286**	**1,227**	**1,265**
Net income from continuing operations	**498**	**448**	**275**
Attributable to company owners	12	79	(83)
Net income from discontinued operations	**(10)**	**226**	**1**
Attributable to company owners	**(5)**	**22**	**(4)**
Net income	**488**	**674**	**276**
Attributable to company owners	7	101	(87)
Equity – attributable to company owners	1,982	1,785	1,506
Market capitalization on December 31	1,426	1,038	682
Registered employees (No.)[3]	175,380	168,043	169,176

(1) Since January 1, 2009, IFRS 8, "Operation Sectors" and the interpretation of IFRIC 13, "Customer Loyalty Program," took effect; fiscal year 2008 data were restated accordingly.
(2) EBITDA = current operating income + depreciation charges for current operations.
(3) Employees from affiliates are not included as employees; employees from joint ventures are recorded up to the percentage of the Group's stake.

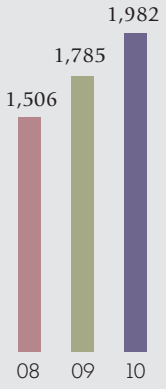
2010 HIGHLIGHTS

SALES BY GEOGRAPHICAL AREA
AS OF DECEMBER 31, 2010



SALES BY ACTIVITY
AS OF DECEMBER 31, 2010

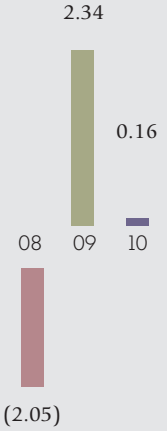
EQUITY ATTRIBUTABLE TO
COMPANY OWNERS
(In € millions)



SALES
(In € millions)

NET INCOME, ATTRIBUTABLE
TO COMPANY OWNERS
(In € millions)

NET INCOME, ATTRIBUTABLE
TO COMPANY OWNERS
(In € by share)



CURRENT OPERATING INCOME
(In € millions)

08: 41,987,028 – 09: 43,104,580 – 10: 43,581,394
Weighted number of shares

Rallye management report

SIGNIFICANT EVENTS

CASINO: SUCCESS OF BOND EXCHANGE OFFER

During the first half of 2010, Casino successfully conducted two bond exchange offers, for a total amount of €1.4 billion.
The first, launched January 26, 2010, for bonds maturing in 2012 and 2013, reduced by €440 million and €354 million, respectively, closed **February 8, 2010**. In exchange for the bonds taken in, a new stub security in the amount of €888 million and maturing in February 2017 was issued at a rate equal to mid swap + 135 basis points.
The second, launched April 20, 2010 for bonds maturing in 2011, 2012, and 2013, reduced by €190, €156 and €127 million, respectively, closed **May 11, 2010**. In exchange for the bonds taken in, a new stub security in the amount of €508 million with a maturity of November 2018 was issued at a rate equal to mid swap + 160 basis points.These two transactions considerably improved Casino's debt profile, extending the average maturity of its bond indebtedness from 2.9 years to 4.4 years.

RALLYE: SUCCESSFUL INVESTMENT OF A €500 MILLION, 4-YEAR BOND ISSUE AND RETIREMENT OF BONDS MATURING IN 2011

Rallye successfully carried out a bond issue on **March 15, 2010** in an amount of €500 million and maturing on March 24, 2014, with a coupon rate of 5.875%. Inter alia, this issue served to finance the retirement of bonds maturing in 2011 in the amount of €123 million. Rallye's debt profile was thereby improved, its maturity extended and its liquidity situation strengthened.

CASINO: A LARGER STAKE IN GPA (GRUPO PAO DE AÇUCAR) FOLLOWING THE PREFERRED SHARE ISSUE

GPA's General Meeting of Shareholders of April 29, 2010 approved the issuance of 1.1 million preferred shares to Casino, valued at 67 million reais[1] (equivalent to €30 million). This issue, which was finalized in **early June 2010**, increased Casino's financial stake in GPA from 33.4% to 33.7%. It comes within the scope of

(1) Based on a share price of 6.39 Reais, which corresponds to the volume-weighted average price of the 15 most recent trading sessions preceding the date on which the General Meeting was called.

CASINO SUPERMARCHÉ, Toulouse, France

PETIT CASINO, Roissy, France

MONOPRIX, Aix-en-Provence, France

GÉANT CASINO, Bordeaux Villenave d'Ornon, France

Rallye management report

SIGNIFICANT EVENTS

the agreement entered into with the Diniz family in May 2005, under the terms of which the Casino Group, at the end of 2006, contributed to GPA the goodwill generated in the successive acquisitions of shares in the company.
Amortization of the contributed goodwill will generate overall tax savings for GPA of 517 million reais (€235 million) over an estimated period of 6 years beginning in 2008. In exchange for this contribution, GPA agreed to retrocede to Casino 80% of the tax savings achieved through the issuance to Casino of new GPA preferred shares.
At the end of the goodwill amortization period, based on GPA's current stock exchange price, Casino's financial stake in GPA will increase to around 35%[1].

RALLYE: RESULT OF PAYMENT OF THE BALANCE OF THE 2009 DIVIDEND AND INTERIM 2010 DIVIDEND IN SHARES

The May 19, 2010 General Meeting of the Shareholders of Rallye resolved to pay a dividend of €1.83 per share for fiscal year 2009, unchanged as compared to the 2008 dividend. An interim dividend of €0.80 per share was paid on October 2, 2009, leaving a balance of €1.03. Shareholders were given the choice of taking up to 50% of the balance (i.e., €0.515) in cash or in new company shares. 75.25% of the rights exercised opted for payment in shares, which helped Rallye increase its equity capital by €16.2 million, through the creation of 688,754 new shares. Payment of the balance of the dividend in cash, in an amount of €26.7 million, was made on **June 18, 2010**.
Similarly, on September 6, 2010 the Board of Directors decided to distribute an interim dividend of €0.80 per share for the 2010 fiscal year, which could be taken in new company shares at the shareholder's option. 85.02% of the rights exercised opted for payment in shares, which helped Rallye increase its equity capital by €28.9 million, through the creation of 1,251,109 new shares. Payment of the interim cash dividend, in the amount of €5.1 million, was made on **October 7, 2010**.

CASINO: NEGOTIATIONS FOR AGREEMENT BETWEEN GPA AND CASAS BAHIA FINALIZED

On July 1, 2010, GPA announced that it had signed an addendum to its joint venture agreement with Casas Bahia, the largest non-food distributor in Brazil. Under this addendum, the parties agreed to amend certain terms without modifying the general principles of the agreement entered into in December 2009.
This strategic partnership will help GPA solidify its position as the No. 1 distributor in Brazil, and has confirmed the strategic importance of both GPA and Brazil for the Group. The agreement took effect on November 9, 2010, the date on which GPA's General Meeting of Shareholders approved the takeover of Casas Bahia's business. Casas Bahia has been fully consolidated with GPA since that date.

CASINO: PARTNERSHIP AGREEMENT WITH GROUPE CRÉDIT MUTUEL-CIC

On July 27, 2010, the Casino Group announced the signing of a long-term partnership in France in the area of financial products and services with Groupe Crédit Mutuel-CIC, via its subsidiary, Banque Casino. This partnership will increase Groupe Crédit Mutuel-CIC's stake in Banque Casino to 50%.
Prior to this, Banque Casino was 60% owned by Casino and 40% by LaSer Cofinoga. Casino has exercised its call option on the shares held by LaSer Cofinoga. These shares, along with 10% of Casino's current stake, will be sold to Crédit Mutuel.
The transaction is expected to be done during the next 18 months. This project is subject to approval by the regulatory authorities.

CASINO: ACQUISITION OF CARREFOUR'S OPERATIONS IN THAILAND BY BIG C, WHICH BECOMES THE CO-LEADER AMONG THAI HYPERMARKETS

On **November 15, 2010**, Big C, a Casino subsidiary, announced that it had signed a definitive agreement with Carrefour to acquire its business operations in Thailand for a total value of THB 35.5 billion (€868 million)[2].
Carrefour Thailand operates a portfolio of 42 stores (including 34 hypermarkets) and 37 shopping malls. The company is expected to achieve sales of approximately THB 30 billion (€734 million) in 2010. With 103 hypermarkets in total and combined earnings of over THB 100 billion (€2.4 billion) expected in 2010, Big C will significantly expand its market share and will become the co-leader of the Thai hypermarket segment.
Carrefour Thailand operates 37 shopping malls, accounting for close to 50% of its EBITDA. After the transaction, the combined portfolio will include more than 100 malls, totaling 585,000 m² in gross leasable space. This enlarged portfolio will reinforce Big C's dual retail/property strategy, allowing for value-creating initiatives to be implemented.
The acquisition will generate significant synergies, representing around 1.2% of combined 2010 sales on a full-operation basis. These synergies will be fully implemented by 2013.
The transaction will be financed out of Big C's existing cash as well as through debt financing, and will have a positive impact on Big C's net earnings from year one.
In this regard, and supplementing the €1 billion asset disposal program, Casino announced its intention to dispose of assets totaling €700 million in 2011.
This transaction was approved by Big C's General Meeting of Shareholders of January 5, 2011, which made the transaction effective as of that date.

(1) If minority shareholders exercise their preferred subscription rights, GPA will pay a portion of the tax savings achieved in cash and thus Casino's percentage increase in its financial stake in GPA will be lower.
(2) Based on a THB/€ exchange rate of 40,859 on November 12, 2010

CASINO: STRATEGIC PARTNERSHIP WITH THE BOLIVARIAN REPUBLIC OF VENEZUELA

On January 17, 2010, Venezuelan authorities ordered the nationalization of the Exito hypermarkets operated in Venezuela. As a result, Casino's interest in Venezuela as of January 1, 2010 was no longer fully consolidated and was reclassified as "assets held for sale" under IFRS 5.
On **November 26, 2010**, a strategic partnership agreement was signed with the Bolivarian Republic of Venezuela, which acquired 80.1% of the capital of Cativen, for a total amount of USD 690 million. Casino retained a 19.9% stake in the company to continue providing operational support to and to develop its collaboration with the new state-controlled entity.
Under this agreement, the Group will receive a total sum of USD 622.5 million, 60% upon finalizing the transaction, of which 20% in cash and 40% in two promissory notes. The remaining 40% will be paid in cash following a payment schedule that extends until February 2011.

CASINO: HIGHER SALES GROWTH SPURRED BY STRONGER SALES MOMENTUM IN FRANCE AND DOUBLE-DIGIT ORGANIC GROWTH ABROAD

In 2010, Casino achieved a strong 8.7% growth in consolidated sales. In terms of organic growth, the uptick in sales (+4.7%) was spurred by a stronger sales momentum in France and double-digit organic growth abroad. Group's COI was up 7.5%, revealing the sharp growth in COI internationally (+30.2%). In France, COI dropped 4.1% (-10.5% on a same-store basis) due to major commercial investments at Franprix-Leader Price and Géant.
In France, sales trends have gradually improved, shown in the significant recovery of Leader Price's same- store sales beginning in the 3rd quarter and Géant's improved performance in the food segment. The accelerated growth experienced in convenience stores and Cdiscount also contributed to this recovery of sales momentum. On a same-store basis, growth rose 1.8% in 2010 (+0.6% excluding gasoline). Casino thus achieved its goal of strengthening its market share, which was up by 0.2% at the end of the year.
International business posted a very sharp rise (+22.3%), spurred on by double-digit organic growth (+10.8%) and the favorable impact of foreign exchange rates. South America saw a 13.0% organic growth in sales, brought on by a double-digit same-store increase. Asia reported sustained organic growth in sales (+7.4%).

GROUPE GO SPORT: EBITDA STABLE, RISING SHARPLY IN THE SECOND HALF OF 2010 RELATIVE TO THE COMPARABLE PERIOD IN 2009, AND AN ALMOST LEVEL COI FOR THE YEAR 2010

Groupe GO Sport's pre-tax consolidated sales as of December 31, 2010 were €683.1 million, a slight drop of 1.5% compared to 2009.
In France, GO Sport's same-store sales receded by 3.1% in 2010, following a first half penalized by renovation work on the 32 major stores in the network. These stores, along with the increased efforts to differentiate its products, began to show results in the 2nd half. Sales of Courir posted a highly satisfactory gain in 2010, up 3.6% on *a same*-store basis, confirming the recovery of the brand's sales momentum.
Internationally, same-store sales of GO Sport Poland at constant exchange rates pulled back 1.8% for 2010, but the very encouraging 4th quarter performance confirms the effectiveness of the store's new concept.
Sales margins posted a gain of 1.6 points over 2009, reaching 41.5%, and COI remained practically even, at -€0.4 million versus +€1.1 million in 2009.
In late June 2010, the Group refinanced the existing syndicated loan by taking out a line of credit with a syndicate of banks in a maximum amount of €120 million for a term of three and a half years. Financial debt was €31.5 million, down €15.6 million compared to the end of 2009, essentially due to a reduced need for working capital.

Rallye management report

SUBSEQUENT EVENTS

CASINO: BUY-OUT OF THE REMAINING INTEREST OF THE CHARLE BROTHERS IN CDISCOUNT

On **January 6, 2011**, Casino announced that it would buy out the Charle Brothers' remaining 18.6% interest in Cdiscount. The Group now holds 99.6% of the capital of the e-commerce site. The Charle brothers have expressed an interest in pursuing other professional projects and have therefore also abandoned their operational roles at Cdiscount, where ongoing Management will be overseen by Olivier Marcheteau, Chairman of the Board of Directors, and Emmanuel Grenier, Chief Executive Officer.

CASINO: ARBITRATION DECISION

On **February 10, 2011**, Casino learned of the arbitration panel's decision to reject the request submitted by the Baud family 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, will have to pay only €34 million, corresponding to (i) Franprix and Leader Price dividends for the year 2008; (ii) a supplement to the purchase price of Franprix and Leader Price shares previously bought by Casino, and; (iii) late interest payments in addition to the €18 million in interest already paid to the Baud family. This sum of €34 million is very much less than the €67 million in provisions previously set aside in the Casino Group accounts.

LEADER PRICE, Brétigny-sur-Orge, France

CDISCOUNT, Bordeaux, France

FRANPRIX, Paris XIe, 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.

Furthermore, Rallye manages a diversified investment portfolio consisting of financial investments (direct equity interests or specialized funds) on the one hand and commercial real-estate developments on the other.

CASINO

In 2010, Casino achieved consolidated sales of €29.078 billion, up 8.7% over 2009. Growth in sales on a same store basis[1] was 4.7% (+3.9% excluding gasoline).

Current operating income was €1.300 billion, an increase of 7.5%, or an increase of 2.6% before reclassification of the company value-added tax (CVAE[2]).

The Group's sales and current operating income is broken down as follows:

(In € millions)	2010[3]	2009	Change
France	**17,956**	**17,664**	**+1.7%**
International	**11,122**	**9,093**	**+22.3%**
South America	8,245	6,563	+25.6%
Asia	2,009	1,686	+19.2%
Others	868	844	+2.8%
Total Group	**29,078**	**26,757**	**+8.7%**

Current operating income

(In € millions)	2010[3]	2009	Change
France	**769**	**802**	**-4.1%**
International	**530**	**407**	**+30.2%**
South America	372	250	+48.9%
Asia	121	92	+32.1%
Others	38	66	n.s.
Total Group	**1,300**	**1,209**	**+7.5%**

France

France accounts for 62% of the sales and 59% of the Group's current operating income.

In France, sales gained 1.7% over 2009. The year was highlighted by a recovery in the growth of sales, up 1.8% on a same-store basis, and 0.6% excluding gasoline (versus -3.8% and -2.7%, respectively, in 2009).

Current operating income fell by 4.1% relative to 2009. Current operating profit was 4.3%, down 26bp compared to 2009. In terms of organic sales, it fell by 55bp largely based on the drop in Franprix-Leader Price's margins.
Casino's sales in France are broken down as follows:

Sales

(In € millions)	2010	2009	Change
Franprix / Leader price	4,026	4,007	+0.5%
Monoprix	1,914	1,829	+4.7%
Casino France	12,016	11,829	+1.6%
Total France	**17,956**	**17,664**	**+1.7%**

- Franprix-Leader Price sales have resumed their growth (+0.5%).

(1) On a like-for-like basis and at constant exchange rates, excluding the impact of property disposals, and prior to the reclassification of company value-added tax (CVAE).

(2) The Group reviewed the accounting treatment of taxes in France following the tax changed associated with the 2010 finance law passed December 30, 2009, which eliminates the liability of French tax units for trade income tax (taxe professionnelle):
- starting with fiscal year 2010, the total amount of the charge associated with CVAE (cotisation sur la valeur ajoutée des entreprises/company value-added tax) is presented on the "income tax" line in accordance with the position taken by the Group and the provisions of IAS 12;
- this reclassification had a favorable impact of +€59.2 million on EBITDA and COI, while its effect on net income was neutral.

(3) Restated for Venezuela, which was deconsolidated as of January 1, 2010

Rallye management report

BUSINESS REVIEW

- Leader Price's same-store sales were significantly higher starting in the 2nd half of 2010. This strong performance shows the effectiveness of the recovery plan the brand instituted at the start of the year, which boosted both the number of shoppers and the amount purchased. Starting in the first half of the year, significant price cuts were made, while at the same time marketing was intensified. In the 2nd half, this program was further strengthened by the roll-out of new store concepts, the gradual introduction of a selection of 250 national brands, and an increase in the number of Leader Price store-brand products.
- Franprix posted sustained 6.4% growth in overall sales due to the dynamics of the network's expansion. The brand also pursued a program of renovating its stores: in late 2010, over 50% of the stores were using the new concept.

- **Monoprix**' same store sales were up 2.5%. This highly satisfactory performance was led by the food division, with an uptick in the volume of PGC-FI[1]. The brand instituted an end-of-year price reduction of 2% and redesigned brand packaging for its own core line of "M" products. Monoprix also pursued its proactive expansion policy across all formats, by opening 27 stores in 2010. Overall, Monoprix' sales were up 4.7%, with a 0.1% point gain in market share at the end of the year.

CASINO FRANCE

- **Géant Casino** hypermarkets posted sales of €5.516 billion, down 0.6% compared to 2009. Excluding gasoline, same-store sales were down by 4.4%. The average purchase fell by 0.7% and the number of shoppers was down 3.7%. Food sales showed a noticeable improvement quarter by quarter, as Géant experienced the payoff of the initiatives it implemented to improve the competitiveness of its prices. Following the price reductions in the first half of the year, the brand focused on promotions and customer loyalty in the 2nd half. These initiatives helped Géant to stabilize its market share by the end of the year. Non-food sales were down 6.0%. The brand pursued efforts to reposition its product line into the most profitable categories (Textiles, Home, Leisure). A major effort to trim stock and obsolete items was also undertaken. The priority for 2011 will be to improve performance by the non-food division.
- **Casino Supermarchés** posted 2010 sales up 4.0%, to €3.490 billion, versus €3.355 billion in 2009 (+1.7% excluding gasoline). Same-store sales excluding gasoline were stable (-0.1%). The brand sped up its expansion efforts in 2010 by opening 11 supermarkets, compared with 3 in 2009. Market share held steady for the year.
- **Small supermarkets** saw a slight dip in sales (-0.8%), to €1.494 billion, compared to €1.506 billion in 2009, in particular reflecting the end of the store streamlining plan. 321 outlets were opened during the year, and 304 closed (excluding trading depots).
- The Group's other business saw sales gains of 6.8% in 2010 (+9.0% in same-store sales).
  - **Cdiscount's** sales growth accelerated in the 2nd half of the year to an 18.5% organic increase, as compared to 10.1% growth in the 1st six months. Household appliances and "Homewares" made a strong contribution to the growth in sales at Cdiscount, which continued to expand its range of products by developing new departments like toys and jewelry. The development of "to go" items was also a key to this success.
  - **Mercialys** posted a double digit gain in rental income (+11.4%[2]). The company pursued its "Esprit Voisin" program, completing 7 deliveries throughout the year. The year was also marked by a new phase in its value-creation strategy with the implementation of an active portfolio arbitrage policy. €121.5 million in sales were achieved in 2010.

International

International sales were up 22.3%. Organic sales growth internationally posted a double digit increase (+10.8%), which is a pronounced acceleration over 2009 (+4.9%).
Current operating income from the International area rose 30.2% (+9.2% organically). Current operating margins were up 29bp, at 4.8%. On a same-store basis, sales fell back slightly (-7bp), reflecting a drop in income from promotional activities in Poland. Profits in South America and Asia on a same store basis grew by 28bp and 56bp, respectively.

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, primarily with Big C in Thailand.

International contributed 38% to the Group's sales and 40% to current operating income (versus a 34% contribution to sales and current operating income in 2009).

- Sales in **South America** were up 25.6% (+13.0% on an organic basis). In **Brazil**, GPA posted very strong growth in same-store sales of 13.2%[2]. Overall, sales in Brazil were up by 38.5% (at constant exchange rates) for the entire year, helped by the positive impact of the Ponto Frio consolidation over the whole year and the consolidation of Casas Bahia since November 1, 2010. In Colombia, whose economic environment was more favorable than in 2009, Exito recovered its sustained growth in same-store sales (+5.7%[1] versus a drop of 4.1%[1] in 2009), and

(1) PGC-FI : Produits de Grande Consommation et Frais Industriels/ Consumer Packaged Goods and Production Costs (CPG-PC).
(2) Data published by the company.

posted total sales growth of 7.7%[1] in 2010, beating the market. **Argentina** and **Uruguay** continued to post strong growth in same store sales.
Current operating income was up 48.9% (20.3% on a same-store basis). Current operating profit improved by 70bp due to the favorable impact of the deconsolidation of Venezuela (where profit margins were lower than the rest of the geographical area), partially offset in the first half by the consolidation of Ponto Frio (whose profit remains below the rest of the region). In terms of same-store sales, profit in South America gained 28bp.

- **Asia** posted sales that were up 19.2%. From an organic perspective there was sustained growth (+7.4%), led by a very strong performance in same store sales (+6.0%). In Thailand, Big C's same store sales rose despite political troubles during the first half of the year. Overall sales for Big C were up by 3.1%[1]. Big C's General Meeting of Shareholders approved the January 5, 2011 acquisition of Carrefour's operations in Thailand, which made Big C the co-leader in Thailand's hypermarket segment. Vietnam continued to post very strong growth in sales (over 40% at constant exchange rates) and accelerated its expansion with 5 hypermarkets opened in 2010, including 4 in the fourth quarter. Current operating income gained 32.1% (+18.4% in organic terms), and organic operating profit improved by 56bp, spurred on by the significant increase in profitability in Thailand and Vietnam.

Casino's key figures

Casino's key figures for 2010 compared to 2009 are as follows:

(In € millions)	2010	2009	2010/2009 Change
Net sales	29,078	26,757	+8.7%
EBITDA	1,953	1,849	+5.6%
Current operating income	1,300	1,209	+7.5%
Current operating profit	4.5%	4.5%	
Income before corporate income tax	953	828	+15.0%
Net income			
▪ continuing operations, Group share	559	543	+3.0%
▪ discontinued operations, Group share	(9)	48	
Net income, Group share	550	591	-7.0%
Net financial debt	3,845	4,072	

Net financial debt was €3.845 billion, as compared to €4.072 billion at the end of 2009. The net debt to EBITDA ratio was thus brought down to 1.97 at the end of 2010, lower than the target of 2.2.

The price of Casion's shares as of December 31, 2010 was €72.95, with a market capitalization of €8.1 billion. Rallye owned 48.48% of Casino shares and 60.38% of its voting rights.

(1) Data published by the companies.

ÉXITO, Manizales, Colombia

BIG C, Ramjari, Bangkok, Thailand

PÃO DE AÇÚCAR, São Paulo, Brazil

GROUPE GO SPORT

Groupe GO Sport's consolidated pretax sales as of December 31, 2010 were €683.1 million, a slight dip of 1.5% as compared to 2009.

In France, sales of the GO Sport brand were down 3.1% in same-store terms in 2010, following a first half that was penalized by renovation work to implement the new merchandising approach across the 32 main stores in its network. This renovation, together with an increased effort at product differentiation, bore fruit in the 2nd half of the year, as shown by the growth trends in the 3rd and 4th quarters, with same-store sales up by 1.1% and 8.3%, respectively. Courir's sales recorded very satisfactory growth in 2010, up 3.6% in same-store sales, which confirms the recovery of the brand's sales momentum. Growth greatly accelerated in the 3rd and 4th quarters (+7.9% and +17.8% in same store sales, respectively) due to the impact of better product differentiation, the rollout of a textile and accessory line across the entire network and a fuller exploitation of sales floor space. Internationally, GO Sport Poland's same store sales at constant exchange rates were off by 1.8% for 2010. The very encouraging 4th quarter performance (+12.7% in same-store sales at constant exchange rates) proves the effectiveness of the store's new concept, modeled after the one in France and now deployed in a third of the stores.

Profit margins were up 1.6 points over 2009, reaching 41.5%, primarily from the impact of inventory clearance, the increase and optimization of promotion-related purchases and logistical gains associated with transferring GO Sport's brand-dedicated warehouse in France to Moreuil.

COI remained essentially stable, as the rise in value of gross margins largely offset the increased personnel costs associated with increasing the number of in-store staff, which was needed to support the new concept, as well as the marketing and customer loyalty teams at the head office. EBITDA remained essentially stable for 2010, at €20.3 million, after posting large gains in the second half of 2010: +€4.4 million compared to the second half of 2009.

Net financial debt was €31.5 million, down €15.6 million from the end of 2009, caused primarily by a reduction in the need for working capital.

In 2010, Groupe GO Sport opened 8 GO Sport stores (1 in France, 1 in Poland and 6 franchised stores). Store streamlining continued both in France, with the closing of 5 GO Sport stores, 14 Courir stores and the last Moviesport, and abroad with 1 GO Sport closing in Poland, along with 3 GO Sport stores and 9 Courir franchises.
This left the Group with a total of 362 outlets as of December 31, 2010: 177 GO Sport (including 28 franchises), and 185 Courir (including 16 franchises).

GO SPORT, Gaité Montparnasse, Paris, France

COURIR, Lyon, France

Rallye management report

BUSINESS REVIEW

GO Sport's key figures for 2010 compared to 2009 were as follows:

(In € millions)	2010	2009
Net sales	683.1	693.8
Current operating income	(0.4)	1.1
Operating income	1.2	2.9
Profit before tax	(1.4)	0.4
Net income	(5.9)	(1.4)
Free cash flow	18.5	20.3
Investment net of disposals	(15.8)	(12.4)

GO Sport's share price as of December 31, 2010 was €11.64, with a market capitalization of €44 million. Rallye held 72.86% of the shares and 78.38% of the voting rights at that date.

INVESTMENT PORTFOLIO

Rallye's investment portfolio was valued at €435 million as of December 31, 2010, compared to €517 million as of December 31, 2009. At the end of 2010, the portfolio consisted of financial investments with a market value[1] of €295 million (vs. €350 million at end-2009) and real estate developments measured at their historical cost[2] of €140 million (vs. €167 million at the end of 2009).
In 2010, the financial investment portfolio contributed €11 million to Rallye's current operating income, compared to €23 million in 2009.
The €295 million in **financial investments** are broadly diversified in terms of geography: 46% North America, 29% Europe, 20% Asia, 5% rest of the world. Investments are also diversified by sector. LBOs make up 38% of financial investments, real estate funds 22%, energy 22%, development capital 2% and other sectors 16%. 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, 2010, the portfolio had around 120 lines, four-fifths being less than €4 million with a per-line ceiling of €17 million in net cash invested. Systematic currency hedging allows the Group to eliminate exposure to exchange rate movements.

The €435 million investment portfolio also includes **real estate developments** valued at €140 million. These are high-quality real estate assets, mostly held through Foncière Euris, and very broadly diversified geographically.

- *Leto*, a shopping center in Saint-Petersburg, **Russia**, pending completion;
- 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 currently under construction; and land in Poznan;
- A shopping center (*Loop5* 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 Paris-Beaugrenelle, which is under construction;
- A residential development, the marketing for which is almost completed, and land *(Repton Place)*, near Boston, **in the United States.**

In accordance with the strategic decision announced in August 2008 to reduce the size of the portfolio, the planned sale of assets went forward in 2010, with €79 million in assets being sold over the entire fiscal year. The Group also collected €15 million for the year (net of investments and changes in the scope of consolidation), and recorded a €12 million appreciation in value. Overall, the size of the investment portfolio was thus reduced by €82 million in 2010.

The value of disposals of **financial investments** was €69 million in 2010. This corresponds to the sale of some twenty portfolio lines, primarily in the LBO segment, which included €44 million in Europe and €25 million in the United States and Asia.

Rallye also sold the Carré de Soie **shopping center** in Lyon for more than €10 million. 2010 was also marked by the partial sale of the Beaugrenelle center, helping to secure the center's construction financing without committing the Group's equity capital. Long-term liquidity will be furnished by Gecina but Rallye will retain most of the profit expected on the project.

(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) LReal 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

- The assets of Super de Boer were sold at the end of 2009. In accordance with IFRS 5, the Company's profit was transferred to "Discontinued operations" as from January 1, 2008;
- Consolidation of Globex into the GPA group from July 1, 2009;
- Deconsolidation of Venezuela beginning January 1, 2010;
- Consolidation of Casas Bahia into the GPA group beginning November 1, 2010.

Profit

Rallye made consolidated net sales of €29.8 billion versus €27.5 billion in 2009, a gain of 8.4%. 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)	2010		2009	
	Amount	%	Amount	%
Food and general retailing	29,078	97.6	26,757	97.4
Sporting goods retail	683	2.3	694	2.5
Other business*	19	0.1	27	0.1
Total	**29,780**	**100.0**	**27,478**	**100.0**

* Holding company business and investment portfolio.

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

(In € millions)	2010		2009	
	Amount	%	Amount	%
France	18,590	62.4	18,316	66.6
Latin America	8,245	27.7	6,563	23.9
Asia	2,009	6.7	1,686	6.1
Others	936	3.1	913	3.3
Total	**29,780**	**100.0**	**27,478**	**100.0**

Current operating income rose by 4.8% to €1.286 billion, mainly due to a 7.5% increase in Casino's current operating income. Current operating income is broken down in detail under the business review for each operating subsidiary.
Other operating income and expenses was (€25) million, compared to (€89) million in 2009.
The cost of net financial indebtedness was (€552) million, up 8.9% over 2009. Other operating income and expenses was (€16) million, versus €17 million in 2009.

Income before taxes was €695 million compared to €648 million in 2009, a gain of over 7%.
The share of income from affiliated companies was €13 million, compared to €3 million in 2009.
Net income attributable to the Company's owners was €7 million in 2010.

Rallye Group's headcount in 2010 was 175,380 people. Group employees break down as follows by business line in the last two years:

(In € millions)	2010		2009	
	Amount	%	Amount	%
Food retail*	170,248	97.1	163,208	97.1
Sporting goods retail	5,057	2.9	4,759	2.8
Other activities	75	-	76	-
Total	**175,380**	**100.0**	**168,043**	**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.

Rallye management report

FINANCIAL OVERVIEW

Financial structure

Equity capital attributable to the company's owners was €1.982 billion as of December 31, 2010, compared to €1.785 billion as of December 31, 2009. This increase is due, in particular, to:

- recognition of €211 million in positive exchange differences;
- payment of €77 million in dividends, including a €34 million interim dividend for 2010, paid on October 7, 2010;
- €45 million increase in equity capital through the creation of 688,754 new shares in payment of the balance of the 2009 dividend, and 1,251,109 new shares in payment of the interim dividend for 2010;
- positive net changes in assets measured at fair value of €33 million;
- Net income, Group share, of €7 million for 2009;
- the sale of €5 million of treasury stock.

As of December 31, 2010, the EBITDA/financial expense coverage ratio (EBITDA is current operating income adjusted for current operating depreciation and amortization) was 3.56, as against 3.73 in 2009.

Rallye group's net financial debt was €6.565 billion as of December 31, 2010 compared to €6.842 billion as of December 31, 2009, distributed among the following entities:

- Casino group, with net financial debt of €3.845 billion compared to €4.072 billion at the end of 2009;
- Groupe Go Sport, whose net debt fell to €31 million from €47 million as of December 31, 2009;
- Companies within the scope of the Rallye holding company, with net debt of €2.591 billion compared to €2.606 billion at the end of 2009;
- Rallye's investment subsidiaries, with net debt of €94 million (as against €117 million in 2009), corresponding to specific financing packages for real estate developments in the investment portfolio without recourse against the holding companies.

The ratio of net debt to consolidated equity (gearing) improved in 2010:

(In € millions)	2010	2009
Net financial debt	6,565	6,842
Consolidated equity	7,979	6,960
Leverage	82%	98%

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 2010, companies within the Rallye holding company's scope received dividends totaling €142 million: 1.3x their net financial expense. The drop in the coverage ratio compared to 2009 (2.1x) came from an additional dividend on Mercialys' shares, paid in 2009 by Casino. Note: in 2008, the ratio was 1.1.

As of December 31, 2010, the restated net assets of companies within the Rallye holding company's scope totaled €4.420 billion. These comprised €3.914 billion of Casino shares, €32 million of Go Sport shares and €435 million in the investment portfolio (other assets totaled €39 million). As of December 31, 2010, the debt from the companies within the Rallye holding company's scope totaled €2.591 billion; Rallye's restated assets were therefore 1.71x the debt of the companies within the Rallye company's scope. The equivalent coverage ratios as of December 31, 2009 and 2008 were 1.52 and 1.31, respectively.

RALLYE FINANCIAL STATEMENTS

Profit

Operating profit posted a €47.4 million loss compared to a €24.6 million loss as of December 31, 2009. This change comes from spreading the lifetimes of bank and bond financing fees incurred over the course of 2009, the impact of which was fully realized in 2010, as well as spreading the cost of bank and bond financing incurred at the beginning of 2010.

Rallye's headcount as of December 31, 2010 was 35.

Rallye's financial income totaled €53.0 million, compared to €18.2 million as of December 31, 2009.

This increase over the fiscal year can be explained primarily by:

Income

- Revenue and dividends collected from subsidiaries and holdings, especially from:
  - Casino: €45.7 million;
  - Matignon Sablons: €30.3 million;
  - Cobivia: €0.9 million;
  - Matimmob 1: €0.7 million;
  - Income from the group's cash management of €1.9 million;
  - Swap settlements of €30.3 millions.

Expenses

- Allocations to provisions for:
  - impairment to the value of Parande investments of €40.4 million;
  - bond redemption and bond issue premiums of €7.2 million;

- forward contracts (speculative swaps and swaptions) of €1.3 million.
- 2011 bond retirement premium in an amount of €5.9 millions

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

The €70 million exceptional net income includes €64 million from the sale of 3.1 million Casino shares within the Group and a €3 million capital gain on the market sale of Mercialys shares.
Net income for the year totaled €75.6 million, compared to €148.3 million as of December 31, 2009.

The impact of the 2010 law on modernizing the economy, which governs company-to-supplier payment deadlines, has no material impact on Rallye.

Financial structure

Equity totaled €1.6992 billion as of December 31, 2009 versus €1.6553 billion on December 31, 2009, mainly due to:
- €75.6 million in net income for 2010;
- a €45 million increase in equity capital through the creation of 688,754 new shares in payment of the balance of the 2009 dividend, and 1,251,109 new shares in payment of the interim dividend for 2010.

and, conversely:
- payment of €76.7 million in dividends, including a €33.9 million interim dividend for 2010.

DIVIDEND

Rallye will propose at the General Shareholders' Meeting of May 4, 2011 the payment of a net dividend per share of €1.83 for 2010, the same as in 2009 and 2008. An interim dividend of €0.80 per share against 2010 earnings was paid on October 7, 2010, leaving an outstanding balance of €1.03. This interim dividend can be collected in new company shares at the shareholder's option. The issue price for the new shares was set at €23.08, which corresponds to 90% of the average opening price for the twenty stock exchange sessions preceding September 6, 2010, less the interim dividend. 85.02% of the voting rights were exercised in favor of payment in shares. This operation increased Rallye's equity capital by €28.9 million by the creation of 1,251,109 new shares, which were entitled to dividends starting January 1, 2010, and had the same features as company shares in circulation. Cash payment of the dividend totaled €5.1 million.

The company reserves the right to pay another interim dividend in 2011. The company's dividend distribution policy is presented under the heading "Further information" on page 202 of this reference document.

Rallye's balance sheet for fiscal year ended December 31, 2010 shows a profit of €75,559,074.25, which the Board of Directors has proposed to allocate as follows:

(In €)	
Net income for the year	75,559,074.25
Legal reserve	(494,223.30)
Retained earnings	101,743,931.84
Net income available for distribution	**176,808,782.79**
Dividend paid to shareholders	**(80,068,118.29)**
Balance allocated to retained earnings	**96,740,664.50**

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

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".

Dividends paid in the three last financial years and the associated tax credits are as follows:

(In €)	2009	2008	2007
Net dividend	1.83	1.83	1.83

A table comparing net income for the past year and the four preceding years appears on page 184 of this report.

Non-deductible expenses, under Article 223-4 of the French General Tax Code, incurred by the Company in the course of last year totaled zero.

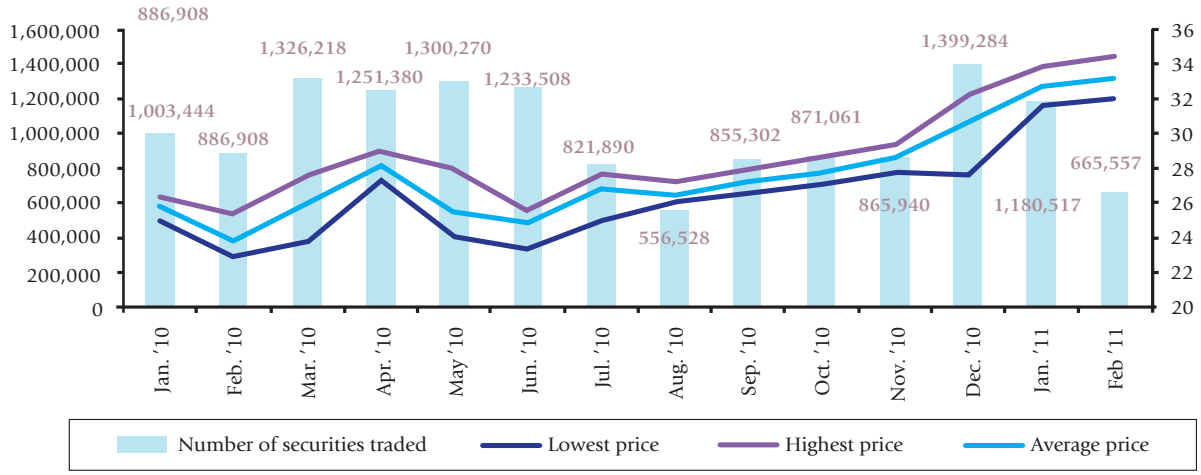
STOCK MARKET INFORMATION

Rallye shares are listed in Compartment A of the Euronext Paris market.

Code: ISIN: FR0000060618	
High	€32.21
Low	€22.90
Share price at 31.12.10	€32.19
Trading volume 2010 (number of shares)	12,401,093
Trading volume 2010 (value)	€332 million

As of December 31, 2010, Rallye had a stock market capitalization of €1.426 billion.

■ RALLYE SHARE – MONTHLY CHANGE IN STOCK PRICE 2010 AND START OF 2011



Rallye management report
OUTLOOK

OUTLOOK

■ Casino

The Casino Group improved its growth profile following its transformation in recent years, especially with the more significant contribution made by its international business, its top position in countries with high growth potential, a diversified business portfolio in France and its status as the number one company in non-food B-to-C e-commerce in France. Casino plans to accelerate its transformation and is confident in its ability to deliver year-over-year sales growth in excess of 10% over the next three years.

In 2011, the Casino Group's goals are to increase its market share in France by expanding its local and discount formats, improve Franprix-Leader Price margins, maintain high and profitable organic growth internationally, and pursue its asset rotation strategy with a target of €700 million in disposals.

■ Groupe GO Sport

Groupe GO Sport initiated the recovery in the second half of 2010 of the sales momentum for its three formats and posted near even COI at the end of 2010. Strategies of differentiation instituted and refined over the first half of the year have yielded positive results.

The Group therefore intends to continue to pursue its initiatives, which focus on even greater differentiation, whether this means working on its line of products, deploying new GO and Courir concepts or even stepping up its customer relationships. The Group is also planning to pursue its initiatives to improve its profitability.

■ Rallye

Rallye has enjoyed improved liquidity with close to €800 million in available cash and €1.7 billion in confirmed, unused and immediately available credit lines. This amount includes the February 2011 financing of the syndicated loan maturing in 2012 for an amount of €735 million with a maturity extended until 2016. The maturity of the debt was also extended in 2010 based on a management strategy covering the bond issue and bank indebtedness, which raised €500 million on the bond market, retired €123 million in bonds maturing in 2011 and repaid €375 million in medium-term loans.

Rallye has confirmed its commitment to continue to improve its financial structure and significantly reduce its financial debt, especially by drastically reducing its investment portfolio by the end of 2012.

Rallye management report

CAPITAL AND SHAREHOLDING STRUCTURE

SHARE CAPITAL

Rallye's share capital as of December 31, 2010 totaled €132,900,009, divided into 44,300,003 shares with a par value of 3 euros each. As of December 31, 2009, it was €127,080,420, divided into 42,360,140 shares with a par value of 3 euros each.

This change corresponds to the portion of the 2009 dividend balance and the 2010 interim dividend paid in stock, leading to the creation of 1,939,863 shares.

SHAREHOLDING STRUCTURE

As of December 31, 2010, Foncière Euris held 56.91% of the capital and 72.49% of the voting rights.

As of December 31, 2010, Rallye held 649,930 shares, representing 1.47% 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, 2010.

The following instances were declared in which thresholds were crossed in 2010:

Informant	Date threshold crossed	Manner in which threshold crossed	Number of shares declared	Number of voting rights declared	% of capital	% of voting rights
UBS	05/13/2010	above	961,560	961,560	2.27	1.43
UBS	05/18/2010	below	804,662	804,662	1.90	1.20
UBS	05/27/2010	above	1,024,409	1,024,409	2.42	1.53
UBS	06/02/2010	below	547,537	547,537	1.29	0.82
UBS	06/03/2010	below	155,366	155,366	0.37	0.23
Tocqueville Finance	06/25/2010	below	829,141	829,141	1.96	1.25

Pursuant to the provisions of Article 223-22 of the FMA General Regulations governing transactions in Rallye shares conducted by corporate officers or related persons, shareholders are notified of the following:

Informant	Financial instrument	Date	Nature of transaction	Average weighted price	Amount
Foncière Euris(1)	Shares	06/18/2010	Option to have the 2009 dividend balance in shares	€23.47	€12,581,774.13
Foncière Euris(1)	Shares	06/29/2010	Sale	€25.00	€2,309,000.00
Foncière Euris(1)	Shares	10/07/2010	Option to take the 2010 interim dividend in shares	€23.08	€19,899,529.84
Foncière Euris(1)	Shares	10/14/2010	Sale of shares as part of an Equity Swap	€28.50	€15,000,006.00

(1) Director.

Declarations of the above share transactions have been posted online on the FMA's website.

To the company's knowledge, no corporate officer traded company shares in 2010.

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 9, 2004, June 6, 2007, and May 19, 2010 to award stock options to the Group's employees and officers.

As of December 31, 2010, there were 926,185 options outstanding conferring the right to subscribe to 926,185 shares under the following stock option plans:

Grant date	Exercise date	Expiration date	Number of beneficiaries on initial grant	Subscription price[1]	Number of options granted:		Number of options exercised as of 12/31/10	Number of options[2] not exercised at 12/31/2010
					To company officers	To top ten employee beneficiaries		
06/07/2006	06/07/2009	12/06/2011	61	36.84	84,250	74,190	-	192,710
10/01/2007	01/01/2011	03/31/2013	60	48.73	50,866	52,434	-	149,007
04/23/2008	07/23/2011	10/23/2013	66	43.15	80,234	72,624	-	216,499
04/27/2009	10/27/2011	10/26/2014	13	14.24	151,852	62,937	-	231,484
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 options (194,001 options were cancelled during 2010).

■ Bonus shares

At the Extraordinary General Meetings of June 8, 2005 and June 4, 2008, shareholders authorized the Board of Directors to issue bonus shares to the Group's employees and corporate officers.

As of December 31, 2010, there were 382,495 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	To top ten employee beneficiaries	Total number of shares granted at 12/31/2010[4]
10/01/2007	01/01/2011[1]	01/01/2013	60	6,359	9,204	25,381
04/23/2008	07/23/2011[1]	07/23/2013	66	10,029	12,159	38,208
04/27/2009	10/27/2011[2]	10/27/2013	64	37,963	60,633	175,711
09/06/2010	03/06/2013[3]	03/06/2015	61	21,132	42,675	143,195

(1) Vesting of bonus shares granted to the beneficiaries is subject to attainment of the company's performance criteria, which are assessed annually (excluding the 875 shares of the 4/23/2008 plan). The criterion set by the Board of Directors is the ratio of the debt of companies within the scope of the Rallye holding company to restated assets.
(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.
(3) 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 as of December 31, 2010, 2011 and 2012.
(4) This corresponds to the original number of shares granted, less rights cancelled upon the departure of beneficiaries (32,510 were cancelled in fiscal year 2010).

COMPANY PURCHASES OF TREASURY STOCK

As of December 31, 2010, the Company held 649,930 treasury 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 1.47% of the Company's share capital. Their total acquisition cost was €8.9 million and they had a nominal value of €1.9 million.
As of December 31, 2010, these treasury 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, 2010, the balance of the account was zero: 519,528 shares had been bought and 519,528 had been sold under the 2010 purchase program at an average price of €26.04 and €26.42, 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 subdelegate, 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, 2010. This corresponds to a maximum of 4,430,000 shares and a maximum amount of €332 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.432-6 *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 2011 financial statements and management report, and no later than November 4, 2012.

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 35 employees as of December 31, 2010, 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
Casino's workplace data cover all companies wholly owned by the group in France, as follows: Casino Guichard-Perrachon, Distribution France Casino (and its subsidiaries Serca, Acos, Casino Vacances), Codim 2, Casino Restauration (and its subsidiary Restauration Collective Casino – R2C), Easydis (and its subsidiary C Chez Vous), L'Immobilière Groupe Casino (and its subsidiary Sudéco), EMC Distribution, Comacas and Casino Services, Club Avantages, Casino Franchise, Dunnhumby France, Mercialys, Mercialys Gestion, VP Aubière, Rédonis, Casino Développement, GreenYellow, VP Vaulx, Villa Plancha, Alwenna Restauration Traiteur, Odyssée Restauration Traiteur, C.I.T. and IGC Services, Monoprix (50% subsidiary of the Casino Group) as well as the Franprix-Leader Price Group (90% owned by the Casino Group) relating solely to the scope of consolidation.
With regard to the environmental information presented for Casino, it relates to all stores under the brands Géant Casino, Casino supermarché, Hyper Casino, Spar and Petit Casino (including the Corsican businesses of subsidiary Codim 2), Casino cafeterias, Easydis and Cdiscount warehouses, Monoprix (50% subsidiary of the Casino Group) as well as the Franprix-Leader Price Group (90% owned by the Casino Group) relating solely to the scope of consolidation.

Additional information is available in the 2010 Business and Corporate Responsibility report of the Casino Group.

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: vertical advancement through in-house promotions, as well as lateral transfers between different branches and chains, access to international opportunities, etc. In sum, there is a wide variety of career paths available, offering the opportunity to acquire complementary experience and optimize one's career.

Groupe Go Sport had a training budget in 2010 of €1 million. Over the course of fiscal 2010, Groupe GO Sport promoted professional development at its GO Sport and Courir stores to help the Group develop the things it can handle as a matter of course, and, in turn, to create a veritable matrix of skill sets to consistently grow its Operational Excellence at the network level.

■ 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) on June 21, 2006. The 'Cap Prévention' program, launched in 2007, continued in 2010 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.

Groupe Go Sport also strives to constantly improve the 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 17 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 6 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 audited and renewed by AFNOR Certification.
Casino and ISM-Corum have been partners since 2002 in the European Equal projects, LUCIDITE and AVERROES. In keeping with its commitment to complete a second round of testing 3 years after the first testing phase, during 2010 the Group organized and structured the entire process that will be launched in 2011, in association with management and labor and in partnership with outside experts.
Casino has been committed to integrating handicapped individuals into the workplace since 1995. This program, built around a collective agreement, is known as "Handipacte."

Throughout 2010, Groupe GO Sport moved ahead with its hiring and retention momentum for handicapped people, hiring 13 new legally handicapped employees under temporary and

Rallye management report

CORPORATE AND ENVIRONMENTAL INFORMATION

permanent contracts, plus 8 trainees, and by developing 7 positions that offer valuable compensation to handicapped individuals while providing them with long-term employment.

Because the 2008-2010 agreement to foster the employment of handicapped individuals expired on December 31, the company conducted a qualitative and quantitative review of its situation in preparation for a new three-year agreement benefiting the handicapped.

Workplace figures

2010 workplace indicators	Units	Rallye holding company	Casino[1]	Groupe Go Sport
Number of employees at December 31	No.	35	79,217	5,057
Percentage of total work force represented by women	%	63%	60%	51%
Percentage of part-time workers	%	23%	32%	37%
Number of long-term contracts[2]	No.	35	71,836	4,109
Number of short-term contracts[2]	No.	-	7,163	948
Average number of hours training per employee per year	hours	6	5	25
Number of long-term contract recruitments	No.	3	11,937	1,403
Number of short-term contract recruitments	No.	-	40,344	5,177
Number of layoffs	No.	-	77	0
Payroll (salaries, wages and social charges)	€ million	11	2,455	108
Amount paid to the Works Committee	€ million	-	18	0.6
Donations (solidarity, sports, culture)	€ million	-	9	0.7

(1) Casino's workplace figures cover all companies wholly owned by the group in France, Monoprix and the Franprix-Leader Price Groupe.
(2) Average annual number of employees at month-end for Casino. Number of employees as of 12.31 10 for Groupe Go Sport and Rallye.

A SUPPORTIVE AND RESPONSIBLE RETAILER

Casino carries out all of its main areas of business in-house, with a negligible amount of outsourcing. The action plan implemented by its purchasing department in 2000 is designed to promote and monitor respect for human rights in the work- place by its suppliers in developing countries. The Supplier Ethics Charter, prepared in accordance with 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 2010.

In order to involve its business partners in its sustainable development approach, Groupe Go Sport asks its suppliers and their sub-contractors to sign, date and return 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 its subcontractors.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

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

of conduct ("Collectif de l'éthique sur l'étiquette" - cooperative promoting of ethical labeling).

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 performance in waste sorting for recycling a priority and has set up 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. In 2008 and 2009, Groupe Go Sport also played an active role in the creation of ECO TLC, of which it has become an associate member.

■ Improving the environmental performance of products

Casino raises awareness among its customers of the benefits of sustainable agriculture through its 'Terre et Saveur' product range. The production methods used for this range are demanding both in environmental terms (soil protection, preservation of water resources, waste sorting) and in terms of animal welfare. In order to verify compliance with these best practices, audits are performed regularly at production sites, product transformation sites and conditioning sites. As a result, the "Casino Bio" range of organic products carry the AB label issued by the French certification body, attesting that the goods have been produced without chemical substances or synthetic pesticides and have been tested by an independent government-approved entity.
Casino is also committed to the development of ecolabels and environmental product labeling.
Casino completed its second carbon audit in 2009 in an effort to refine its action plan and supply information regarding Casino products to the carbon index launched in June 2008. As of late 2010, this index covered more than 630 products. Casino continued its environmental labeling efforts in partnership with Ademe and AFNOR, and responded to the call for bids launched in 2010 by the Ministry of Ecology, Energy, Sustainable Development and Oceans.

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 2010, the company continued its plan to offer product packaging that conserves the most natural resources and is the easiest to recycle.

Groupe GO Sport continued its partnership with the national labor group "Sporting goods, camping equipment, mobility equipment, games, and toys" responsible for studying and determining all of the solutions available in this field to provide information to the consumer on the environmental impacts of its products.

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

The Casino Group's gas emissions are essentially limited to carbon dioxide from the transportation of goods and the indirect carbon dioxide emissions generated by electricity consumption and refrigerants. In addition to instituting optimization initiatives to save on energy and the associated emissions, Casino continued its program to adhere to the latest EURO 5 standards for its fleet of trucks. Projects entailing long-distance transport by railroad are also in the discussion phase.

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 2010, several measures were taken to improve energy efficiency and encourage the use of renewable energy.

Rallye management report

CORPORATE AND ENVIRONMENTAL INFORMATION

Environmental figures

The key data below cover the French businesses of Casino, Monoprix and the Franprix-Leader Price Group.

Environmental data of importance to Casino	Units	2010	2009
Total quantity of waste sorted for recycling(1)	Ton	84,900	42,162
Tonnage of batteries collected from customers	Ton	322	326
Energy consumption by source			
▪ Electricity	MWh	1,817,177	1,764,427
▪ Natural gas	MWh	265,490	209,784
Water consumption	m^3	2,241,260	2,406,630
Greenhouse gas emissions related to goods transportation(2)	CO_2 Eqiv. ton	194,452	133,826
Number of quality audits of supplier production sites	No.	527	609
Number of quality audits in stores	No.	2,820	2,065
Number of workplace audits on supplier production sites	No.	164	148

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

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 2010, 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 4, 2011. 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
- Jean-Marie Grisard, representing Finatis,
- Didier Lévêque, representing Matignon Corbeil Centre,
- Odile Muracciole, representing Eurisma,
- Gabriel Naouri, representing Euris,
- Christian Paillot, Independent Director;

- Jean Levy, Non-voting observer *[Censeur]*.

As part of its mission, the Appointments and Compensation Committee examined the membership of the Board of Directors, and in particular the independence of the directors in light of the recommendations of the "AFEP-MEDEF Code of Corporate Governance."

The members of the Board of Directors were selected on the basis of their skills, experience, 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 remaining members of Rallye's Board of Directors are either company officers or executives from the Rallye parent companies.

The appointment of the Euris company by the Board of Directors of December 8, 2010 is subject to the approval of the May 4, 2011 Board Meeting, as is the appointment of the Eurisma company, represented by Odile Muracciole.

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 Levy as non-voting observer will be proposed at the Ordinary General Meeting of Shareholders on May 4, 2011.

Rallye management report

CORPORATE GOVERNANCE

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 52 to 59 of this reference document.

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

Jean-Charles NAOURI
Date of birth: March 8, 1949, age 62
Professional 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/Chief Executive Officer of Casino
Chairman of Euris SAS

Offices and positions held at the company

Office/position	Date of appointment	End of office
Director	10.25.93	GSM to be held in 2011
Chairman Chief Executive Officer	04.02.98	GSM to be held in 2011

Other offices and positions held in 2010 and continuing as of February 28, 2011

Within the Euris group
- Director of CBD companies (a listed company) and Wilkes Participaçoes (Brazil);
- Vice-President of the Casino Foundation;
- President of 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 and HSBC France;
- Non-voting observer at Fimalac (a listed company) and the Caisse Nationale des Caisses d'Epargne et de Prévoyance (CNCE);
- Vice-President of the Euris Foundation;

Number of Rallye shares held: 334

Philippe CHARRIER
Date of birth: August 2, 1954, age 56
Professional address: 60-62 rue d'Hauteville – 75010 Paris

Biography

Philippe CHARRIER is a graduate of HEC. 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	Appointment date	End of office
Director	06.03.09	GSM to be held in 2011

Other offices and positions held in 2010 and continuing as of February 28, 2011

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);
- Director of Fondation Nestlé pour la Nutrition;
- Member of the business club "Entreprise et Progrès";
- Founding member of the business club "Entreprise et handicap".

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

- Chairman and Chief Executive Officer of Procter & Gamble France;
- Vice-president, Chief Executive Officer of Laboratoires Oenobiol SAS;
- Chairman of "Entreprise et Progrès".

Number of Rallye shares held: 1,100

Rallye management report

CORPORATE GOVERNANCE

André CRESTEY
Date of birth: February 22, 1939, age 72
Professional 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/Chief Executive Officer (1993) and as Vice-Chairman/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

Offices and positions held at the company

Office/Position	Appointment date	End of office
Director	08.14.92	GSM to be held in 2011
Vice Chairman	04.02.98	GSM to be held in 2011

Other offices and positions held in 2010 and continuing as of February 28, 2011:

Within the Euris group	Outside the Group:
▪ Director of Miramont Finance et Distribution SA and Groupe Go Sport SA (a listed company).	▪ Statutory president of the 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	Outside the 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).	▪ Chairman of Perifem.

Number of Rallye shares held: 31,088

Jean CHODRON de COURCEL
Date of birth: May 14, 1955, age 55.

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. Since 2008, he has been a senior advisor at Hawkpoint Partner Limited

Principal position

Senior adviser at Hawkpoint Partner Limited

Offices and positions held at the company

Office/Position	Appointment date	End of office
Director	06.09.04	GSM to be held in 2011

Other offices and positions held in 2010 and continuing as of February 28, 2011

- NONE

Other offices and positions held in the past five years (not including the offices and positions listed at left)

- Deputy Managing Director of Penauille Polyservices SA;
- Director of Penauille Polyservices SA;
- Chairman/Chief Executive of Globeground North America LLC (GGNA LLC) and of Servisair PLC;
- Non-voting observer at Rallye SA.

Number of Rallye shares held: 321

Rallye management report

CORPORATE GOVERNANCE

Jacques DERMAGNE
Date of birth: November 28, 1937, age 73.
Professional address: 9, place d'Iéna – 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	Appointment date	End of office
Director	06.05.02	GSM to be held in 2011

Other offices and positions held in 2010 and continuing as of February 28, 2011

- Director of Unibail-Rodamco SA, BNP Paribas Personal Finances SA and Devanlay SA;
- Director of CELSA (Sorbonne).

Other offices and positions held in the past five years (not including the offices and positions listed at left)

- President of the French Economic, Social and Environmental Council;
- President of the French Expositions and Conventions Committee;
- Member of the Supervisory Board of DMC SA;
- Censor of France Convention SA.

Number of Rallye shares held: 500

Jacques DUMAS
Date of birth: May 15, 1952, age 58.
Professional 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 position

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

Offices and positions held at the company

Office/Position	Appointment date	End of office
Director	07.19.90	GSM to be held in 2011

Offices held in 2010 and continuing as of February 28, 2011

Within the Euris group
- Chairman and member of the Supervisory Board of Leader Price Holding;
- Director of Mercialys (a listed company) and Finatis (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 Matignon Diderot to the Board of Directors of Finatis (a listed company);

Outside the Group
- Manager of SCI Cognac-Parmentier.

Other offices and positions held that ended during fiscal year 2010

Within the Euris group
- Permanent representative of R.L.P.I. on the Board of Directors of Villette Discount SA and Clignancourt Discount SA;

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

Within the Group
- Director of Legal Affairs for Euris;
- Chairman and Chief Executive Officer of La Bruyère SA;
- President of Alpétrol SAS and Kerrous;
- Director of CDiscount, Groupe Go Sport, Monoprix ;
- Vice-Chairman and Member of the Supervisory Board of Geimex;
- Permanent representative of Société de Distribution Parisienne (SDP), Director of Gregorim Distribution SA;
- Permanent representative of Distribution Casino France, Member of the Supervisory Board of Cofilead SAS;
- Permanent representative of Asinco SA to the Board of Directors of Cafige SA and Figeac SA;
- Permanent representative of Distribution Casino France to the Board of Directors of Foncière Euris;
- Chairman of the Supervisory Board of Franprix Holding;
- Chairman of the Board of SAAD;
- Permanent representative of L'Habitation Moderne de Boulogne SAS to the Boards of Directors of Colisée Finance and Colisée Finance II;
- Director of the Euris Foundation;
- Permanent representative of R.L.P.I. to the Boards of Directors of Villette Discount SA and Clignancourt Discount SA;

Number of Rallye shares held: 1,969

Rallye management report

CORPORATE GOVERNANCE

Christian PAILLOT
Date of birth: September 9, 1947, age 63

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	Appointment date	End of office
Director	04.15.04	GSM to be held in 2011

Other offices and positions held in 2010 and continuing as of February 28, 2011

- 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 at left)

- Chairman and Chief Executive Officer of Konica France SA;
- Chairman of Konica France SAS;
- Chairman/Chief Executive Officer of Konica Photos Services SA;
- Advisor to the Chairman of Konica Minolta France;
- Director of FG Marine SA.

Number of Rallye shares held: 300

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	Appointment date	End of office
Director	06.02.98	GSM to be held in 2011

Other offices and positions held in 2010 and continuing as of February 28, 2011

- 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 at left)

- Director of Euris SA.

Number of Rallye shares held: 266

Permanent representative

Jean-Marie GRISARD
Date of birth: born May 1, 1943, age 68.
Professional 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

Other offices and positions held in 2010 and continuing as of February 28, 2011

Within the Euris group
- Director of Carpinienne de Participations (a listed company);
- Director of the Euris Foundation;
- Permanent representative of Matignon Diderot on the Board of Directors of Casino, Guichard-Perrachon.

Outside the group
- 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
- 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 Limited, Euris North America Corporation - (ENAC), Euris Real Estate Corporation - (EREC), Euristates and Park Street Investments International Ltd.;
- Permanent representative of Euris SA on the Board of Directors of Casino, Guichard-Perrachon SA;
- Permanent representative of Euris SAS on the Board of Directors of Euris SA;
- Permanent representative of Foncière Euris on the Board of Directors of Marigny Belfort SA;
- Treasurer of the Euris Foundation.

Number of Rallye shares held: 3,979

Rallye management report

CORPORATE GOVERNANCE

FONCIERE 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	Appointment date	End of office
Director	10.25.93	GSM to be held in 2011

Other offices and positions held in 2010 and continuing as of February 28, 2011

- Chairman of Matignon Abbeville SAS, Matignon Bail SAS, Matignon Corbeil Centre SAS, Marigny Belfort SAS, Marigny-Elysées SAS, Marigny Expansion SAS, 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 at left)

- Chairman of Marigny Concorde;
- Director of Apsys International, Marignan Consultants and Marigny Belfort;
- Manager of SCI Pont de Grenelle;
- Co-manager of SNC Alta Marigny Carré de Soie.

Number of Rallye shares held: 25,210,459

Permanent representative

Didier CARLIER
Date of birth: born January 5, 1952, age 59.
Professional 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 2010 and continuing as of February 28, 2011

Within the Euris group
- Chairman/Chief Executive Officer of Miramont Finance et Distribution SA, La Bruyère SA and Colisée Finance VI SA;
- Chairman of Alpétrol SAS, Cobivia SAS, Colisée Finance IV SAS, Colisée Finance V SAS, Genty Immobilier et Participations SAS, Kerrous SAS, L'Habitation Moderne de Boulogne SAS, Les Magasins Jean SAS, Marigny Percier SAS, Matignon Sablons SAS and Parande SAS;
- Chairman/Chief Executive Officer of MFD Inc; USA ;
- Deputy Director of Limpart Investments BV (Netherlands);
- Representative of Parande SAS, Chairman of Pargest SAS, Parinvest SAS;
- Permanent representative of Euris SAS on 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 Euris 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/Chief Executive Officer of Ancar, Colisée Finance SA and Colisée Finance II SA;
- Chairman of MFD Finances SAS, Parande Développement SAS, Parcade SAS, Soparin SAS, Syjiga SAS, Colisée Finance III SAS and Omnium de Commerce et de Participations SAS;
- Acting director of Club Sport Diffusion SA (Belgium);
- 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: 10,873

Rallye management report

CORPORATE GOVERNANCE

MATIGNON CORBEIL CENTRE
French simplified stock corporation (SAS) with share capital of €57,420,000
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	Appointment date	End of office
Director	06.04.08	GSM to be held in 2011

Other offices and positions held in 2010 and continuing as of February 28, 2011

- NONE

Offices and positions held in the past five years (not including the offices and positions listed at left)

- NONE

Number of Rallye shares held: 263

Permanent representative

Didier LÉVÊQUE
Date of birth: December 20, 1961, age 49
Professional 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.

Other offices and positions held in 2010 and continuing as of February 28, 2011:

Within the Euris group
- Chairman/Chief Executive Officer of Euris North America Corporation (ENAC), Euristates Inc and Euris Real Estate Corporation (EREC);
- Chairman of 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, Park Street Investments International Ltd., 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 on the Board of Directors of Casino, Guichard-Perrachon SA (a listed company);
- Director and Treasurer of the Euris Foundation.

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;
- President of Compagnie d'Investissements Trans-Européens - CITE SAS, Parinvest SAS, Dofinance SAS, Euristech SAS, Par-Bel 1 SAS, Parantech Expansion SAS, Montparnet SAS and Matignon-Tours SAS;
- Permanent representative of Carpinienne de Participations (a listed company) Director of Marigny-Belfort;
- Permanent representative of Euris SA, director of Foncière Euris (a listed company);
- Permanent representative of HMB, director of Colisée Finance;
- Representative of Euristech, Chairman of Marigny-Artois (SAS);
- Representative of Parinvest, Chairman of Parfonds (SAS);
- 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: 10,795

Rallye management report
CORPORATE GOVERNANCE

■ Director whose appointment is subject to the approval of this meeting

EURIS
French simplified stock corporation (SAS) with share capital of €169,806
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	Appointment date	End of office
Director	06.08.05	GSM to be held in 2011

Other offices and positions held in 2010 and continuing as of February 28, 2011

- 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 at left)

- Director of Euris SA.

Number of Rallye shares held: 320

Permanent representative

Gabriel NAOURI
Date of birth: born July 6, 1981, age 29.
Professional address: 58-60, avenue Kléber – 75116 Paris

Biography

Gabriel NAOURI, age 29, 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. Since January 2010, he has been Hypermarket Operations Director for the Ile de France region.

Principal Executive Position

Casino's Hypermarket Operations Director for the Ile de France region.

Other offices and positions held in 2010 and continuing as of February 28, 2011

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 at left)

- NONE

Number of Rallye shares held: 350

■ Director whose appointment is subject to the approval of this meeting

EURISMA
French simplified stock corporation (SAS) with share capital of €169,806
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	Appointment date	End of office
Director	05.04.11	

Other offices and positions held in 2010 and continuing as of February 28, 2011

- NONE

Offices and positions held in the past five years (not including the offices and positions listed at left)

- NONE

Permanent representative

Odile MURACCIOLE
Date of birth: May 20, 1960, age 50
Professional 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 SAS

Other offices and positions held in 2010 and continuing up to the present

Within the Euris group
- CEO of Parinvest SAS, Pargest SAS and Parande SAS;
- President of Eurisma;
- Permanent representative of Euris on the Board of Directors of Foncière Euris (a listed company);
- Permanent representative of Finatis (a listed company) on the Board of Directors of Carpinienne de Participations SA (a listed company);
- Member of the Supervisory Board of Centrum Development SA, Centrum Leto SA, Centrum Poznan SA, Centrum Weiterstadt SA;
- Director of the Euris Foundation.

Other offices and positions held in 2010 that ended during the fiscal year

- None

Number of Rallye shares held: 6,511

Rallye management report
CORPORATE GOVERNANCE

■ Non-voting observer *[censeur]*

Jean LEVY
Date of birth: November 9, 1932, age 78.

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 1992. 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	Appointment date	End of office
Non-voting observer	06.04.08	GSM to be held in 2011

Other offices and positions held in 2010 and continuing as of February 28, 2011

- Director of Interparfums Inc, Interparfums France, Price- Minister SA and Axcess SA;
- Director of Mont-Blanc SAS.

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

- Director of Opthtalmic;
- Director of Vivactis SAS.

Number of Rallye shares held: 1

■ Offices and positions held by the director who left the company in fiscal year 2010

Catherine SOUBIE

Offices and positions held up to the date her duties ended

Within the Euris group
- Deputy Managing Director of Rallye; Permanent representative of Euris on the Board of Directors of Rallye;
- Permanent representative of Finatis on the Board of Directors of Casino, Guichard-Perrachon SA (a listed company);
- Permanent representative of Casino, Guichard-Perrachon SA on the Board of Directors of Banque du Groupe Casino SA;
- Director of Mercialys (a listed company);
- Permanent representative of Rallye on the Board of Directors of Groupe GO Sport SA (a listed company);
- Director of the Euris Foundation.

Outside the Euris group
- Manager of Bozart;
- Director of Medica.

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

In compliance with the new provisions of the General Regulations of the Financial Markets Authority resulting from the transposition of the EU Prospectus Directive, 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.

Rallye management report

CORPORATE GOVERNANCE

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 4, 2011, 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 52).

■ Compensation of the Chairman and Chief Executive Officer

As in 2009, 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.

Director's fees, compensation and benefits of all kinds paid by to the Chairman/Chief Executive Officer by Rallye as well as by the companies it controls, the companies that control it and the companies that control those companies, are as follows:

	Fiscal year 2009	Fiscal year 2010
Compensation paid for the fiscal year	€2,298,333(1)	€2,216,111(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	**€2,298,333**	**€2,216,111(3)**

(1) Compensation and/or director's fees and/or benefits of all kind paid by Casino, Guichard-Perrachon (€945,833), Rallye (€10,000), Finatis (€2,500) and Euris (€1,340,000).
(2) Compensation and/or director's fees and/or benefits of all kind paid by Casino, Guichard-Perrachon (€1,245,278), Rallye (€10,000), Finatis (€833) and Euris (€960,000).
(3) Compensation and/or directors fees paid in 2010 by Rallye, the companies that control it, and the companies controlled by the latter totaled €1,918,333.

■ 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 a general assessment that specifically takes into account his contribution to the achievement of goals set for the year, and the implementation and management of the financial operations of the company and its subsidiaries.

	2009 fiscal year		2010 fiscal year	
	Amounts due(4)	Amounts paid(5)	Amounts due(4)	Amounts paid(5)
Fixed compensation(1)	€335,000	€335,000	€362,000	€362,000
Variable compensation(1)(2)	€163,448	€113,500	€188,265	€163,448
Exceptional compensation(3)	€200,000	-		€200,000
Rallye Director's fees	€10,000	€10,000	€10,000	€10,000
Benefits in kind	-	-	-	-
TOTAL	**€708,448**	**€458,500**	**€560,265**	**€735,448(6)**

(1) Gross compensation before taxes and charges.
(2) The basis for the determination of 2010 variable compensation is detailed in the Chairman's Report on page xx.
(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 2010 by Rallye, the companies that control it, and by the companies controlled by the latter totaled €763,439.

Didier Carlier received no remuneration from controlled companies or companies in control of Rallye, other than €27,991 in director's fees related to his position as director.

He is also permanent representative of Foncière Euris, a director of Rallye. Foncière Euris did not receive any fees or director's fees from companies that it controls or that control it.

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 June 2010 for the year gone by to Directors, the non-voting observer, and members of the specialized committees totaled €295,429, versus €272,143 and €270,400 the years before. The individual amount of each Director is steady since 2002.

The total amount of remuneration and director's fees paid out to company officers other than the Chairman/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:

	Director's fees and compensation paid			
	In 2009		In 2010	
(In €)	Director's fees	Other compensation[1]	Director's fees	Other compensation[1]
Philippe CHARRIER			30,000	-
Jean CHODRON de COURCEL	20,000		20,000	-
André CRESTEY	50,000[2]	116,358	50,000[2]	125,353
Jacques DERMAGNE	40,000		40,000	-
Jacques DUMAS	20,000	674,835	20,000	696,317
Pierre FÉRAUD	9,000	548,668	10,000	162,820
Jean-Marie GRISARD[3]	10,000	25,698	10,000	22,826
Jean LEVY	27,714		20,000	
Didier LÉVÊQUE	10,000	513,095	10,000	639,286
Christian PAILLOT	30,000		25,429	-
Catherine SOUBIE[4]	10,000	786,816	10,000	730,609[5]
Gilbert TORELLI	25,429		30,000	-

(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) Jean-Marie Grisard is also a manager of Frégatinvest, which received €130,000 in consulting fees, excluding taxes, in 2009 and 2010.

(4) Permanent representative until June 21, 2010 of Euris, the Group's parent company, which in 2010 received total fees of €3,942,465 from companies it controls, excluding taxes, under strategic consulting agreements, of which €1,642,270, excluding taxes, was paid by Rallye.

(5) With the exception of payments associated with the ending of a paid position at Rallye (€1,012,036).

Rallye management report

CORPORATE GOVERNANCE

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

- In 2010, stock options granted to corporate officers by the Company were as follows:
  By Rallye

	Grant date	Date after which options may be exercised	Expiration date	Number of options granted:	Exercise price
Didier Carlier	09/06/2010	03/06/2013	03/05/2016	17,361	€26.44
Jacques Dumas	09/06/2010	03/06/2013	03/05/2016	5,208	€26.44
Didier Lévêque	09/06/2010	03/06/2013	03/05/2016	19,694	€26.44

- In 2010, stock options granted to corporate officers by companies controlled by Rallye were as follows:
  By Groupe Go Sport

	Grant date	Date after which options may be exercised	Expiration date	Number of options granted:	Exercise price
Didier Carlier	04/30/2010	10/31/2012	10/30/2015	1,500	€18.85
Jacques Dumas	04/30/2010	10/31/2012	10/30/2015	1,500	€18.85

- In 2010, bonus shares allocated to corporate officers by the Company were as follows:
  By Rallye

	Grant date	Vesting date of shares	Date after which the shares may be sold	Number of bonus shares granted(1)	Unit value of bonus sharesgranted
Didier Carlier	09/06/2010	03/06/2013	03/06/2015	8,681	€26.44
Jacques Dumas	09/06/2010	03/06/2013	03/06/2015	2,604	€26.44
Didier Lévêque	09/06/2010	03/06/2013	03/06/2015	9,847	€26.44

(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 as of December 31, 2010, 2011 and 2012.

- In 2010, 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	Unit value of bonus shares
Jacques DUMAS	04/29/2010	04/29/2013	04/29/2015	7,708(1)	€64.87
	04/29/2010	04/29/2013	04/29/2015	4,000(2)	€64.87

(1) The vesting of bonus shares granted to the beneficiaries is only subject to a requirement that the beneficiary is still working for the Company at the vesting date.

(2) The vesting of bonus shares granted to the beneficiaries is subject to a requirement that the beneficiary is still working for the Company at the vesting date as well as the attainment of a company performance criterion assessed over two years by the change in organic revenue growth (based on same-store sales) of the French businesses that are fully or proportionately consolidated, including Franprix-Leader Price and Monoprix but excluding Vindemia.

In 2010, corporate officers did not exercise any stock options on Rallye shares.

▪ In 2010, stock options exercised by the Company's corporate officers with regard to Casino, Guichard-Perrachon:

	Grant date	Number of options granted:	Exercise price
Jacques DUMAS	05/26/2005	4,500	€57.76
	12/08/2005	1,446	€56.31

▪ In 2010, bonus shares definitively awarded to corporate officers by the Company were as follows:
By Rallye

Officer	Grant date	Vesting date of granted shares	Number of bonus shares originally granted	Number of bonus shares vested(1)	Date after which the acquired shares may be sold
Didier CARLIER	09/25/2008	09/25/2010	6,000	6,000	09/25/2012
Didier LÉVÊQUE	09/25/2008	09/25/2010	6,000	6,000	09/25/2012

(1) 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 09/25/10.

▪ In 2010, 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	04/13/2007	10/13/2010(1)	2,000	830	10/13/2012
	10/29/2008	10/29/2010(2)	3,000	3,000	10/29/2012

((1) The vesting of bonus shares granted to the beneficiaries is subject to a requirement that the beneficiary is still working for the Company at the vesting date as well as the attainment of a company performance criterion assessed over two years by the change in organic revenue growth (based on same store sales) of the French businesses that are fully or proportionately consolidated, including Monoprix but excluding Vindemia.

(2) 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 the vesting date.

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***).

Jean-Charles Naouri, Didier Carlier, André Crestey, Jacques Dumas, Jean-Marie Grisard, Didier Lévêque and Gabriel Naouri, 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.

Rallye management report

CORPORATE GOVERNANCE

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) [1].
First appointed: June 29, 1993.
Latest term of office expires: at the end of the 2013 Annual General Meeting of Shareholders.

ERNST & YOUNG ET AL.

Signing partner: Pierre Bourgeois (since May 2010) [2].
First appointed: June 1, 1999.
Latest term of office expires: at the end of the 2011 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.

Philippe PEUCH-LESTRADE

substituting for ERNST & YOUNG ET AL.
First appointed: June 9, 2004.
Latest term of office expires: at the end of the 2011 Annual General Meeting of Shareholders.

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

■ Re-appointment of a regular statutory auditor

The appointment of Ernst & Young et al. as statutory auditor expires as of the May 4, 2011 General Meeting of Shareholders; therefore the Audit Committee, in connection with the functions entrusted to it by the Board of Directors, evaluated the terms and conditions for its re-appointment.

On the basis of the presentation by General Management, the Audit Committee noted the interest expressed to renew the appointment of Ernst & Young *et al.* without soliciting bids as it had done previously when KPMG was re-appointed in 2007.

This re-appointment will maintain auditing continuity within the Group, as Ernst & Young is also statutory auditor of the accounts of Casino, Guichard-Perrachon and the parent companies, and the Group will continue to benefit from Ernst and Young's profound knowledge of the Group and its industry.
After reviewing the presentation made by the firm of Ernst & Young, its plan of action, its work methods, its dedicated team and its financial offer, the Audit Committee issued a favorable opinion regarding its appointment and decided to recommend to the Board of Directors that they submit the appointment for the approval of the Annual General Meeting of May 4, 2011.

(1) The signing partner was formerly Catherine Chassaing.
(2) The signing partner was formerly Henri-Pierre Navas.

FEES PAID TO STATUTORY AUDITORS AND MEMBERS OF THEIR NETWORKS BY THE GROUP IN 2009 AND 2010

(In €)	Ernst & Young				KPMG			
	2010	2009	2010	2009	2010	2009	2010	2009
	Amount		%		Amount		%	
Audit								
Statutory auditing, auditor's opinion, examination of company and consolidated accounts								
Issuer	171,676	210,201	4	4	171,500	207,679	22	14
Fully consolidated subsidiaries	4,501,776	4,689,856	92	91	473,599	733,199	61	49
Additional assignments								
Issuer	-	-	-	-	-	-	-	-
Fully consolidated subsidiaries	140,500	219,425	3	4	11,000	27,100	1	2
Sub-total	**4,813,952**	**5,119,482**	**99**	**99**	**656,099**	**967,978**	**85**	**64**
Other services provided by the networks to fully consolidated subsidiaries								
Legal, tax, corporate	2,994	21,942	-	-	119,641	533,000	15	36
Other (give details if more than 10% of audit fees)	47,500	47,500	1	1	-	-	-	-
Sub-total	**50,494**	**69,442**	**1**	**1**	**119,641**	**533,000**	**15**	**36**
TOTAL	**4,864,446**	**5,188,924**	**100**	**100**	**775,740**	**1,500,978**	**100**	**100**

Report of the chairman of board of directors

ABOUT COMPANY'S CORPORATE GOVERNANCE PRACTICES AS WELL AS INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES.

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, 2010, which has been reviewed by the Appointments and Compensation Committee and by the Audit Committee, has been approved by the Board of Directors. It was made available to the shareholders prior to the Annual General 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 the 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, especially in 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 making up the Board of Directors is presented on page 29.

2. Preparation and organization of the work of the Board of Directors

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 by-laws, the Board's rules of procedure, and special Board committees.

Organization and operation of the Board of Directors

The combined duties of Chairman of the Board of Directors and Chief Executive Officer are performed by Mr. Jean-Charles NAOURI.

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

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 which apply to the Company, by law, the Company's rules of procedure and its by-laws. They also include the principles of 'corporate governance' and arrange 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 the 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 by Article L 465-1 of the French Monetary and Financial Code and Articles 621-1 *et seq.* of the regulations of the French Financial Markets Authority *[Autorité des Marchés Financiers]* (FMA) 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 fifteen-day period preceding the release of the Company's annual and semi-annual financial statements.

They also mention the registration of directors on the list of permanent insiders drawn up by the Company as part of the regulatory provisions intended to better prevent 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 and any other means of telecommunication.

The office of non-voting observer *[Censeur]* 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 Commercial Code, the Board of Directors decides on the general directions to be followed by the Company's business 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-month individual company and consolidated financial statements. It presents reports on the activities and performance of the Company and its subsidiaries, and approves management

forecasts. It also 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 Commercial Code, has the broadest range of powers to act on behalf of the Company under every circumstance. He exercises these powers within the limits of the Company's corporate purpose and subject to the powers expressly assigned by law to Shareholders' Meetings and to the Board of Directors. He 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.
He convenes the meetings of the Board of Directors and is in charge of setting the agenda and producing the minutes of these meetings. He 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 each of the Directors with regard to any dealings he may have with the Company or with companies in the Group which might compromise a director's free judgment or lead to potential conflicts of interest with the Company.

Therefore, each year the Committee carries out an annual 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 and MEDEF code of corporate governance. It presents its findings to the Board of Directors.

Board activities during the year ended

In 2010, the Board of Directors met seven times. The attendance rate of Board members for these meetings was 98%.

› 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, 2009 and the statements for the first half of 2010, 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 Meeting held on May 19, 2010.

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

The Board of Directors approved different operations 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. It authorized the issuance of two new bonds.

The Board also took stock of the financial asset disposals made by the Group.

In addition, the Board of Directors decided to pay out an interim dividend in October 2010.

› Compensation

On the recommendation of the Appointments and Compensation Committee, the Board of Directors set the 2009 variable compensation component and the 2010 fixed compensation component for the two Deputy Managing Directors. Under the same conditions, it also set the terms for determining the variable compensation component of deputy managing director, Didier CARLIER, it being specified that the Chairman/Chief Executive Officer does not receive any fixed or variable compensation.

It also examined the Directors' and the non-voting observer's fees, as well as the remuneration paid to the members of the Board committees. It decided on the allocation of stock options and bonus shares, subject to meeting 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: composition and organization of the board of directors and board committees, and independence of the directors.

The Board decided to name a new member to the appointments and compensation committee.
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 on 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 the 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.

Report of the chairman of board of directors

The authorities 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, of whom two are independent: Messrs. André CRESTEY, Chairman, Philippe CHARRIER and Christian PAILLOT, who have been appointed for the duration of their terms as directors.

■ Duties

The Audit Committee provides support to the Board of Directors in the review and approval of the annual and six-month financial statements. It also assists the Board whenever an event occurs that is likely to have a significant impact on the situation of the Company or its subsidiaries in terms of commitments and/or risk.
In this regard and in accordance with Article L 823-19 of the French Code of Commerce, 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 statutory auditors.
The audit committee has an organization and operations chart which confirms its powers and authorities with regard, among other things, to management risk analysis and to the detection and prevention of management irregularities.

■ Activities in 2010

The Audit Committee met twice in 2010, with all members in attendance at each meeting.

In connection with the approval of the six-month and annual financial statements, the Audit Committee verified the account closing process and took note of the statutory auditors' analysis, in particular, of all consolidation procedures and the Company's 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 2010 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, to take place at the Shareholders' Meeting of May 4, 2011, with a view to presenting its recommendation to the Board of Directors.

The Committee developed its organization and operations chart in order to integrate into it the recent regulatory developments as well as the recommendations of the AFEP and of MEDEF and as well as the report prepared in 2010 by the FMA.

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, of whom two are independent: Messrs. 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 senior 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 the benefits and other forms of compensation of senior management.

The Appointments and Compensation Committee drew up an organization 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.

■ Activities in 2010

The Appointments and Compensation Committee met four times in 2010, 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 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 the non-voting observer, and the composition of board committees.

The Committee issued a favorable opinion regarding the methods for determining the 2010 fixed compensation component and the 2009 variable compensation component of the Deputy Managing Directors.
It also reviewed the methods for determining the 2010 variable compensation component of Didier CARLIER, Deputy Managing Director.

The Committee examined the executive management's proposal for the issuance of stock options and bonus shares to managerial staff and employees of the Company and related companies, as well as the 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.

Thus, the Board of Directors determines the compensation of the Deputy Managing Director, 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 their determination is decided each year by the Board of Directors, on the recommendation of the Appointments and Compensation Committee, and as applicable, based on studies made by external consultants.

The 2010 variable compensation component is based on the attainment of quantitative group targets, qualitative individual targets and on a general evaluation of managerial attitudes and behavior.

The quantitative group targets are evaluated according to criteria corresponding to significant business indicators for the Rallye Group: Changes in debt and financial expenses.

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 to the non-voting observer, as well as the compensation to be paid to the members of board committees, as follows:

- These fees include 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 fee is paid to committee members in the flat amount of €10,000. The fee is 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 each member of the Board with all 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 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 operations of the Board of Directors, to be performed by the Appointments and Compensation Committee, with the help, if desired, of an external consultant.

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

The evaluations and observations made by the members of the Board of Directors indicate that the organization and operations of the Board 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.

Report of the chairman of board of directors

III - PARTICIPATION IN SHAREHOLDERS' MEETINGS

The methods of participating in general shareholders' meetings are presented in Articles 25, 27 and 28 of the bylaws (see page 207). They are also the subject of an update submitted to the extraordinary shareholders' meeting of May 4, 2011.

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

The Company's capital structure and any direct or indirect interests in the Company's capital structure of which it is aware by virtue of Articles L 233-7 and L 233-12 of the French Commercial Code are described on pages 22 *et seq.*

There are no restrictions in the by-laws on the exercise of voting rights and on 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 which 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 which apply to the appointment and replacement of the members of the Board of Directors, as well as to the amendments to the Company by-laws are described beginning on pages 203 *et seq.* The powers of the Board of Directors are described on pages 52 and 205. With respect to the issuance of shares, the authorizations granted to the Board of Directors are indicated on page 209 and, with regard to share repurchases, the powers of the Board of Directors are described on page 24.

Agreements entered into by the Company which are modified or come to an end in the event of a change in the control of the Company are mentioned on pages 221 *et seq.*

In addition, there are no agreements providing for compensation of the members of the Board of Directors 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 has adopted the internationally-recognized "COSO"[1] definition, which is compatible with the AFEP and MEDEF definition[2]: internal control is a process implemented by an organization's board of directors, executives and staff, and it 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 at the Group are thus designed:
- on the one hand, to ensure that the 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 and especially the risks of error or fraud in accounting and financial information, as well as to ensure the effectiveness and efficiency of this institution and the quality of its accounting system and its 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 the 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 the potential risks of any kind with which the Group may be faced.

2. Description of the control procedures put in place

The scope of internal control over accounting and financial information includes the parent company and the operating subsidiaries included in the Group's consolidated financial statements.

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

(2) Recommendations of the *Association française des enterprises privées* and of the *Mouvement des entreprises de France* of December 17, 2003 titled "Application of the provisions of the law on financial security relating to the chairman's report on internal control procedures implemented by the company."

(The latter have an internal audit department available at the subsidiary level to manage their own internal control).

General organization of internal control

The 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 actors 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 by-laws 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 which 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 semi-annual consolidated results and verify the information given in the six-month 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.

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: manual of accounting and consolidated procedures, general accounting plan, code of ethics described in the Board of Directors' rules of procedure, organization 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 33 "Financial risk management policies and objectives" to the 2010 consolidated financial statements.
The main risks related to the Group's financial instruments are discussed: interest rate risks, currency exchange risks, credit risks, liquidity risks and security risks.

The operational risks related to business operations, the 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 activity".

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 the internal control activities and procedures in order to obtain reasonable assurance that the subsidiary's own risks are under control.

The Chairmen of the listed subsidiaries Casino, Guichard-Perrachon and Groupe Go Sport 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 passed along by 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. These committees, in dealing with a subsidiary's senior management, may count on the participation of all staff departments of the subsidiary.

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

Report of the chairman of board of directors

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 starting with the design stage and is implemented through constant monitoring.

The Company's legal department performs any specific 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 chief disputes possibly affecting the subsidiaries, as well as with regard to the risks incurred.

> Rallye:

- **Procedures for monitoring operating risks:**

> Cash management, financing and expenditures

In 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 the 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 on their level of complexity (e.g., bilateral lines, bond issues, structured financing, etc.), the latter being subject, as necessary, to a legal, technical and accounting validation by outside consultants.

A formal authorization procedure has been put in place to facilitate and reinforce control over Company expenditures, from financial investments to general administrative expenses. Supporting documents for such expenditures 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 chapter "Other information - Information on Rallye's activity". 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 the changes in 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, which is then submitted for approval to the Board of Directors. Compensation for all other employees is validated by executive management.

> IT system 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 which are physically secured (through access checks, fire detection systems);
- daily data backups to off-site electronic storage media.

- **Procedures for producing and processing financial and accounting data:**

> Preparation of the individual and consolidated financial statements

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

The accounting department implements a standard internal accounting system in accordance with accounting procedure manuals, using the "Agresso" software to produce the individual company financial statements, and the "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 closings 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 controlling 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, and prepares a file which includes all the 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 shareholders certifying that the financial statements are accurate, truthful, and fair in their presentation.

The Group regularly monitors developments in the 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 on 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.

> Controlling

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 senior 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, in accordance with Article L 451-1-2 of the French Monetary and Financial Code, which results from transposition of the so-called EU "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 onwards are published and archived for five years.

Report of the statutory auditors

PREPARED IN ACCORDANCE WITH ARTICLE L.225-235 OF THE FRENCH COMMERCIAL CODE, ON THE REPORT BY THE CHAIRMAN OF THE BOARD OF DIRECTORS OF RALLYE

Year ended December 31, 2010

To the shareholders,

In our capacity as Rallye's Statutory Auditors, and in accordance with Article L. 225-235 of the Commercial Code, we hereby present our report on the report prepared by the Chairman of your Company in accordance with Article L. 225-37 of the Commercial Code for the year ended December 31, 2010.

The Chairman is responsible for preparing and submitting to the Board of Directors for approval a report on the internal control and risk management procedures in place at the Company, also providing other information required by Article L. 225-37 of the Commercial Code related to corporate governance measures in particular.
Our responsibility is to:

- inform you of our observations concerning the information contained in the Chairman's Report with respect to the internal control and risk management procedures relating to preparation and processing of accounting and financial information, and
- certify that this report contains the other information required by Article L. 225-37 of the Commercial Code, without however being required to verify that such other information is fairly presented.

We carried out our work in accordance with the professional standards applicable in France.

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

Professional standards require us to implement procedures designed to assess the fairness of the information set out in the Chairman's report on internal control and risk management procedures relating to the preparation and processing of financial and accounting information. These procedures consist, in particular, of:

- obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of financial and accounting information supporting the information set out in the Chairman's report as well as of the existing documentation;
- obtaining an understanding of the work performed to prepare this information and the existing documentation;
- determining whether any major weaknesses in the internal control procedures relating to the preparation and processing of financial and accounting information, which we may have found as part of our assignment, have been appropriately disclosed in the Chairman's report.

On the basis of these procedures, we have no matters to report in connection with the information on the internal control and risk management procedures relating to preparation and processing of financial and accounting information contained in the Chairman of the Board's report, prepared in accordance with article L. 225-37 of the Commercial Code.

OTHER INFORMATION

We certify that the report of the Chairman of the Board of Directors includes the other information required by Article L. 225-37 of the Commercial Code.

Paris La Défense, and Neuilly-sur-Seine, April 7, 2011

Statutory advisors

KPMG Audit
Department of KPMG S.A.
Patrick-Hubert Petit
Associate

Ernst & Young et Autres
Pierre Bourgeois
Associate

RALLYE GROUP

Consolidated financial statements Fiscal year ended December 31, 2010

Consolidated Financial Statements

GROUP CONSOLIDATED STATEMENT OF INCOME

(In € millions)	Notes	2010	2009
CONTINUING OPERATIONS			
Net sales	4.1	29,780	27,478
Full purchase costs of goods sold	4.2	(22,146)	(20,247)
Gross margin		**7,633**	**7,231**
Other income	4.1	428	354
Cost of goods sold	4.3	(5,582)	(5,228)
General and administrative expenses	4.3	(1,193)	(1,130)
Current operating income		**1,286**	**1,227**
Other operating income	5	424	265
Other operating expenses	5	(449)	(354)
Operating income		**1,261**	**1,138**
Income from cash and cash equivalents	7	41	33
Cost of net financial debt	7	(593)	(540)
Other financial income	8	105	122
Other financial expenses	8	(121)	(105)
Profit before tax		**695**	**648**
Income tax expense	9	(210)	(203)
Income from associates	10	13	3
Net income from continuing operations		**498**	**448**
Company owners		12	79
Non-controlling interests		486	369
DISCONTINUED OPERATIONS			
Net income from discontinued operations	11	(10)	226
Company owners		(5)	22
Non-controlling interests		(5)	204
Net income		**488**	**674**
Company owners		**7**	**101**
Non-controlling interests		481	573
Consolidated net earnings per share attributable to company owners (in €)			
Base	12	0.16	2.34
Diluted	12	0.16	2.33
Net income per share from continuing operations, attributable to company owners (in €)			
Base	12	0.28	1.82
Diluted	12	0.28	1.81
Net earnings per share from discontinued operations attributable to company owners (in €)			
Base	12	(0.12)	0.52
Diluted	12	(0.12)	0.51

Consolidated Financial Statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(In € millions)	2010	2009
Net income for the year	**488**	**674**
Currency translation adjustments on international operations	574	527
Actuarial differences on obligations for defined benefit plans	(18)	(6)
Financial assets available for sale	45	(9)
Effective portion of the income or losses on hedging instruments	11	0
Income tax on elements of comprehensive income	(3)	(4)
Other elements of comprehensive income net of taxes	**609**	**508**
Total comprehensive income:	**1,097**	**1,182**
Company owners	**248**	**327**
Non-controlling interests	849	855

The changes for each year are presented in Note 6.

Consolidated Financial Statements

STATEMENT OF FINANCIAL POSITION

ASSETS

(In € millions)	Notes	December 31, 2010	December 31, 2009 Restated[1]
Goodwill	13	7,669	7,451
Intangible assets	14	1,189	727
Property, plant and equipment	15	6,210	5,803
Investment property	16	1,528	1,465
Share of income/loss of associates	18	211	196
Non-current financial assets	20	1,016	813
Non-current hedging financial assets	30.5	150	207
Deferred tax assets	9.2	133	154
Total non-current assets		**18,105**	**16,816**
Inventories	21	3,064	2,730
Trade receivables	22	1,754	1,517
Other assets	23	1,819	1,271
Current tax receivables		86	67
Other current financial assets	24	308	259
Cash and cash equivalents	25	3,435	3,308
Assets and liabilities held for sale	26	19	77
Total current assets		**10,485**	**9,229**
TOTAL ASSETS		**28,590**	**26,045**

(1) The financial statements previously published have been restated following changes in the determination of the fair value of the assets and liabilities acquired from Globex (see Note 2)

SHAREHOLDERS' EQUITY AND LIABILITIES

(in € millions)	Notes	December 31, 2010	December 31, 2009 Restated[1]
Capital		133	127
Reserves and share of income/loss attributable to company owners		1,849	1,658
Shareholders' equity attributable to company owners		**1,982**	**1,785**
Non-controlling interests		5,997	5,175
Total shareholders' equity	27	**7,979**	**6,960**
Provisions	28	311	242
Non-current financial liabilities	30	8,371	8,884
Other non-current liabilities	31	269	194
Deferred tax liabilities	9.2	457	376
Total non-current liabilities		**9,408**	**9,696**
Provisions	28	282	250
Trade payables		4,992	4,455
Current financial liabilities	30	2,469	1,732
Tax liabilities payable		64	58
Other current liabilities	31	3,397	2,877
Liabilities related to assets held for sale	26		17
Total current liabilities		**11,203**	**9,389**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**28,590**	**26,045**

(1) The financial statements previously published have been restated following changes in the determination of the fair value of the assets and liabilities acquired from Globex (see Note 2)

Consolidated Financial Statements

CASH FLOW STATEMENT

Cash flows relating to discontinued operations are described in Note 11

(In € millions)	2010	2009 restated[1]
Net income – company owners	7	101
Non-controlling interests	481	573
Consolidated income	**488**	**674**
Amortization, depreciation, and provisions	763	821
Unrealized gains and losses related to changes in fair value	(7)	(21)
Expenses and income calculated and related to stock options and the like	22	19
Other calculated expenses and income	86	59
Amortization, depreciation, provisions and other non-disbursable items	**864**	**878**
Income/loss on asset disposals	(342)	(370)
Losses /(profits) related to changes in interests in subsidiaries with loss of control or non-controlling interests	(7)	(8)
Share of income/loss of associates	(15)	(4)
Dividends received from associates	10	9
Cash Flow	**998**	**1,179**
Cost of net financial debt (excluding changes in fair value and amortization)	516	490
Tax liability (including deferred taxes)	210	204
Cash flow before cost of net debt and taxes	**1,724**	**1,873**
Taxes paid	(263)	(158)
Change in Working Capital Requirement (2)	257	286
Net cash flow from operating activities (A)	**1,718**	**2,001**
Acquisition of tangible and intangible assets	(962)	(881)
Disposable of tangible and intangible assets	287	246
Acquisition of financial assets	(72)	(38)
Sale of financial assets	29	163
Change in loans and advances made	(8)	(29)
Impact of changes in scope of consolidation with change of control or with non-controlling interests (3) (see Note I.1.9.2)	26	58
Net cash flow from investing activities (B)	**(700)**	**(481)**
Dividends paid to shareholders of the parent company	(32)	(75)
Dividends paid to non-controlling interests of consolidated companies	(270)	(192)
Dividends paid to holders of perpetual super subordinated notes	(26)	(30)
Capital reductions / increases in cash	16	1
Sums received from exercise of stock options	5	1
Other transactions with minority shareholders (See Note I.1.9.2)	(162)	(396)
Purchases and sale of treasury stock	5	9
Acquisitions and sales of financial investments	(121)	20
Bond issues	1 472	3,088
Bond redemptions	(1,316)	(2,551)
Net financial interest paid	(465)	(487)
Net cash flow from financing activities (C)	**(894)**	**(612)**
Impact of currency translation adjustments (D)	76	112
Change in cash (A+B+C+D)	**200**	**1,020**
Net cash at beginning of period	2,895	1,872
Net cash from activities held for sale	(1)	(1)
Opening net cash from continuing activities (E)	2,894	1,871
Cash reclassification (F)		3
Net cash at end of period	3,094	2,895
Net cash from continuing activities at closing (G)(see Note 25.1)	3,094	2,894
Change in cash and cash equivalents (G-E-F)	**200**	**1,020**

(1) The statements previously published have been restated following the retrospective application of the amendment to IAS 7(see Note I.1.9).

(2) Change in working capital requirement related to operating activities

(In € millions)	2010	2009
Merchandise inventories	(136)	155
Real estate development inventories	40	87
Trade payables	262	(285)
Trade receivables and related accounts	204	24
Receivables related to credit activities	(15)	62
Financing of credit activities	(17)	(49)
Others	(81)	292
Change in working capital requirement	**257**	**286**

(3) Impact of changes in scope of consolidation

(In € millions)	2010	2009 restated[1]
Super de Boer[4]		316
Vindémia (change in scope of consolidation and disposal of production companies)		36
Finovadis		6
Easy Holland BV		3
GPA (change in percentage)	4	
Cativen sale	30	
Store assets sub-group	15	
Franprix-Leader Price sub-group	14	
Other	9	67
Sale prices	**72**	**428**
Gdynia (newly consolidated)		(39)
Dilux and Chalin (newly consolidated)		(26)
Caserne de Bonne (newly consolidated)		(47)
Halles des Bords de Loire (newly consolidated)		(13)
GPA (acquisition of Globex Utilidades)		(118)
GPA (change in scope of consolidation)		(6)
Franprix-Leader Price sub-group (Baud put option)		(79)
Franprix-Leader Price sub-group (newly consolidated)	(25)	
Mercialys sub-group	(4)	
Store assets sub-group (newly consolidated)	(4)	
Others	(2)	(65)
Purchase prices	**(35)**	**(393)**
GPA (acquisition of Globex Utilidades)		10
GPA (change in scope of consolidation)		(4)
Franprix-Leader Price sub-group	8	5
Casino Limited and EMC Limited		7
Caserne de Bonne (newly consolidated)		5
GPA (acquisition of Casas Bahia)	9	
Other	(7)	
Venezuelan entities (loss of control)	(21)	
Cash balance of subsidiaries acquired or sold	**(11)**	**23**
Impact of changes in scope of consolidation	**26**	**58**

(4) The sum of €316 million includes the sale price of all assets and liabilities of Super de Boer for €553 million, less an interim dividend paid to minority shareholders of €237 million.

Consolidated Financial Statements

STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

(In € millions)	Capital	Additional paid-in capital	Treasury shares	Income/ loss realized directly in equity	Consolidated reserves and income/loss	Sh. equity attributable to owners	Non-controlling interests	Total shareholders equity
As at December 31, 2008	**127**	**1,309**	**(19)**	**30**	**59**	**1,506**	**4,506**	**6,012**
Income and expenses realized directly in equity[1]				225		225	282	507
Consolidated net income for 2009[2]					101	101	573	674
Total income and expenses recognized				**225**	**101**	**326**	**855**	**1,181**
Capital measures						0	19	19
Transactions in treasury shares			7		1	8	3	11
Dividends distributed[3]					(75)	(75)	(602)	(677)
Change in interests without gain or loss of control of subsidiaries[4]							395	395
Changes in interest relating to the assumption or loss of control of subsidiaries						0	2	2
Other changes					20	20	(3)	17
As at December 31, 2009 restated	**127**	**1,309**	**(12)**	**255**	**106**	**1,785**	**5,175**	**6,960**
Income and expenses recognized directly in equity[1]				241		241	368	609
Consolidated net income for 2010[2]					7	7	481	488
Total income and expenses recognized				241	**7**	**248**	**849**	**1,097**
Capital measures	6	39				45	17	62
Transactions in treasury shares			3		2	5	2	7
Dividends distributed[5]					(77)	(77)	(271)	(348)
Change in interests without gain or loss of control of subsidiaries					(11)	(11)	13	2
Changes in interest relating to the gain or loss of control of subsidiaries[6]					(2)	(2)	346	344
Other changes[7]					(11)	(11)	(134)	(145)
As at December 31, 2010	**133**	**1,348**	**(9)**	**496**	**14**	**1,982**	**5,997**	**7,979**

(1) Details of the income and expenses booked directly in shareholders' equity.

(In € millions)	Cash flow hedging reserve	Currency translation adjustment reserve	Actuarial differences reserve	Fair value reserve on assets and liabilities previously held	Reserve on financial assets available for sale;	Sh. equity attributable to owners	Non-controlling interests	Total
As at December 31, 2008	**(5)**	**(41)**	**3**	**44**	**29**	**30**	**(66)**	**(35)**
Income and expenses realized directly in equity	1	239	(2)	0	(13)	225	282	507
As at December 31, 2009	**(4)**	**198**	**1**	**44**	**16**	**255**	**223**	**472**
Income and expenses realized directly in equity	2	211	(5)		33	241	368	609
As at December 31, 2010	**(2)**	**409**	**(4)**	**44**	**49**	**496**	**591**	**1,081**

2) Non-controlling interests come primarily from the Casino group, in which the Group held 48.65% in 2009 and 48.48% in 2010.

(3) The increase in non-controlling interests is primarily related to the distribution by the Casino group of 146 million paid in cash and 163 million in Mercialys shares; the dividends paid to minority shareholders also reflect 237 million in income from the disposal of Super de Boer assets and liabilities.

(4) The increase is primarily related to the distribution by the Casino group of Mercialys shares and the dilution of the Casino group's interest in Exito following various capital increases.

(5) The 271 million represents 150 million for the Casino annual distribution and 106 million related primarily to the subsidiaries Mercialys, Whitehall, Big C (Thailand) and Exito.

(6) The consolidation of Casas Bahia contributed 344 million.

(7) The principal impact is the capital redemption of (138) million to the Whitehall funds following the 2009 sale of two real estate development sites in Poland.

Consolidated Financial Statements

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS

I ACCOUNTING RULES AND METHODS

1.1. General information

Rallye is a French "Société Anonyme" (joint stock company) registered in France and listed on Euronext Paris, in Eurolist Compartment A. The company and its subsidiaries are hereinafter referred to as the "Group" or the "Rallye Group".
On March 10, 2011, the Board of Directors established and authorized the publication of Rallye's consolidated financial statements for the 2010 fiscal year. They will be submitted for approval by the Shareholders' Meeting called for May 4, 2011.

1.2. Reference Framework

Pursuant to European Regulation 1606/2002 of July 19, 2002, the consolidated financial statements of the Rallye group have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), as adopted by the European Union and made mandatory as of the closing date of the accounts.

These accounting standards are available on the European Commission website and include the international accounting standards (IAS and IFRS), the interpretations issued by the Standing Interpretation Committee (SIC) and the International Financial Reporting Interpretations Committee (IFRIC) (http://ec.europa.eu/internal_market/accounting/ias_fr.htm).

The accounting methods described below were applied consistently to all periods presented in the consolidated financial statements, taking into account, or except for, the new standards and interpretations described below.

1.3. Standards, amendments to standards and interpretations applicable as of the fiscal year beginning January 1, 2010

The Group has applied the following new standards, amendments and interpretations as of the beginning of the 2010 fiscal year:
- Revised IAS 27 - Consolidated and Separate Financial Statements (applicable to annual reporting periods beginning on or after July 1, 2009);
- Revised IFRS 3 - Business Combinations (applicable to business combinations for which the acquisition date is in annual reporting periods beginning on or after July 1, 2009;

These revisions had no impact on the recognition of combinations and the changes in interest percentages prior to January 1, 2010, which were recognized in accordance with the accounting principles defined by IFRS 3 and IAS 27 as described in Notes 1.6 and ff;

- Annual improvements to the IFRS standards (May 2008) –amendment to IFRS 5 relating to the reclassification as "assets held for sale" of all assets and liabilities of a subsidiary held for sale, even if the Group retains a residual interest. This amendment is applicable at the same time as IAS 27R and IFRS 3R;
- Amendment to IAS 39 - Financial Instruments: 'recognition and measurement of eligible hedged items' (applicable to annual reporting periods beginning on or after July 1, 2009);
- IFRIC 17 - Distributions of Non-cash Assets to Owners (applicable to annual reporting periods opening as of July 1, 2009);
- IFRIC 18 - Transfers of Assets from Customers (applicable to transactions after July 1, 2009);
- Amendment IFRS 2 - Share-based Payment: Group cash-settled share-based payment transactions (applicable to annual reporting periods beginning on or after January 1, 2010);
- Annual improvements to IFRS (April 16, 2009), most of which are applicable to the annual periods beginning on or after January 1, 2010. The improvement to IFRS 8, which eliminates the obligation to present segment assets, was adopted early in fiscal 2009.

With the exception of IFRS 3R and IAS 27R, which are to be applied going forward, these new texts published by the IASB had no material impact on the Group's financial statements.

With respect to the adoption of IFRS 3R and IAS 27R, the accounting rules and methods applicable to the treatment of business combinations and the consolidation of subsidiaries and transactions on subsidiaries have been updated (see Note 1.9).

1.4. Standards and interpretations published, but not yet effective

1.4.1. Texts adopted by the European Union as of the closing date

- IFRIC 19 - Extinguishing Financial Liabilities with Equity Instruments (applicable to annual reporting periods beginning on or after July 1, 2010);
- Amendment IAS 32 - Classification of Rights Issues (applicable to annual reporting periods beginning on or after February 1, 2010);
- IFRIC 14 Amendment: – Prepayment of minimum funding requirements (applicable to annual periods beginning on or after January 1, 2011);
- Revised IAS 24 - Related Party Disclosures (applicable to annual reporting periods beginning on or after January 1, 2011);

The Group has not applied any of these new standards or interpretations early and does not anticipate any significant impact on its financial statements.

1.4.2. Texts not adopted by the European Union as of the closing date

Subject to their definitive adoption by the European Union, the standards, amendments to standards and interpretations published by the IASB and presented hereinafter are compulsory as of January 1, 2010 (with the exception of the amendment to IAS 12 and IFRS 9).

The Group is currently assessing the impacts resulting from the preliminary application of these new texts:
- IFRS 9 - Financial Instruments: classification and measurement (applicable to annual reporting periods beginning on or after January 1, 2013);
- IAS 12 Amendment – Deferred taxes: recovery of underlying assets (applicable to annual reporting periods beginning on or after January 1, 2012);
- IFRS 7 Amendment - Financial Instruments: information to be provided (applicable as of July 1, 2011);
- Annual improvements to IFRS standards (May 6, 2010), applicable to the Group as of January 1, 2011);

1.5. Basis for Preparation and Presentation of the Consolidated Financial Statements

1.5.1. Measurement bases

The consolidated financial statements were prepared in accordance with the historical cost method, except for:
- land and grounds of companies within Casino's "centralized" perimeter (historical, core companies in France), of Monoprix, and the Franprix- Leader Price group's warehouses, for which the fair value as at January 1, 2004 was used as the presumed cost. The resulting remeasurement was realized in equity;
- derivative financial instruments, available-for-sale financial assets and the securities portfolio, which were measured at fair value. The carrying value of the assets and liabilities that are components hedged by a fair value hedge and that would also be measured at cost is adjusted to take into account changes in fair value attributable to the risks being hedged.

The consolidated financial statements are presented in millions of euros. The amounts indicated in the consolidated financial statements are rounded to the closest million and include individually-rounded data. Calculations based on rounded figures may differ from reported aggregates and sub-totals.

The consolidated financial statements for the year ended December 31, 2008 are included by reference.

1.5.2. Use of estimates and judgments

The preparation of consolidated financial statements demands that management employ estimates and assumptions that may have an impact on the asset, liability, income and expense figures included in the financial statements, and on some of the information included in the Notes to the financial statements. As assumptions are inherently uncertain, actual results could differ from those estimates. The Group regularly revises its estimates and assumptions in order to take into account past experience and to include factors deemed to be relevant under prevailing economic conditions.

The judgments, estimates and assumptions apply mainly to:
- impairment of non current assets and goodwill;
- financial assets available for sale;
- the assets or groups of assets classified as held for sale.

Moreover, the judgments, estimates and assumptions used by the operating subsidiaries concern in particular:
- trade cooperation;
- writedowns of doubtful receivables;
- impairment of non-current assets and goodwill;
- the fair value of investment properties given in the notes to the financial statements, together with the accounting method applied to the acquisition of investment properties: When each transaction is carried out, an analysis on the basis of the assets and current activity is performed to determine whether the transaction should be analyzed as a business combination or as the acquisition of an isolated asset.
- deferred taxes;
- non-current assets (or group of assets) classified as held for sale;
- commitments to buy back non-controlling minority interests and price supplements on the acquisition of companies;
- provisions for risks and other provisions related to the business.

Notes 17, 28 and 30 provide data on the sensitivity of the measurements made with respect to goodwill, provisions and repurchase commitments.

Consolidated Financial Statements

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS

1.6. Impact of changed methods

The financial statements previously published have been restated because of the impact of applying revised IAS 27 "Consolidated and separate financial statements", which led to an amendment to IAS 7 "Statement of cash flows."

The revised versions of IFRS 3 "Business Combinations" and IAS 27 "Consolidated and separate financial statements" are mandatory for the Group as of January 1, 2010. They are to be applied going forward. Thus, the combinations prior to January 1, 2010 are still recognized in accordance with the accounting principles used during the preparation of the financial statements as at December 31, 2009 and have not, therefore, been affected by the application of these new standards.

On the other hand, these two texts significantly modify the way in which combinations and changes in interest in a subsidiary (with and without loss of control) are recognized. The principal changes affecting the recognition of combinations include the valuation of non-controlling equity interests (formerly "minority interests"), the accounting for transaction costs, the initial and subsequent recognition of any compensation clauses, and acquisitions in stages. With respect to IAS 27R, the essential changes pertain to the recognition of loss of control and changes in the percentage interest without loss of control. The details of these changes are presented in Note I.1.9.1 (Business combination).

The new revised IAS 27 led to an amendment to IAS 7 Statement of cash flows", which is applied retrospectively. The statement of cash flows dated December 31, 2009 was therefore restated (see Note I.1.9.2).

The accounting rules and methods have been updated to integrate all changes brought about.

1.7. Accounting policies applied by the Group in the absence of any specific provisions under IFRS

In the absence of a standard or interpretation applicable to the situations described below, the Group's Management used its judgment to define and apply the most relevant accounting position for firm or conditional commitments to purchase non-controlling interests (see Note I.1.27).

1.8. Scope and methods of consolidation

Subsidiaries, joint ventures and associates under the direct or indirect control of the parent company, or over which the latter exercises control, joint control or a significant influence, are consolidated.

Control exists when the Company has the power to govern, directly or indirectly, the financial and operating policies of the entity in order to gain benefits from its business activities. Control is assessed based on existing and potential voting rights. Special-purpose entities are consolidated after an analysis of the Group's exposure to the risks and benefits of the entity and may be consolidated as a result, even in the absence of voting rights.
Companies over which the Group exercises joint control, shared with a limited number of partners under a contractual arrangement, are consolidated using the proportional method.
Associates over which the Group exercises significant influence are accounted for under the equity method. Goodwill related to these entities is included in the book value of the investment.

1.9. Business combinations

IFRS 3, revised, modifies the conditions for application of the purchase method starting January 1, 2010. In effect, the consideration transferred (purchase price) is measured at the fair value of the assets delivered, equity issued and liabilities incurred on the date of the exchange. The identifiable assets and liabilities of the company acquired are measured at fair value on the date of the purchase. The costs directly attributable to the takeover of control are now booked as an expense in "Other operating expenses."

Any surplus of the consideration transferred over the Group's share of the net fair value of the identifiable assets and liabilities of the company acquired gives rise to the recognition of goodwill. On the date of the takeover of control, and for each combination, the Group may opt for partial goodwill (limited to the share acquired by the Group) or complete goodwill. If the Group opts for complete goodwill, the non-controlling interests are measured at fair value and the Group recognizes goodwill on all identifiable assets and liabilities.

Business combinations prior to January 1, 2010 had been treated using the partial goodwill method, the only method applicable.

In the case of an acquisition in stages, the interest previously held is remeasured at fair value on the date control is assumed. The difference between the fair value and the net carrying value of this interest is recognized directly in income ("Other operating income" or "Other operating expenses"), as an offset to reserves before January 1, 2010.

The amounts recognized on the acquisition date may result in an adjustment provided that the items allowing adjustment of these amounts correspond to new information of which the buyer is made aware and originating in facts and circumstances prior to the date of acquisition. After the measurement period (with a maximum duration of 12 months after the date of the takeover of control of the entity acquired), goodwill may not subsequently be adjusted; the subsequent acquisition of non-controlling interests does not result in the recording of additional goodwill.

In addition, price supplements are included in the acquisition cost at their fair value on the acquisition date, whatever the probability of occurrence. During the measurement period, subsequent adjustments have their offsetting entry in goodwill when they relate to facts and circumstances existing at the time of the acquisition; after that, price supplement adjustments are recognized directly in income ("Other operating income" or "Other operating expenses"), unless the price supplements had an equity instrument as consideration. In this case, the price supplement is not remeasured later.

IFRS 3, revised, requires the recognition as income of deferred tax assets which have not been recognized by the date of acquisition or during the measurement period.

1.9.1. Summary of changes: IAS 27 revised

Revised IAS 27 presents the consolidated financial statements of a group as those of a single economic entity with two categories of owners: the owners of the parent company and the holders of non-controlling interests (minority shareholders of the subsidiaries). A non-controlling interest is defined as the portion of interest in a subsidiary which is not directly or indirectly attributable to a parent company (hereinafter "minority interests" or "non-controlling interests.") As a result of this new approach, transactions carried out with minority shareholders that result in a change of the parent company's interest without loss of control affect only shareholders' equity because control does not change within the economic entity.

Thus, starting January 1, 2010, in the case of an acquisition of an additional interest in a fully consolidated subsidiary, the Group recognizes the difference between the acquisition cost and the carrying amount of the minority interests as a change in shareholders' equity attributable to the shareholders of the parent company. The costs associated with these transactions are also recognized in equity. The same is true for sales without loss of control.

Concerning the sale of majority interests resulting in a loss of control, the Group records a 100% sale of the securities held, followed as applicable by an acquisition at fair value of the portion retained. Thus, the Group books a gain or loss on disposal, presented at "Other operating income" or as "Other operating expenses" on its entire interest (portion sold and portion retained), which means remeasuring the portion retained through income.

1.9.2. Impact of revised IAS 27 on the Statement of cash flows (IAS 7)

The new IAS 27, revised, resulted in an amendment to IAS 7 "Statement of cash flows": cash flows coming from the acquisition or loss of control in a subsidiary are assigned to net cash flows from investing activities, while cash flows coming from changes in interests in a fully consolidated subsidiary which do not result in a loss of control (this concept includes increases in interests) are included in net cash flows from financing activities.

In comparison with the principle applied by the Group until December 31, 2009, the change stems from the presentation of the cash flows related to changes in interest percentages in a fully consolidated subsidiary without a change in control. These flows are now classified as financing flows, whereas they were previously classified as investing flows. As the application of this amendment is retrospective, the data at December 31, 2009 in the statement of cash flows have been restated accordingly.

This amendment has no impact on the classification of the transactions executed with associates or business under joint control: these transactions continue to be classified as investing flows.

1.10. Closing date

With the exception of certain minor subsidiaries and Cdiscount, the closing date of which is March 31, the companies included within the scope of consolidation close their accounts on December 31.

1.11. Consolidated companies in a different business segment

The individual accounts of Banque du Groupe Casino have been prepared in accordance with the standards applicable to financial institutions, those of Casino Re in accordance with standards applicable to insurance companies. In the consolidated financial statements, they are classified according to general IFRS presentation rules.

Consolidated Financial Statements

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS

Customer loans are included in "Trade receivables", refinancing of customer loans in "Other current liabilities" and credit income as revenues.

1.12. Translation of financial statements and transactions denominated in foreign currencies

The consolidated financial statements are presented in euros, the functional currency of the Group's parent company. This is the currency used in the main economic environment in which the Group operates. Each entity within the Group determines its own functional currency and the financial items of each are measured in that currency.

The financial statements of companies in the Group that use a different functional currency from that of the parent company are translated using the closing rate method:
- assets and liabilities, including goodwill and adjustments made to determine fair value in consolidation, are translated into euros at the exchange rate in effect at the close of the period;
- items in the income and cash flow statements are translated into euros at the average exchange rate for the period, as long as this rate is not called into question by significant changes in the currency markets.

The resulting foreign exchange differences are directly recognized in equity, under a separate heading. When a foreign business is sold, the cumulative amount of the deferred exchange differences recognized under the separate equity heading relating to that foreign business is recognized in income.Transactions denominated in foreign currencies are translated into euros at the exchange rate prevailing on the transaction date.

Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate prevailing at the close of the period, while the resulting foreign exchange differences are recognized in the income statement as foreign exchange gains or losses. Non-monetary assets and liabilities denominated in foreign currencies are recorded at the historical exchange rate in effect on the transaction date.

The exchange differences recorded upon the translation of a net investment of a foreign entity are accounted for in the consolidated financial statements as other items of comprehensive income or loss and are recognized in income when the net investment is sold.

Foreign currency differences relating to debts hedging foreign currency investments or long-term advances to subsidiaries are also accounted for as other items of comprehensive income or loss and are recognized when the net investment is sold.

1.13. Goodwill and intangible assets

Recognition criteria for intangible assets include:
- identifiability and separability;
- control over a resource;
- the existence of future economic benefits.

Intangible assets acquired as part of a business combination which do not meet these criteria are deemed to be goodwill.

1.13.1. Goodwill

On the acquisition date, goodwill is measured pursuant to Note I.1.9. Goodwill is assigned to each of the cash generating units or groups of cash generating units that benefit from the effects of the business combination, depending on the level at which management tracks the internal profitability of the investment.
Goodwill is not amortized.
It is tested for impairment annually, or whenever there is an indication that it might be impaired. Impairment losses on goodwill may not be reversed. The methods used by the Group to test impairment are described in the section "Impairment of non-current assets" below.

Negative goodwill is recognized directly in income for the year of acquisition, once the correct identification and measurement of any identifiable assets, liabilities and contingent liabilities acquired has been verified.

1.13.2. Intangible assets

Intangible assets acquired separately by the Group are measured at cost, and those acquired through a business combination at fair value.
Intangible assets consist mainly of purchased software, the cost of software developed for internal use, trademarks, patents, and initial lease payments made upon the signing of a lease.
Trademarks that are created and developed internally are not recognized on the balance sheet.

Intangible assets are depreciated on a straight-line basis over their expected useful lives determined for each type of asset:

Type of assets	Amortization period
Development costs	3 years
Software	3 to 10 years
Acquired trademarks	-
Lease premiums	-

Intangible assets with indefinite useful lives (such as lease premiums and acquired trademarks) are not amortized; they are tested annually for impairment or when an indication of impairment exists.

An intangible asset is de-recognized when it is disposed of or if no future financial benefit is expected from its use or disposal. Any gain or loss arising from the de-recognition of an asset (calculated on the difference between the net income from sale and the carrying amount of this asset) is recognized in income ("Other operating income and expenses" during the year of de-recognition.

The residual values, useful life and depreciation methods of assets are reviewed each year-end and modified if necessary on a prospective basis.

1.14. Property, plant and equipment

Property, plant and equipment are measured at cost, less any accumulated depreciation and impairment losses. The subsequent expenses are capitalized if they meet the recognition criteria of IAS 16. These criteria are assessed before commitment to the expense.

Property, plant and equipment (excluding land, which is not depreciated) are depreciated over the estimated useful lives of each type of asset, with a residual value of zero:

Type of assets	Amortization period
Land	-
Buildings (building structure and brickwork)	20 to 40 years
Roof waterproofing and shell fire protection systems	15 years
Land fittings and improvements	10 to 20 years
Building fixtures and improvements	5 to 10 years
Technical installations, machinery and equipment	3 to 10 years
Transportation equipment	5 years
Furniture, office and computer equipment	3 to 8 years

The "Roof waterproofing and shell fire protection systems" items are only identified as separate Property, plant and equipment items in the case of major renovations. In other cases, they are included in the "Building structure and brickwork" component.

Property, plant and equipment is de-recognized when it is disposed of or if no future financial benefit is expected from its use or disposal. Any gain or loss resulting from the de-recognition of an asset (calculated on the difference between the net sale proceeds and the carrying amount of this asset) is recognized in income ("Other income and expenses from operations), during the fiscal year of de-recognition.

The residual values, useful life and depreciation methods of the assets are reviewed at each year-end and modified if necessary on a prospective basis.

Consolidated Financial Statements

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS

1.15. Leases

Finance leases that transfer to the Group the majority of the risks and rewards inherent in the ownership of the leased assets are recognized in the balance sheet at the start of the lease period at the fair value of the leased asset or, if lower, at the present value of the minimum payments under the terms of the lease.

Non-current assets held by the Group under finance leases are recognized in the statement of financial position and the income statement as if they had been acquired on credit. They are booked as non-current assets (based on type) and are offset by a loan recorded as a financial liability.

Assets acquired under a financial lease are depreciated over their expected useful life in the same way as other non-current assets of the same type or over the term of the lease, if shorter, and if the Group is not reasonably certain that it will gain ownership of the asset at the end of the lease.

Future payments made under financial leases are discounted and posted in the Group statement of financial position under financial liabilities. Payments made under operating lease contracts are recorded as expenses from the period during which they are incurred.

1.16. Investment property

Investment property is real estate property held by the Group to earn rental income and/or for capital appreciation. Investment property is accounted for and measured in accordance with the provisions of IAS 40.
The shopping malls owned by the Group are recognized as investment property.

After initial recognition, investment property is measured at cost less accumulated depreciation and any impairment losses. The fair value is also disclosed in the Notes. The depreciation methods and periods applied to investment property are identical to those used for property, plant and equipment.

The shopping malls held by Mercialys are appraised by experts, in compliance with the real estate assessors' code of ethics prescribed by the Royal Institution of Chartered Surveyors (RICS), using the methods to evaluate the market value of each of the assets in accordance with the requirements of the "Charte de l'expertise en évaluation immobilière" June 2006 (3rd edition) and the 2000 report of the joint working group of the French stock exchange commission (COB) and the French national accounting board (CNC) on valuation of the property assets of publicly-traded companies. All assets making up Mercialys' holdings are subject to expert appraisal on a rotating basis, one-third per year, with the remaining two-thirds being updated. Pursuant to the COB/CNC 2000 report, two approaches are used to determine the market value of each asset:

- The first, the capitalized earnings approach, consists of assessing net rental revenues from the asset and applying a rate of return equal to that used in the corresponding real estate market (taking into account floorspace, configuration, competition, mode of ownership, leasing potential and potential for expansion, and comparability with recent transactions) and bearing in mind the actual level of rents from which to deduct the amount of those expenses and work which cannot be re-billed relative to market price and vacancy rate.
- The second approach, referred to as the discounted cash flow approach DCF), is used to discount future income and expenses, taking into consideration, year after year, projected rent adjustments, vacancy rates, and other projected parameters, such as time to market and investments paid for by the lessor.

The discount rate used covers the market's riskless rate of return (10-year French Treasury TEC 10 for France,) to which is added a premium for risk and real estate market liquidity, as well as any applicable risk premiums to cover obsolescence and tenant risk.
Smaller assets are also valued by comparison with the selling price of comparable assets.

1.17. Cost of non-current assets and borrowing costs

Acquisition costs of non-current assets are included in the acquisition cost of these assets at the gross amount including taxes. For property, plant and equipment, intangible assets and investment property, these costs increase the value of the assets, and are accounted for in the same manner.

The borrowing costs which are directly attributable to the acquisition, construction or production of an asset, the preparation of which prior to the planned use or sale requires a substantial period (generally greater than six months), are included in the cost of this asset. All other borrowing costs are expensed in the year in which they are incurred. Borrowing costs are the interest and other costs borne by a company to borrow funds. The Group capitalizes borrowing costs for all eligible assets the construction of which began on or after January 1, 2009. The Group continues to show as expenses the borrowing costs on projects started before January 1, 2009.

1.18. Impairment of non-current assets

IAS 36 defines the procedures a company must apply to ensure that the net carrying amount of a company's assets does not exceed the amount recoverable, which is the amount that would be recovered through the use or sale of such assets.
Except for goodwill and intangible assets with an indefinite useful life, which are systematically tested for impairment once a year, the recoverable value of an asset is reassessed whenever there is an indication that the asset may have lost value.

1.18.1. Cash Generating Units (CGUs)

A cash generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.
For purposes of impairment testing, the goodwill recognized upon business combinations is allocated to Cash Generating Units (CGUs) or groups of CGUs. These CGUs or groups of CGUs represent the level of tracking goodwill for internal management purposes and do not extend beyond the operating segment level as presented in Note 3 "Segment information."

1.18.2. Impairment indicators

In addition to the external sources of information tracked by the Group (the business environment, the market value of assets, etc.), the impairment indicators used in the Group depend on the type of asset:
- For real-estate assets (land and buildings): loss of rental income or termination of the lease;
- For operating assets related to on-going businesses (assets belonging to a cash generating unit): the ratio of the net carrying amount of the store non-current assets to gross sales exceeding a threshold set by type of store;
- For assets related to support activities (headquarters and warehouses): termination of operations at the site or obsolescence of the production equipment used by the site.

1.18.3. Recoverable amount

The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use. It is estimated for each asset individually. When this is not possible, the assets are grouped into cash generating units (CGU), the value of which is then estimated.

Fair value less costs of disposal is the amount obtainable from the sale of an asset under normal market conditions in a transaction at arm's length between knowledgeable, willing parties, less costs of disposal.

To monitor the value of goodwill, a determination of the recoverable values of the GCUs or associated groups of CGUs is made every year at year-end.

1.18.4. Value in use

Value in use is the present value of the future cash flows expected to be derived from the continued use of an asset and from its ultimate disposal at the end of its useful life.

It is determined using:
- the future cash flows estimated based on budgets or forecasts for a maximum 5-year period, extrapolated by applying a constant or declining growth rate and discounted to present value; the discount rate used is the average cost of capital employed for each CGU;
- the terminal value, discounted using the same rate.

1.18.5. Impairment

An impairment loss is immediately recognized whenever the carrying amount of the asset, or of the CGU to which it belongs, exceeds its recoverable amount. Impairment losses are recorded as expenses under "Other operating income and expenses".
Impairment losses recognized in a prior period are reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. However, the increased book value of an asset due to a reversal of an impairment loss may not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. Impairment losses on goodwill can never be reversed.

Consolidated Financial Statements

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS

1.19. Financial assets

Financial assets are classified in four categories according to their type and intended holding period:
- Assets held to maturity;
- Assets measured at fair value through profit or loss;
- Loans and receivables;
- Available-for-sale assets.

Financial assets are classified as current or non-current, based on their maturity as of the closing date: less than or greater than one year.

1.19.1. Assets held to maturity

These are exclusively fixed income securities acquired with the intention and ability to hold them until maturity. They are measured at amortized cost using the effective interest method. Amortized cost is calculated for the period from the acquisition of an investment to its maturity date, taking into account any premium or discount upon acquisition. Gains and losses are recognized in income when the assets are de-recognized or impaired and also through the amortization process.These assets are tested for impairment when there is an indication that the assets may have lost value. An impairment is recognized if the carrying amount exceeds the estimated recoverable amount.

1.19.2. Assets measured at fair value through profit or loss

These are financial assets held for trading, i.e. they have been acquired for the purpose of being sold in the short run. They are measured at fair value and gains and losses arising from changes in fair value are recognized in income. Some assets may be voluntarily classified in this category.

1.19.3. Loans and receivables

These are financial assets issued or acquired by the Group in exchange for cash, goods or services to a debtor. They are valued at amortized cost using the effective interest method. Long-term loans and receivables that are non-interest-bearing or that bear interest at below the market rate are discounted when the amounts involved are material. Any impairment losses are recognized in income.
Trade receivables are recognized and measured at their initial invoice value, less appropriate allowances for irrecoverable amounts. They are booked as assets unless until all the risks and rewards related to them are transferred to a third party.

1.19.4. Available-for-sale assets

These are all financial assets, in particular equity interests in non-consolidated companies and non-current securities in the investment portfolio. They are measured at fair value. Changes in fair value are recognized in other items of comprehensive income or loss until the asset is sold, collected, or otherwise removed, or until there is evidence that there has been a sustained or significant loss in the value of the asset. In such an event, the profit or loss that had been recognized until then directly is transferred to profit or loss.
Available-for-sale financial assets are tested for impairment at each reporting date. The Group recognizes an impairment whenever an impairment indicator is found.
For the portfolio of financial investments, which primarily consists of interests in unlisted Private Equity funds, the Group uses the following impairment indicators:
- a sharp fall on the order of 50% in the value of a security;
- or a decrease extending over a period of more than 24 months;
- or a significant decrease in the value of a financial asset combined with information of an alarming character.

If the asset available for sale is an equity instrument, an impairment loss is final. Subsequent increases in fair value are recognized directly in equity.
If the available-for-sale financial asset is a debt instrument, any subsequent increases in value are recognized on the income statement, up to a maximum of the amount of the impairment previously recognized.

1.9.5. De-recognition

A financial asset is de-recognized in the following two cases:
- Contractual rights to the cash flows from the asset have expired;
- or Contractual rights have been transferred to a third party, under certain conditions:
  - If the transferor has transferred substantially all of the risks and rewards, the asset is fully de-recognized,
  - If the transferor has retained virtually all of the risks and rewards, then the asset remains fully recognized.

The Group assigns receivables to financial institutions. The risk of dilution attached to assigned receivables initially recognized on the balance sheet (risk of cancellation of the receivable because of credits issued or offsetting payments) is considered to be non-existent. In practice, these are receivables on invoices issued for contractual services rendered under the contract between the Group and its suppliers, based on the amount of business it does with each supplier, respectively. The other risks and rewards attached to these receivables have been transferred to the assignee. Consequently, as substantially all of the risks and rewards had been transferred to the assignee at the balance sheet date, the receivables have been de-recognized.

1.20. Inventories

Inventories are measured at the lower of cost and probable net realized value. The measurement method used in the Group is the first-in first-out (FIFO) method.
Inventories include all purchase costs, costs of conversion and other costs incurred in bringing the inventories to their place of sale in their current condition. Accordingly, logistics expenses and all supplier discounts recognized in cost of goods sold are included in the measurement of inventories.
The cost of inventories includes the recycling of amounts initially recognized in equity, corresponding to gains or losses on hedges of future purchases of goods.
The probable net realized value is equal to the selling price estimated in the normal course of business, less expected costs for the completion of the sale.
For its real estate development business, the Group records property under construction as inventories.

1.21. Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term investments.
To qualify as cash and cash equivalents in accordance with IAS 7, investments must fulfill four conditions. They must be:
- short-term;
- highly liquid;
- readily convertible into a known amount of cash;
- subject to an insignificant risk of changes in value.

1.22. Assets and liabilities held for sale

The Group must classify a non-current asset, in the context of the sale of a single asset (or a group of current and non-current assets and liabilities, in the case of the disposal of a business activity), as being held for sale if its carrying amount will be recovered principally through a sales transaction rather than through continuous use. This condition is deemed fulfilled only when the sale is highly probable and the asset or the group intended to be sold is available for immediate sale in its current condition. Management must be committed to a selling plan, which is expected to result, on the accounting level, in the conclusion of a sale within one year of the date of this classification.
When assets are held for sale under the principles set out in IFRS 5, the Group measures the non-current assets at the lower of their carrying amount and their fair value, less costs of disposal. Depreciation of these assets is then discontinued. Assets and liabilities held for sale are reported on a separate line of the balance sheet.
If such assets are investments in joint ventures or associates, the Group will cease to recognize its share of profit or loss in the entities once the investment is reclassified under "Assets held for sale".

In the consolidated income statement for the most recent fiscal year ended and for the prior period presented, income from discontinued operations is presented separately from income from continuing operations following the latter, net of taxes, even if the Group retains a minority interest in the subsidiary after the sale. The resulting net profit or loss is presented on a separate line of the income statement.

Tangible and intangible assets, once classed as held for sale, are no longer amortized or depreciated.

1.23. Shareholders' equity

1.23.1. Equity instruments and hybrid instruments

Classification as equity depends on a specific analysis of the characteristics of each instrument issued by the Group.

When a financial instrument is made up of different components, the issuer must classify the various components separately based on whether they possess characteristics of debt or equity. Therefore, options allowing the bearer to convert debt into the issuer's equity instruments must be classified as shareholders' equity on the consolidated balance sheet, as long as they involve a fixed price and a fixed number of shares. It should be noted that options that allow the bearer to convert debt into the shares of an entity fully consolidated by the issuer follow the same accounting treatment.

Consolidated Financial Statements

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS

The par value must be allocated among the various components at the time of issue. The value of the equity component is equal to the difference between the par value and the debt component. This difference corresponds to the market value of a liability with identical characteristics but with no conversion or exchange option.

Any instrument that is redeemable at the Group's discretion, and the remuneration for which is contingent on the payment of a dividend, is classified as an equity instrument.

1.23.2. Transaction costs in shareholders' equity

External costs directly attributable to capital operations or transactions in equity instruments are deducted, net of tax, from shareholders' equity. Other costs are recorded as expenses for the year.

1.23.3. Treasury shares

Shares repurchased by the Group are deducted from equity at cost. Proceeds from any sale of treasury shares are credited directly to equity, such that capital gains and losses, net of the related tax effect, have no impact on net income for the period.

1.23.4. Share-based payment

The Group's executive officers and certain employees are granted stock options and bonus shares. In accordance with IFRS 2 "Share-based payments", the fair value of the options is measured at fair value on the award date and recorded as personnel expenses spread out over the vesting period of the beneficiaries' rights.
The Group uses the Black & Scholes and trinomial option pricing models to determine the fair value of options, based on the characteristics of the plan, market data on the award date, and assumptions concerning the probability that beneficiaries will remain with the Group until the end of the vesting period. The Group has valued all options granted after November 7, 2002, which have not yet vested. Since the options are settled in shares, they are recognized as equity.
With respect to bonus shares, fair value is also based on the characteristics of the corresponding plan, market data on the award date, and assumptions concerning the probability that beneficiaries will remain with the Group until the end of the vesting period. If a plan does not stipulate vesting conditions, then the full amount is expensed as soon as the plan is granted; if not, the expense is recognized over the vesting period, depending on the fulfillment of conditions.

1.24. Provisions

1.24.1. Provisions for post-employment benefits and other long-term benefits

The companies within the Group grant various types of benefits to their employees, based on the laws and practices in each country.

Under defined contribution plans, the Group has no obligation to make payments in addition to the contributions already paid to a fund, if the fund does not have enough assets to provide the benefits corresponding to the services rendered by the personnel during the current period and previous periods. For these plans, the contributions are recognized as an expense when they are incurred.

Where defined benefit plans are concerned, the commitments are assessed using the projected credit unit method based on the agreements or contracts in force within each company. According to this method, each service period gives the employee the right to an additional unit of benefits and each unit is measured separately to obtain the final obligation. This obligation is then discounted to present value. The actuarial assumptions used to determine the commitments vary according to the economic conditions of the country in which the plan is based. These plans and the end-of-contract payments are valued by independent actuaries on an annual basis for the largest plans and at regular intervals for other plans. These valuations take into account the future level of compensation, the employee's probable period of activity, life expectancy and personnel turnover.

Actuarial gains and losses result from changes in assumptions and the difference between the results estimated by the actuarial assumptions and the actual results. These differences are recognized immediately as other items of comprehensive income or loss for all actuarial differences relating to defined benefit plans.

The cost of past services resulting from the increase in an obligation following the introduction of a new plan or a change in an existing plan is deferred on a straight-line basis over the average period left to run until the rights are vested, or is recognized immediately as an expense if the benefit rights have already vested.

The expenses related to this type of plan are recognized as "Current operating income" (costs of services rendered) and as "Other financial income and expenses" (financial costs and expected asset yields).
Reductions, settlements and costs of past services are recognized in current operating income or in "Other financial income and expenses", depending on their nature. The provision recorded on the balance sheet corresponds to the present value of the commitments valued in this manner, less the fair value of any plan assets and any costs of past services not yet amortized.

1.24.2. Other provisions

A provision is recorded when the Group has a present obligation (legal or implicit) as a result of a past event, the amount of the obligation can be reliably estimated, and when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Provisions are discounted to present value when the related discount is material.
In accordance with the above principle, a provision is recorded to cover the cost of providing after-sales service for equipment sold under warranty. The provision represents the expected cost of repairs to be performed during the warranty period, estimated on the basis of actual costs incurred in prior years. Each year, the provision is reversed in the amount of the actual repair costs recognized in expenses.

Provisions for restructuring costs are recognized whenever an implicit commitment has been made to third parties as a result of a Management decision that has been formalized before the closing date in a detailed restructuring plan and communicated to the parties concerned.

Other provisions correspond to specifically identified contingencies and expenses.

Contingent liabilities correspond to possible obligations arising from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not within the entity's control, or present obligations whose settlement is not expected to require an outflow of resources. They are not recognized but are disclosed in a note.

1.25. Financial liabilities

Financial liabilities are classified in two categories and comprise:
- borrowings at amortized cost;
- financial liabilities recognized at fair value through profit or loss.

The measurement of financial liabilities depends on their classification under IAS 39.

1.25.1. Financial liabilities recognized at amortized cost

Borrowings and other financial liabilities are generally recognized at amortized cost calculated using the effective interest rate.

The fees, issue and redemption premiums are part of the amortized cost of borrowings and financial debts. They are stated as decreases or increases in the corresponding borrowings and, depending on the case, are amortized on an actuarial basis.

1.25.2. Financial liabilities recognized at fair value through profit or loss

These are financial liabilities that are held for trading, that is, with a view to be realized on in the short run. They are measured at fair value and gains and losses arising from changes in fair value are recognized in income.

1.26. Derivative financial instruments and hedge accounting

1.26.1. Hedging of cash flows and fair value:

All derivative instruments (swaps, collars, floors, options…) are presented on the balance sheet at fair value.

In accordance with IAS 39, the Group uses hedge accounting for:
- fair value hedges (e.g., swaps to convert fixed rate debt to floating rate). In this case, the debt is measured at fair value, up to the amount of the risk covered, with gains and losses arising from subsequent measurement at fair value recognized in profit or loss. The change in fair value of the derivative is also recognized as income. If the hedge is entirely effective, the loss or gain on the hedged debt is offset by the gain or loss on the derivative;
- for cash flow hedges (variable-rate loan swapped for fixed rate, for example), the change in the fair value of the derivative is recognized as income for the ineffective portion, and as other items of comprehensive income for the effective portion, with recognition as income symmetrically with the recognition of the hedged flows and in the same item as the element hedged (current operating income for operating cash flows hedges and financial income for other hedges).

Consolidated Financial Statements

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS

Hedge accounting applies if:
- the hedging relation is clearly defined and documented on the date it is set up, and
- the effectiveness of the hedge can be demonstrated from origination and for as long as it lasts.

In the context of a cash flow hedge, the gains or losses accumulated in shareholders' equity must be reclassified as income under the same heading as the element hedged:
- i.e. current operating income for operating cash flow hedges and under financial income for other hedges;
- during the same periods in which the hedged cash flow affects income.

If the hedging relation is interrupted, in particular because it is no longer considered effective, the gains or losses accumulated on the derivative instrument are kept in equity until the hedged transaction expires, unless the hedged item disappears.
If such is the case, the gains or losses recognized in equity are immediately reclassified over to the income statement.

1.26.2. Derivatives not classified as a hedge: accounting and presentation

When a derivative financial instrument has not (or is no longer) classified as a hedge, its successive changes in fair value are recognized directly as income for the period under "Other financial income and expenses".

1.27. Put options granted to minority shareholders

The Group has made commitments to the minority shareholders of some of its subsidiaries to purchase their interests. The exercise price for these transactions may be fixed or established according to a pre-defined calculation formula. The "fixed price puts" are booked as financial liabilities at their discounted values, and the "variable price puts" at their fair value; in addition, these transactions may be exercised at any time or on a date certain.

In accordance with IAS 32, the put options given in relation to fully consolidated subsidiaries are recognized as "financial liabilities".

Revised IAS 27, applied to the consolidated financial statements as of January 1, 2010, specifies the accounting treatment of additional acquisitions of securities in companies. The Group has decided to apply two different accounting methods for these put options, depending on whether the options were issued before or after the date of first application of the revised version of the standard in accordance with the recommendations of the French Financial Markets Authority. The former are treated using the current goodwill method while the latter are treated as transactions between shareholders (equity impact).

1.28. Fair value

Fair value is defined as the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction, under normal market conditions.

The fair value of publicly traded financial instruments is determined on the basis of their market price on the date the accounts were closed. The fair value of unlisted financial instruments, for which there exist listed instruments of a similar nature and maturity date, is determined by referring to the market price of these instruments and making any necessary adjustments. For other unlisted instruments, fair value is determined by using valuation techniques, such as:
- the valuation models used for options;
- the discounted cash flow method. The models use assumptions based on market data;
- or by reference to recent transactions.

From January 1, 2009, the Group has applied amendment IFRS 7 relating to financial instruments measured at fair value. Now, financial assets and liabilities recorded in the financial statements at their fair value will be classified on the basis of their valuation method. This hierarchy consists of three levels:
- level 1: the instrument is listed on an active market;
- level 2: measurement of the instrument uses measurement techniques based on observable market data;
- level 3: measurement of the instrument uses measurement techniques based on non-observable data.

Note 32.2 presents this breakdown.

1.29. Classification of assets and liabilities as current and non-current

Assets that are to be liquidated, consumed or sold within a normal operating cycle or within twelve months following the period closing date, as well as assets held for sale, or cash and cash-equivalents, are classified as "current assets". All other assets are classified as "non-current".
Liabilities to be paid within a normal operating cycle or within the expenses of the month following the closing of accounts are classified as "current liabilities".
The Group's normal operating cycle is 12 months long.
Deferred taxes are always recognized as non-current assets or liabilities.

1.30. Revenue

Revenue consists of two parts: "Net revenue" and "Other revenue".
"Net revenue" includes sales by the Group's stores, cafeterias and warehouses, financial revenues, rental income, bank operating income from credit activity, and various services performed by the business units.

"Other revenue" consists of revenue from the real estate development business, other income from services, and other income generated secondarily or in the context of related activities, particularly commissions for the sale of travel packages, franchise payments and income from sub-leases.

Revenue is valued at the fair value of the consideration received or to be received, net of commercial discounts or rebates and sales taxes. It is recognized as follows:

- sales of goods are booked when the risks and advantages inherent in the ownership of the goods have been transferred to the customer, generally when the transfer of title has occurred, when the income can be measured reliably and when recovery is reasonably certain;
- services, such as the sales of warranty extensions, services attached directly to the sale of goods, or the services rendered to suppliers are recognized over the period in which the services are rendered. When a service includes various commitments, including volume commitments, the Group analyzes the legal and factual elements to determine the scheduling of the accounting recognition of the service. The result is that, depending on the type of service, recognition of the income may be immediate when the services are considered completed, or deferred over the period during which the services are performed or the commitment given fulfilled.

In the case of payment deferred beyond the normal credit conditions not supported by a financing institution, the proceeds from the sale are equal to the discounted price; the difference, if significant, between the discounted price and the cash payment is booked as financial income spread over the period of deferral.

Benefits granted to customers under loyalty programs are elements separate from the initial sale. The income related to these rights granted is deferred until the date the benefits are used by the customers.

1.31. Gross margin

Gross margin is the difference between "Net sales" and "Full cost of goods sold".

The "Full cost of goods sold" includes the cost of purchases net of discounts and trade cooperation payments, changes in inventory associated with distribution activities and logistics costs.
Trade cooperation payments are measured based on contracts with suppliers. They are billed in installments over the year. At year-end, a measurement is made of the commercial services rendered to suppliers. A comparison between this valuation and the billed installments determines the amount of invoices or credit notes to be issued.
Changes in inventory include positive and negative changes after taking depreciation into account.
Logistics costs are the costs of the Group's direct or subcontracted logistics, storage, handling and transportation incurred after the first delivery of goods to one of the Group's sites, stores or warehouses. The transport costs invoiced by suppliers on merchandise invoices (example: DDP Delivery Duty Paid) are presented as a purchasing cost. The costs of subcontracted transport are recognized as "logistics costs".

1.32. Cost of goods sold

The "Cost of goods sold" consist of the costs borne by points of sale together with the cost price and change in inventory related to the real estate development business.

Consolidated Financial Statements

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS

1.33. General and administrative expenses

"General and administrative expenses" represent general and administrative costs of support services, particularly purchasing and supplies, sales and marketing, IT and finance.

1.34. Pre-opening and post-closing costs

Whenever they cannot be defined as assets, costs incurred prior to opening or after closing are recognized as operating expenses when they occur.

1.35. Other income and expenses from operations

This item records the effects of two types of elements:

- major events which took place during the accounting period and which are such as to distort the interpretation of the performance of the company's recurring business. These are income and expenses which are limited in number, unusual, abnormal or infrequent, and significant amounts such as litigation or a significant restructuring plan;
- items which by nature do not come within an assessment of the current operating performance of the business units, such as impairment of non-current assets, and the impacts of the application of standards IFRS 3R and IAS 27R (See Note 1.9).

1.36. Cost of net financial debt

The cost of net financial debt consists of the interest on the net financial debt, including income and gains and losses on the sale of cash equivalents, gains and losses on related interest- or exchange-rate hedges, and changes in the fair value of derivatives (assets and liabilities) used in fair value hedge accounting for the debt.

1.37. Other financial income and expenses

These are financial income and expenses which are not part of the cost of net financial debt.

This item includes: the dividends received from unconsolidated companies, the changes in fair value of the non-cash financial assets and in derivatives not affected by hedge accounting, gains and losses on the sale of financial assets other than cash and cash-equivalents, gains and losses from discounting (including discounting of pension provisions), and foreign exchange translation gains and losses on items other than the components of net financial debt.

Cash discounts are recognized in financial income for the portion corresponding to the normal market interest rate and as a deduction from the cost of goods sold for the remaining balance.

1.38. Income tax

Income tax expense corresponds to the sum of the current tax due from the various Group companies, corrected for deferred tax. Consolidated French subsidiaries that satisfy tax consolidation criteria are generally included at various tax consolidation levels.

The sum of current taxes payable represents the tax due from the parent companies of the tax groups and from all other companies that are not members of the tax group.

Deferred tax assets correspond to the tax calculated and deemed recoverable for certain assets on timing differences, tax loss carry forwards and certain consolidation adjustments.

Deferred tax liabilities are recognized for:

- taxable timing differences, except where the deferred tax liability results from the recognition of a non-deductible impairment of goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and which, at the time of the transaction, affects neither accounting profit, nor taxable profit, nor tax loss;
- taxable timing differences on investments in subsidiaries, associates and joint ventures, except where the Group controls the timing of the repayment of the difference and where it is probable that the temporary difference will not be reversed in the foreseeable future.

Deferred taxes are recognized using the balance sheet approach and, under IAS 12, they are not discounted. The amount of tax as thus determined may be affected by the change in the receivable or debt caused by the change in the corporate tax rate from one year to the next (variable carry-forward method).

Starting January 1, 2010, the business tax has been replaced with two new taxes of different types:
- the "businesses real estate contribution" (Cotisation Foncière des Entreprises, C.F.E), based on the real estate rental values of the former business tax (Taxe Professionnelle);
- the "businesses added value contribution" (Cotisation sur la Valeur Ajoutée des Entreprises (C.V.A.E)), based on the added value resulting from the corporate financial statements.

The Group believes that these two new taxes are different in type:
- the CFE has important similarities with the business tax and, like that tax, is therefore recognized in 2010 as operating expenses in Current operating income;
- the CVAE, which, according to the Group's analysis, meets the definition of a tax on income stipulated by IAS 12, is shown on the "Tax liability" line as of fiscal 2010.

1.39. Discontinued operations

A discontinued operation is a "component" that has either been disposed of, or is classified as "held for sale" by the Group and represents a separate major activity or geographic area of operations.

As indicated in Note 1.22, the classification as "Assets held for sale" determines the end of amortizations and depreciation and, for joint ventures and associates, the end of recognition of income or loss.

1.40. Earnings per share

Basic earnings per share are calculated on the basis of the average weighted number of shares depending on the stock issue date during the period, except for shares issued as dividends and treasury stock.

Diluted earnings per share are calculated using the treasury stock method, in which the denominator is the basic number of shares plus the number of potential shares that will result from dilutive instruments (options, warrants and bonus shares), minus the number of shares that may be purchased at the market price with the funds received from exercise of the instruments in question. The market price used in the calculation is the average stock price over the financial year.

Equity instruments are included in the calculation above only to the extent they have a dilutive impact on earnings per share.

1.41. Segment reporting

Segment reporting reflects Management's view and is established on the basis of the internal reporting used by the chief operating decision-maker (the Chairman/Chief Executive Officer) to assess the performance of the operating segments.

The information in the reporting is prepared in accordance with the accounting principles followed by the Group.

The operating segments used correspond to the three main activities of the Group: general retailing, the sale of sporting goods and financial holding and investment activities.

Management assesses the performance of the segments based on "Current operating income."

Consolidated Financial Statements

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS

II. COMMENTS ON THE CONTENTS OF THE FINANCIAL STATEMENTS

Figures in the tables below are denominated in euros and rounded to the nearest million. Calculations based on rounded figures may differ slightly from reported aggregates and sub-totals.

■ Note 1. Significant events

1.1. Changes in the scope of consolidation

During 2010, the following main changes in the scope of consolidation took place:

› Main newly consolidated and deconsolidated companies:

Name of the company	Business	Country	Type of Transaction	Consolidation methods*
Casas Bahia(1)	Food and general retailing	Brazil	Acquisition	FC
Alamea Investments(2)	Financing	Luxembourg	Acquisition	FC
Cativen and Bonuela(3)	Food and general retailing	Venezuela	Sale	-
Leader Centre Gestion (LCG)(4)	Food and general retailing	France	Sale	EM
Leader Price Argentina	Food and general retailing	Argentina	Sale	-
Groupe Go Sport	Sporting goods retailing	Switzerland	Creation	FC
International Sports Retail Development	Sporting goods retailing	Switzerland	Création	EM
Alta Marigny carré de Soie	Real estate	France	Sale	-

(1) See Note 2.1 – Casas Bahia is fully consolidated in the accounts of GPA (IP in Casino and Rallye).
(2) See Note 30.5.2*
(3) See Note 1.2.
(4) The sub-group Franprix-Leader Price in February 2010 signed a partnership agreement between its subsidiary RLPI and Nougein SA consisting of the creation of Leader Centre de Gestion (« LCG »). RLPI and Nougein SA contributed assets to LCG in which they hold 49% and 51% respectively. The effects of this transaction, including the gain on the interest sold and on the revaluation of the share retained (IAS27R – see Note I 1.9), are described in Note 5.

› Principal changes in percentage held without change in consolidation method

Naem of the company	Business	Country	Change in the % of holding	Consolidation methods*
Mercialys	Real estate	France	Increase (0.13%)	FC
Cdiscount	e-commerce	France	Increase (2.11%)	FC
GPA	Retail	Brazil	Increase (0.03%)	PC
Globex Utilidades(1)	Retail	Brazil	Decrease (43.05%)	FC

1) See Note 2.2 - Globex Utilidades is fully consolidated in the accounts of GPA

** Consolidation full consolidation FC - proportionate consolidation PC – equity method EM*

The main consolidated companies are listed in the Notes.

1.2 Other significant events

› Bond issues

- **Rallye continued to improve its liquidity with a bond issue of 500 million euros maturing in March 2014**

On March 15, 2010, Rallye issued a bond in the amount of €500 million maturing in March 2014 with a coupon rate of 5.875%. This issue allowed for the redemption of bonds maturing in October 2011 for €123 million.

- **In 2010, the Casino Group completed two bond exchange operations**

On February 8, 2010, the Casino Group completed an exchange on bonds maturing in 2012 and 2013. In return for the notes tendered, which reduced bond maturities in 2012 and 2013 by €440 million and €354 million respectively, new bonds for €888 million, maturing in February 2017, were issued on the basis of a mid-swap rate +135 bp.
On May 11, 2010, the Casino Group completed a second bond exchange for bonds maturing in 2011, 2012 and 2013. In return for the notes tendered, which reduced 2011, 2012 and 2013 bond maturities by €190, €156 and €127 million respectively, new bonds in the amount of €508 million, maturing in November 2018, were issued on the basis of a mid-swap rate +160 bb.
The accounting treatment of these transactions is described in Note 30.5.2.

› Option for Rallye shareholders to have the balance of the 2009 dividend and the 2010 interim dividend paid in Rallye shares

The General Shareholders' Meeting of May 19, 2010 decided that 50% the balance of the 2009 dividend, amounting to €1.03 could, at the shareholder's election, be paid in cash or in new shares of the company. 75.25% of the rights were exercised in favor of payment in shares.

Under the authority granted by the General Shareholders' Meeting, the Board of Directors on September 6, 2010 approved the payment of an interim 2010 dividend of €0.80. The Board of Directors also decided that the payment of this dividend could be received in cash or in new shares of the company at the shareholder's election. 85.02% of the rights were exercised in favor of payment in shares.

These operations increased Rallye's equity by €45 million through the creation of 688,754 new shares (1.6% of its capital), representing the balance of the 2009 dividend, and 1,252,109 new shares (3% of the capital), representing the 2010 interim dividend.

› Group operations in Venezuela

The Casino Group owned hypermarkets and supermarkets in Venezuela through its subsidiary Cativen, one of that country's major players in the retail market.

On January 17, 2010, Venezuelan authorities decided to nationalize the Exito hypermarkets operated in Venezuela. Since that date, the Casino Group has lost control of its Venezuelan assets, resulting in the deconsolidation of the subsidiary Cativen. At the same time, the Casino Group commenced a process with the Venezuelan government for an amicable sale.

On November 26, 2010, the amicable sale process was finalized with a sale agreement between the Casino Group and the Venezuelan authorities. As a result, the Bolivarian Republic of Venezuela acquired 80.1% of the capital of Cativen for a total of USD 690 million (€518 million). The other Cativen shareholders (Exito and Polar) sold their entire stakes, while Casino retained 19.9% of the capital of the company in order to continue to provide operational support and develop its collaboration with the new entity controlled by the Venezuelan State. The remaining 19.9% stake is presented as an asset available for sale, as the Casino group has no significant influence. In addition, the Casino Group has a commitment to retain its 19.9% stake for a period of five years. The Venezuelan government holds an option to buy, and the Casino Group an option to sell, the 19.9% interest. The options, the conditions of which remain to be defined, may be exercised beginning November 26, 2015.

As of December 31, 2010, the Casino Group received USD 138 million in cash (€103 million) and two promissory for USD 138 million each; with the 40% balance scheduled to be paid by the end of February 2011. The notes, denominated in dollars, are for an equivalent amount and are due on November 26, 2011 and November 26, 2012. After the close of the period, the Casino group received USD 138 million. As of December 31, 2010, the receivables, for a total net discounted amount of USD 510 million (€382 million), are presented in other current and non-current assets.

The €186 million gain on the sale, net expenses, was recognized as "Other operating income" (see Note 5).

Consolidated Financial Statements

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS

> Remuneration in preferred shares for the tax saving inherent in the amortization of goodwill in GPA's financial statements

On April 29, 2010, the percentage held by Casino in GPA increased from 33.6% to 33.9 % following the approval, at the GPA Shareholders' Meeting, of the issuance of 1.1 million preferred shares to Casino at a price of 60.39 reais per share (i.e., an amount equivalent to 67 million reais or €30 million). This operation generated an income accretion of €11 million, recorded as "Other operating income".

> Partnership agreement between and Casino and Groupe Crédit Mutuel-CIC

On July 27, 2010, the Casino Group announced the signing of a long-term partnership in financial products and services in France with Groupe Crédit Mutuel-CIC through its subsidiary Banque Casino.

This partnership will mean a rise in Groupe Crédit Mutuel-CIC's stake in Banque Casino to 50%. Banque Casino is currently 60% owned by Casino and 40% by LaSer Cofinoga. Casino exercised its call option on the shares held by LaSer Cofinoga.

The shares, and 10% of the capital of Banque Casino presently held by Casino, will be sold to Crédit Mutuel. The transaction should be completed within the next 18 months (see Note 34.2.1).

This project is subject to approval by the appropriate regulatory authorities.

■ Note 2. Business combinations

2.1 Acquisition of Casas Bahia

In December 2009, GPA signed a joint venture agreement between its subsidiary Globex Utilidades S.A. ("Ponto Frio" or "Globex") and the retailing activities of Casas Bahia Comercial Ltda ("Casas Bahia"), Brazil's leading non-food retailer. Casas Bahia's selling shareholders will transfer their retailing activities to Ponto Frio, in which they will be minority shareholders, with GPA maintaining a majority stake in the company.

This agreement, which merges the durable goods business and the e-commerce business, allows GPA to expand its product offer, improve customer services, and facilitate access to credit.

On July 1, 2010, GPA and Casas Bahia signed an addendum to their initial joint-venture agreement. Under this addendum, both parties agreed to revise certain terms and defined the steps to implement the agreement.

On October 1, 2010, as a step preliminary to the integration of Casas Bahia's activities, the operational assets of Casas Bahia were contributed to a new company named Nova Casas Bahia SA. ("NCB"). As of this date, NCB began the use of the "Casas Bahia" brand through 526 stores and 8 shopping centers in 12 Brazilian states, selling a variety of electronic products, household appliances and domestic equipment such as portable telephones, electronic games, office products, computers and accessories.

On November 9, 2010, before the acquisition of the NCB shares by Globex, GPA subscribed to a capital increase of its subsidiary Globex which was paid in cash for R$ 290 million (€123 million), through the contribution of its electronics business sold under the "Extra-Eletro" brand for R$ 90 million (€38 million) and through the contribution of intercompany receivables in the amount of R$ 374 million (€158 million).

On the same day, Globex acquired all shares of NCB, which thereby became a fully consolidated subsidiary as of that date. This acquisition was paid for through the issuance of Globex shares, resulting in a dilution of GPA's holding in Globex. At the end of the transaction, GPA retained control of the capital of its Globex subsidiary with 52.44%. The share exchange was made on the basis of reports by an outside appraiser of NCB and Globex prepared on the basis of the companies' financial positions as at June 30, 2010.

NBC's contribution to revenues and earnings before taxes of the Casino Group was €462 million and €-6 million, respectively, over the course of fiscal 2010. If the takeover of NCB had taken place on January 1, 2010, the estimated contribution of NCB to the revenue and earnings before tax of the Casino Group would have been €2,189 million and €-24 million, respectively.

The direct costs incurred in 2010 in connection with this acquisition totaled €10 million and were recognized as "Other operating expenses" (€3 million for the Casino share).

› Determination of the acquisition price

As Globex is a company listed for trading on the Bovespa (Sao Paolo stock exchange), the fair value of the shares issued by Globex in payment for the acquisition ("consideration transferred") was determined on the basis of the market price of Globex shares on the date of takeover.

	12.31.10
Number of Globex shares held by GPA (98.77%)	168,927,975
Market price of 15 reais per share on November 9, 2010 – in euros	6.34
Market value (Bovespa) of the interest in Globex (98.77%) – in millions of euros	**1,071**
Fair value of the consideration transferred (47% of Globex) – in millions of euros	**504**

› Fair value of identifiable assets and liabilities

On the date control was acquired, the fair value of the identifiable assets and liabilities of NCB in the Globex accounts, determined provisionally by an independent expert, is summarized as follows:

(In € millions)	Fair value as of November 9, 2010
Intangible assets	1,221
Property, plant and equipment (of which:)	241
Interests in associates	58
Deferred tax assets	
Inventories	575
Trade receivables	1,030
Other assets	500
Cash and cash equivalents	27
Assets	**3,563**
Borrowings	608
Provisions	14
Other debt	1,327
Deferred tax liabilities	365
Liabilities	**2,314**
Identifiable assets and liabilities, net (A)	**1,338**
Fair value of the consideration transferred for control of NCB (B)	**504**
Value of the non-controlling interests using the partial goodwill method (C)	**632**
Negative goodwill (A-B-C)	**201**
Share of negative goodwill recognized in the Group's statements as Other operating income (see Note 5)	**67**

This provisional valuation could change within a period of twelve months after November 9, 2010.

Consolidated Financial Statements

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS

The main adjustments in fair value were related to the recognition of the "Casas Bahia" brand (€683 million), lease rights (€170 million), the advantageous agreements related to the contracts signed with the Klein family (€108 million) and the supply contract signed with the Bartira company (€60 million), the call option on 75% of the Bartira shares (€176 million) and the related deferred taxes (€427 million). The Bartira company is a furnishings supply company 75% held by the Klein family, with respect to which NCB and the Klein family signed a supply contract and a shareholders' agreement that includes a put and call agreement that can be exercised in 18 months; it is proportionally consolidated in GPA.

The negative goodwill results from the recognition of the advantageous agreements and other contracts signed by NCB and the Klein family concurrently with the assumption of control and the fair value of the "Casas Bahia" brand and the lease rights.

› Determination of the value of the non-controlled interests

The value of the non-controlled interests was measured on the date of the takeover as follows:

(In millions of euros)	12.31.10
Fair value of the identifiable assets and liabilities of NCB	1,338
Share of non-controlled interests	47.56%
Value of the non-controlled interests using the partial goodwill method	**632**

› Dilution of GPA's interest in Globex

In accordance with IAS 27R, the dilution of GPA's interest in Globex (decline from 98.77% to 52.44%) is treated as a transaction between shareholders and the dilution profit of €59 million euros is recognized directly in equity as the Casino share.

2.2. Acquisition of Globex Utilidades (Ponto Frio brand) completed in 2009

In the third quarter of 2009, GPA acquired 95.46% of the capital of Globex Utilidades and its Ponto Frio brand. The takeover of Globex Utilidades was recognized using the purchase method (application of IFRS 3 in force in 2009, the principles of which are described in the notes to the consolidated financial statements for the year ended December 31, 2009).

The total cost of the combination was 1.155 billion reais (€425 million), 200 million of which (€74 million) were paid through the issuance of class B preferred stock by GPA.

These class B preferred shares have no voting rights and give the right to a fixed dividend of 0.01 reals per share. They will automatically be converted into class A preferred shares based on a 1-to-1 ratio according to a pre-determined schedule: As of December 31, 2010, 20% Class B preferred shares remained (converted on January 7, 2011).

On the date of the assumption of control, the fair value of the assets and liabilities of Globex Utilidades in the GPA financial statements is summarized as follows:

(In millions of euros)	Fair value at July 6, 2009
Intangible assets	246
Property, plant and equipment (of which:)	110
Interests in associates	11
Deferred tax assets	191
Inventories	157
Trade receivables	265
Other assets	124
Cash and cash equivalents	32
Assets	**1,136**
Borrowings	156
Provisions	161
Trade payables	209
Tax and social security liabilities	54
Other current liabilities	123
Deferred tax liabilities	94
Liabilities	**797**
Identifiable assets and liabilities, net	**339**
Identifiable assets and liabilities, net acquired (95.46%)	**324**
Goodwill	101
Of which Casino Group share on the date of takeover	35
Purchase price	**425**
of which acquisition expenses	*9*

The adjustments to fair value were primarily related to the "Ponto Frio" brand (€147 million), lease rights (€72 million), real estate assets (€36 million), contingent liabilities (€67 million) and the deferred tax assets resulting from fiscal amortization of the goodwill (€45 million). The consolidated financial statements for the year ended December 31, 2009 were restated accordingly in order to take account of the finalized valuation work.

In February 2010, GPA acquired an additional 3.3% of the shares, raising its holding in Globex Utilidades to 98.32%, at a cost of 28 million reais in cash (€13 million) and the issuance of 137,014 class B preferred shares. The difference between the purchase price and the carrying amount of the interest acquired was recognized directly in equity in an amount of 20 million reais (€9 million) in the GPA accounts (or €3 million for the share of the Casino Group).

Consolidated Financial Statements

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS

■ Note 3. Segment reporting

Under IFRS 8, "Operating segments", the information presented is based on internal reporting used by management to assess the performance of the various segments. The information published below complies with the IFRS reference framework as adopted by the European Union.

3.1. Definition of operating segments

The operating segments used correspond to the three main activities of the Group:
- food and general retailing;
- sporting goods retailing;
- holding company and financial investment activities.

The key indicators for each operational segment (CGU) were broken down by geographic region in accordance with IFRS 8.

3.2. Key indicators per operating segment

> As at December 31, 2010

(In € millions)	Food and general retailing				Sporting goods retailing		Holding company and financial investment activities		2010 continuing operations
	France	Latin America	Asia	Other international segments	France	Other international segments	France	Other international segments	
External revenue	17,956	8,245	2,009	868	627	56	7	12	**29,780**
Current operating income[1]	769	372	121	38	(5)	5	(18)	4	**1,286**

(1) As presented in Note 9, the positive impact on the current operating income of the France zone and the Other international segments from reclassification of CVAE (Company Value Added Tax) *expenses on the* "Tax expense" line totaled €60 million and €2 million, respectively

> As at December 31, 2009

(In € millions)	Food and general retailing				Sporting goods retailing		Holding company and financial investment activities		2009 continuing operations
	France	Latin America[1]	Asia	Other international segments	France	Other international segments	France	Other international segments	
Sales	17,665	6,563	1,686	844	641	52	10	17	**27,478**
Current operating income	801	250	92	66	(2)	3	2	15	**1,227**

(1) The Latin America segment included Venezuelan business activities, which is no longer the case as of 2010

■ Note 4. Information on current operating income

4.1. Revenues

(In € millions)	2010	2009
Net sales	29,780	27,478
Other income	428	354
Total	**30,208**	**27,832**

The change in other income primarily reflects the sale of assets related to the development business in France in the amount of €183 million (including €141 million related to photovoltaic business), partially offset by the negative change from sales of real estate development sites in Poland of €119 million.

4.2. Full purchase cost of goods sold

(In € millions)	2010	2009
Purchases and changes in inventories	(21,007)	(19,150)
Logistics costs	(1,139)	(1,097)
Full purchase costs of goods sold	**(22,146)**	**(20,247)**

4.3. Type of expense by function

› Year ended December 31, 2010

(In € millions)	Logistics[1]	Cost of goods sold	General and administrative expenses	Total
Personnel expenses	(385)	(2,478)	(665)	(3,528)
Other expenses	(720)	(2,559)	(429)	(3,708)
Amortization and depreciation	(34)	(545)	(99)	(678)
Total	**(1,139)**	**(5,582)**	**(1,193)**	**(7,914)**

(1) Les coûts logistiques sont inclus dans le « Coût d'achat complet des marchandises vendues ».

› Year ended December 31, 2009

(In € millions)	Logistics[1]	Selling costs	General and administrative expenses	Total
Personnel expenses	(339)	(2,316)	(597)	(3,252)
Other expenses	(721)	(2,384)	(437)	(3,542)
Amortization and depreciation	(37)	(528)	(96)	(661)
Total	**(1,097)**	**(5,228)**	**(1,130)**	**(7,455)**

(1) Logistics costs are included in the "Full purchase cost of merchandise sold."

Consolidated Financial Statements

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS

4.4. Employees

(Number of people)	2010	2009
Registered Group employees	175,380	168,043
Full-time equivalent employees	163,673	156,730

The employees of associates are not included in the number of employees; employees of the joint ventures are recognized at the Group's percentage of holding.

■ Note 5. Other operating income and expenses

(In € millions)	2010	2009
Total of other operating income	424	265
Total of other operating expenses	(449)	(354)
	(25)	**(89)**
Income from asset disposals	**322**	**127**
inc. gain on Venezuela sale[1]	186	-
inc. gain on sales within the Franprix-Leader Price group[2]	24	-
inc. gain on sale of Mercialys securities[3]	-	118
inc. gain on sale of Vindemia assets	-	22
inc. gain on sale of real estate operations[4]	104	14
inc. loss on Easy Colombia sale (Easy Holand BV)	-	(28)
Other operating income and expenses	**(347)**	**(216)**
Net impairment losses[5]	(133)	(50)
Provisions and restructuring expenses[6]	(134)	(69)
Provisions and expenses for risks and contingencies[7]	(112)	(97)
Risk related to the TRS Exito transaction	-	10
Negative goodwill	67	-
Miscellaneous	(35)	(10)
Total other operating income and expenses	**(25)**	**(89)**

(1) See note 1.2.

(2) The gain on disposal within the Franprix – Leader Price group primarily represents the transaction presented in Note 1.1. This transaction generated a gain on sale in the amount of €14 million.

(3) The gain recorded in the first half of 2009 results from the payment of a dividend in Mercialys shares to the shareholders of Casino and Guichard-Perrachon.

(4) This gain on disposal is essentially the sale by the Mercialys group of 45 assets that had reached a satisfactory stage of development, representing 5% of its portfolio, and from the sale of various non-operating assets of the other real estate companies of the Casino group.

(5) See details below.

(In € millions)	2010	2009
Depreciation of goodwill	-	-
Depreciation of intangible assets	(4)	(2)
Depreciation of property, plant and equipment/investment properties	(17)	(5)
Impairment of financial assets available for sale;	(27)	(34)
Impairment of other financial assets net of reversals*	(85)	(9)
Total net losses of value of assets	**(133)**	**(50)**

* In 2010, this item primarily represents 69 million in losses on trade receivables and income receivable resulting from the regularization of a subsidiary's accounting irregularities over preceding years that were detected at closing.

(6) The restructuring charge for fiscal year 2010 primarily represents the segments Casino France (€84 million), Franprix – Leader Price (€14 million) and Latin America (€18 million). In 2009, it essentially concerns the convenience store and the Franprix – Leader Price segments

(7) These primarily represent risks and tax disputes at different entities of the Casino group.

■ Note 6. Change in income and expenses recognized in equity

(In millions of euros)	2010	2009
Available-for-sale financial assets	**37**	**(12)**
Change in fair value over the period	35	(17)
Recycling in profit or loss	11	7
Income tax expense/revenue	(9)	(2)
Cash flow hedges	**11**	**(3)**
Change in fair value over the period	16	(44)
Recycling in profit or loss	(5)	45
Income tax expense/revenue	-	(4)
Currency translation adjustments	**573**	**527**
Change in translation adjustments over the period	627	540
Recycling in profit or loss	(54)	(13)
Actuarial differences and asset ceiling adjustments	**(12)**	**(4)**
Change over the period	(18)	(6)
Income tax expense/revenue	6	2
Total	**609**	**508**

Consolidated Financial Statements

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 7. Cost of net financial debt

(In € millions)	2010	2009
Proceeds from the sale of cash equivalents	3	8
Income from cash and cash equivalents	38	25
Income from cash and cash equivalents	41	33
Interest expense on financing operations after hedging	(587)	(532)
Financial expense on finance leases	(6)	(8)
Cost of net financial debt	(593)	(540)
Cost of net financial debt	**(552)**	**(507)**

Note 8. Other financial income and expenses

(In € millions)	2010	2009
Financial income from investments	7	9
Foreign exchange gains (excluding financing activities)	30	29
Income from discounting and undiscounting calculations	5	2
Positive change in the fair value of non-hedging derivatives	5	17
Positive change in the fair value of financial assets valued at their fair value	2	5
Other financial income	56	60
Total other financial income	105	122
Foreign exchange losses (excluding financing activities)	(28)	(21)
Expenses from discounting and undiscounting calculations	(13)	(18)
Negative change in the fair value of non-hedging derivatives	(7)	(4)
Negative change in the fair value of financial assets measured at fair value	(5)	(3)
Other financial expenses	(68)	(59)
Total other financial expenses	(121)	(105)
Total other financial income and expenses	**(16)**	**17**

"Financial income from equity interests" represents dividends received from unconsolidated companies.

■ Note 9. Income tax

9.1. Tax liability

› 9.1.1. Breakdown

(In € millions)	2010	2009
Tax due	**(174)**	**(186)**
France	(98)	(120)
International	(76)	(66)
Other taxes (CVAE)	**(62)**	**-**
France	(60)	-
International	(2)	-
Deferred taxes	**26**	**(17)**
France	12	(5)
International	14	(12)
Total tax liability	**(210)**	**(203)**
France	(146)	(125)
International	(64)	(78)

For the year ended December 31, 2010, the change in the tax liability is due to the recognition of expenses on the Tax on the Added Value of Enterprises (CVAE) and the non-taxation of certain non-recurring transactions over the year (sale of Venezuelan assets, negative goodwill of Casas Bahia).

Since January 1, 2010, the CVAE expense has been presented on the "Tax liability" line; previously it was recognized as an operating expense for business tax.

› 9.1.2. Reconciliation between the tax liability and earnings before tax

(In € millions)	2010	2009
Earnings before tax and share of net income/loss of associates	695	648
Theoretical tax rate	34.43%	34.43%
Theoretical tax expense	**(239)**	**(223)**
Impact due to different tax rates	17	36
Theoretical impacts of timing differences taxed at a rate of zero(see Note 9.1.3)	20	(21)
Tax credit on deduction of notional interest	4	6
Tax credit for investment, France and international	18	7
Recognition and write-off of deficits	(1)	(6)
Reversal of provision for income tax	-	4
Tax credits, corporate giving and training	5	-
CVAE net of corporate income tax	(37)	-
Other	3	(6)
Real income tax expense	**(210)**	**(203)**

Consolidated Financial Statements

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS

› 9.1.3. Principal "permanent" differences

(In millions of euros)	2010	2009
Effect of non-capitalized deficits	(260)	(184)
Mercialys income not taxed	94	46
Amortization of stock options	(19)	(15)
Dilution Brazil, Colombia	7	19
Disposals not subject to tax	205	58
Negative goodwill not subject to tax	67	-
GPA (tax amnesty plan)	-	44
Non-deductible expenses	(1)	(29)
Other	(34)	1
Total principal time differences taxed at a rate of zero	**59**	**(60)**
Theoretical tax rate	34.43%	34.43%
Effect of tax at theoretical rate related to timing differences taxed at a rate of zero	**20**	**(21)**

9.2. Deferred taxes

› 9.2.1. Changes in deferred tax assets

(In € millions)	2010	2009 restated
As at January 1	**154**	**131**
Income (expense) for the year on "continuing operations"	88	(69)
Income (expense) for the year on "discontinued operations"	-	(3)
Impact of changes in foreign exchange rates, in scope of consolidation, and reclassifications	(105)	89
Changes recognized directly in equity	(4)	3
Reclassification of assets held for sale	-	3
As at December 31	**133**	**154**

› 9.2.2. Changes in deferred tax liabilities

(In € millions)	2010	2009 restated
As at January 1	**376**	**396**
Income (expense) for the year	64	(53)
Impact of changes in foreign exchange, scope of consolidation and reclassifications	11	33
Changes recognized directly in equity	6	-
As at December 31	**457**	**376**

› 9.2.3. Origin of deferred tax assets and liabilities

(In € millions)	Net	
	2010	2009 restated
Intangible assets	(295)	(120)
Property, plant and equipment of which:	(318)	(334)
capital lease	*(87)*	*(102)*
Inventories	43	(11)
Financial instruments	(4)	5
Other assets	61	56
Provisions	99	91
Regulated provisions	(145)	(139)
Other liabilities of which:	79	83
loan on capital lease	*23*	*50*
Tax loss carry forwards	156	147
Deferred tax assets (liabilities)	**(324)**	**(222)**
Deferred tax assets	133	154
Deferred tax liabilities	(457)	(376)
Net balance	**(324)**	**(222)**

The tax loss carry forwards were mainly generated by Cdiscount and in the sub-groups GPA, Franprix-Leader Price, and Groupe Go Sport. The future profit outlook for these companies or the tax options in place justify the capitalization of the deferred tax on these loss carryforwards.

The amount of the uncapitalized tax loss carry forwards was €1,589 million at December 31, 2010 (impact of unrecognized deferred tax assets of €545 million). The expiration dates of these tax loss carry forwards are as follows:

(In € millions)	2010
Less than 1 year	-
Between 1 and 2 years	-
Between 2 and 3 years	-
More than 3 years	545
Total unrecognized deferred tax assets	**545**

Consolidated Financial Statements

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 10. Share of income/loss of associates

(In € millions)	2010	2009
Associated companies of the GPA group	7	3
OPCI – Store assets	2	-
Associated companies of the Franprix-Leader Price group	1	5
AEW Irnmocommercial	2	2
Easy Colombia	-	(1)
Others	1	(6)
Share of net income/loss of associated companies	**13**	**3**

Note 11. Discontinued operations

The income account presented on the line "Net income from discontinued operations" represents the Polish and Dutch food and general retailing activities and sporting goods retailing in Belgium.

The account for income from operations sold presented as "Net income/loss from discontinued activities" can be analyzed as follows:

(In € millions)	2010				2009			
	Sporting goods retailing	Food and general retailing		Total	Sporting goods retailing	Food and general retailing		Total
	Belgium	Super de Boer	Others		Belgium	Super de Boer	Others	
Net revenue	3			3	2	1570		1 572
Gross margin	1			1	1	143		144
Current operating income	**(1)**		**(4)**	**(5)**	**(1)**	**20**	**(1)**	**18**
Other income and expenses from operations		(3)	(2)	(5)		217	(5)	212
Operating income	**(1)**	**(3)**	**(6)**	**(10)**	**(1)**	**237**	**(6)**	**230**
Net financial income (loss)			(1)	(1)		(5)	1	(4)
Profit before tax	**(1)**	**(3)**	**(7)**	**(11)**	**(1)**	**232**	**(5)**	**226**
Income tax liability			1	1		(3)	2	(1)
Share of income of associated companies						1		1
Net income — discontinued operations	**(1)**	**(3)**	**(6)**	**(10)**	**(1)**	**230**	**(3)**	**226**
of which company owners	*(1)*	*(1)*	*(3)*	*(5)*	*(1)*	*25*	*(1)*	*23*
of which non-controlling interests	*-*	*(2)*	*(3)*	*(5)*		*205*	*(2)*	*203*

The cash flows from discontinued activities are as follows:

(in millions of euros)	2010				2009			
	Belgium	Super de Boer[1]	Others	Total	Belgium	Super de Boer	Others	Total
Net cash flow from operating activities	-	(20)	(5)	**(25)**	(5)	20	(11)	**4**
Net cash flows from investing activities	-	-	-	**0**	-	292	-	**292**
Net cash flows from financing activities	-	-	-	**0**	-	(307)	-	**(307)**
Net change in cash from discontinued operations	**0**	**(20)**	**(5)**	**(25)**	**(5)**	**5**	**(11)**	**(11)**

(1) The 2010 cash flow primarily represents payments of fees related to the sale of Super de Boer in 2009.

Note12. Net earnings per share

12.1. Weighted average number of shares

	2010	2009
Weighted average number of shares outstanding during the period		
▪ total shares[1]	44,300,003	44,300,003
▪ treasury shares	(718,609)	(1,195,423)
Weighted average number of shares before dilution	**43,581,394**	**43,104,580**
Equivalent shares coming from stock options	841,262	1,092,288
Non-diluting instruments (off market or covered by calls)	(558,216)	(880,581)
Weighted average number of diluting shares	283,046	211,707
Theoretical number of shares purchased at market price[2]	(116,276)	(123,283)
Dilutive effect of stock option plans	166,770	88,424
Bonus share allotment plan	286,809	190,310
Effect of all potentially diluting shares	**453,579**	**278,734**
Weighted average number of shares after dilution	**44,034,973**	**43,383,314**

(1) The shares issued in June and October 2010 to service the share-based dividend (see Note 27.3) are considered without weighting as if the issue had occurred on the first day of the first period presented (here, January 1, 2009).

(2) Using the share buyback method, the funds collected upon exercise of the options are assumed to be allocated first to the buyback of shares at market price. The theoretical number of shares that would be bought back in that manner decreases the total number of shares that would result from exercise of the rights. The theoretical number is capped at the number of shares that would result from exercise of the rights.

Consolidated Financial Statements

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS

12.2. Net income attributable to company owners

› Net consolidated earnings per share attributable to company owners

	2010	2009
Net income attributable to company owners (in millions of euros)	7	101
Weighted average number of shares during the period	43,581,394	43,104,580
Basic earnings per share (in €)	**0.16**	**2.34**
Weighted average number of shares during the period after dilution	44,034,973	43,383,314
Diluted earnings per share	**0.16**	**2.33**

› Net income from continuing operations attributable to company owners

	2010	2009
Net income from continuing operations attributable to company owners (in millions of euros)	12	79
Weighted average number of shares during the period	43,581,394	43,104,580
Basic earnings per share (in €)	**0.28**	**1.82**
Weighted average number of shares during the period after dilution	44,034,973	**43,383,314**
Diluted earnings per share (in €)	**0.28**	**1.81**

› Net income from discontinued operations attributable to company owners:

	2010	2009
Net income from discontinued operations attributable to company owners (in millions of euros)	(5)	22
Weighted average number of shares during the period	43,581,394	43,104,580
Basic earnings per share (in €)	**(0.12)**	**0.52**
Weighted average number of shares during the period after dilution[1]	44,034,973	43,383,314
Diluted earnings per share (in €)	**(0.12)**	**0.52**

(1) When earnings per share from discontinued operations are negative, diluted earnings per share are identical. Equity instruments may not have an anti-diluting effect on earnings per share.

Note 13. Goodwill

13.1. Breakdown

(En millions d'euros)	2010			2009 restated
	Gross	Impairment loss	Net	Net
Food and general retailing	**7,648**		**7,648**	**7,430**
France	5,368		5,368	5,389
Latin America	**2,010**		**2,010**	**1,791**
▪ Argentina	35		35	34
▪ Brazil	1,388		1,388	1,222
▪ Colombia	478		478	403
▪ Uruguay	109		109	103
▪ Venezuela				29
Asia	**93**		**93**	**72**
▪ Thailand	90		90	69
▪ Vietnam	3		3	3
Others	**177**		**177**	**178**
▪ Indian Ocean	176		176	176
▪ Poland	1		1	1
▪ Miscellaneous	1		1	1
Sporting goods	**21**		**21**	**21**
France	**21**		**21**	**21**
Total	**7,669**		**7,669**	**7,451**

Consolidated Financial Statements

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS

13.2. Changes

(In € millions)	2010	2009 restated
As of January 1, net accumulated value	**7,451**	**7,207**
Goodwill recorded for the year[1]	22	178
Impairment losses for the period	-	(10)
Deconsolidations[2]	(39)	(251)
Impact of foreign exchange gains and losses[3]	250	320
Changes related to put options granted to minority shareholders	1	7
Reclassifications and other entries[4]	(16)	-
As at December 31, net accumulated value	**7,669**	**7,451**

(1) The change over fiscal 2009 was mainly the result of GPA's acquisition of Globex (€29 million), the acquisitions of Dilux and Chalin (holders of supermarket businesses) (€28 million), the acquisitions by the Franprix-Leader Price sub-group (€45 million), the consolidation of Viver, Alco and Casteldoc (€19 million) and the impact of transactions carried out with Mercialys for €50 million.

(2) Deconsolidations primarily represent the sale of Cativen for €29 million (see Note 1.2). In December 2009, the deconsolidations primarily represented the sale of assets and liabilities from Super de Boer for €169 million and dilutions in the ownership percentage in Exito and GPA in the amount of €35 million and €25 million respectively.

(3) The impact of exchange rate variations recorded in 2009 and 2010 result primarily from the appreciation of the Brazilian and Colombian currencies against the euro.

(4) The variation of €16 million is primarily the result of the decision of the arbitration panel regarding the dispute with the Baud family (see Note 34.3).

■ Note 14. Intangible assets

14.1. Breakdown

(In € millions)	2010			2009 restated		
	Gross	Amort and impairment	Net	Gross	Amort and impairment	Net
Concessions, brands, licenses and trademarks	617	(55)	562	357	(44)	313
Lease rights	257	(4)	253	187	(5)	182
Software	365	(229)	136	369	(217)	152
Other intangible assets	272	(34)	238	113	(33)	80
Intangible assets	**1,511**	**(322)**	**1,189**	**1,026**	**(299)**	**727**

14.2. Changes

(In € millions)	Concessions, trademarks, licenses, brands	Lease rights	Software	Other intangible assets	Total
At January 1, 2009 (in € millions)	**335**	**142**	**133**	**112**	**722**
Changes in scope of consolidation[1]	49	24	8		81
Increases and other acquisitions	2	19	26	49	96
Assets de-recognized in the period	(104)	(2)	(7)	3	(110)
Amortization (continuing operations)	(14)		(57)	(3)	(74)
Net impairment (continuing operations)		(1)			(1)
Impact of foreign exchange gains and losses	22	2	1	1	26
Reclassifications and other entries	23	(2)	48	(82)	(13)
At December 31, 2009 restated	**313**	**182**	**152**	**80**	**727**
Change in scope of consolidation[1]	192	51	(4)	136	375
Increases and other acquisitions	7	16	13	71	107
Assets de-recognized in the year		(5)	1	(8)	(12)
Amortization (continuing operations)	(12)		(67)	(7)	(86)
Net impairment losses (continuing operations)	(4)	1	(2)	1	(4)
Impact of foreign exchange gains and losses	56	7	3	10	76
Reclassifications and other entries	10	1	40	(45)	6
As at 12.31.10	**562**	**253**	**136**	**238**	**1,189**

(1) See Note 2 for the main acquisitions

Internally generated assets represent €13 million euros, compared with €9 million in 2009.

At December 31, 2010, intangible assets include brands and lease rights with an indefinite useful life for €552 million and €235 million respectively; they are allocated by our operational subsidiaries in the following CGUs:

(In € millions)	2010	2009 restated
Exito	246	243
GPA[1]	399	80
Distribution Casino France	73	72
Franprix / Leader-price	36	36
Monoprix	20	16
Groupe Go Sport	28	28
Others	3	5
Brands and lease rights with indefinite useful duration	**805**	**480**

(1) The increase of €319 million related to GPA results primarily from the acquisition of Casas Bahia (see Note 2.1)

Consolidated Financial Statements

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS

■ Note 15. Property, plant and equipment

15.1. Breakdown

(In € millions)	2010			2009 restated		
	Brut	Amort and impairment	Net	Gross	Amort and impairment	Net
Land and improvements	1,476	(61)	1,415	1,430	(54)	1,376
Buildings and improvements	3,718	(1,275)	2,443	3,413	(1,140)	2,273
Other property, plant and equipment	5,703	(3,351)	2,352	5,341	(3,187)	2,154
Property, plant and equipment	**10,897**	**(4,687)**	**6,210**	**10,184**	**(4,381)**	**5,803**

15.2. Changes

(In € millions)	Land and improvements	Buildings and improvements	Other property, plant and equipment	Total
At January 1, 2009	**1,349**	**2,375**	**2,238**	**5,962**
Change in scope of consolidation	32	24	22	78
Increases and other acquisitions	19	98	460	577
Assets de-recognized in the year(1)	(74)	(269)	(32)	(375)
Depreciation for the year (continuing operations)	(6)	(145)	(428)	(579)
Impairment (continuing operations)(2)	-	(5)	(22)	(27)
Impact of foreign exchange gains and losses	46	134	50	230
Reclassifications and other entries	10	61	(134)	(63)
At December 31, 2009 restated	**1,376**	**2,273**	**2,154**	**5,803**
Change in scope of consolidation	5	(30)	(12)	(37)
Increases and other acquisitions	22	113	707	842
Assets de-recognized in the year	(25)	(58)	(23)	(106)
Depreciation for the year (continuing operations)	(6)	(125)	(432)	(563)
Impairment (continuing operations)	(2)	(6)	1	(7)
Impact of foreign exchange gains and losses	72	190	75	337
Reclassifications and other entries	(27)	86	(118)	(59)
As at 12.31.10	**1,415**	**2,443**	**2,352**	**6,210**

(1) Over 2009, the deconsolidations for buildings and improvements are essentially the result of disposals of the assets of Super de Boer for €132 million and the sales of warehouse assets for €101 million (primarily to two new OPCIs [real estate funds]).

(2) The impairment for 2009 in the amount of €27 million results in part from impairment tests in the amount of €4 million and in part from the restructuring of the convenience store division and Franprix – Leader Price for €23 million.

Property, plant and equipment were subject to impairment testing as of December 31, 2010, using the methodology described in Note 1.18 of the « Accounting Rules and Methods », the impact of which is presented in Note 17.

15.3. Assets financed under financial leases

The Group has entered into finance leases for real estate and investment property which can be analyzed as follows:

(In € millions)	2010			2009		
	Gross	Deprec.	Net	Gross	Deprec.	Net
Land and improvements	41	(2)	39	44	(2)	42
Buildings and improvements	233	(108)	125	232	(105)	127
Other property, plant and equipment	646	(531)	115	707	(583)	124
Investment property	82	(7)	75	82	(6)	76
Assets financed under finance leases	**1,002**	**(648)**	**354**	**1,065**	**(696)**	**369**

■ Note16. Investment property

16.1. Changes

(In € millions)	Gross	Depreciation	Impairment loss	Net
As at January 1, 2009 (in € millions)	**1 592**	**(237)**	**(51)**	**1 303**
Change in scope of consolidation	91	-	-	91
Increases and other acquisitions	99	(34)	-	65
Assets de-recognized in the year	(26)	5	-	(21)
Impairment losses (net)	-	-	(1)	(1)
Impact of foreign exchange gains and losses	1	-	-	1
Reclassifications and other entries	32	3	-	35
Classification as assets held for sale	(8)	-	-	(8)
As at December 31, 2009	**1,781**	**(262)**	**(52)**	**1,465**
Change in scope of consolidation	-	-	-	0
Increases and other acquisitions	123	(48)	-	75
Assets de-recognized in the year	(117)	18	-	(99)
Impairment losses (net)	-	(4)	(3)	(7)
Impact of foreign exchange gains and losses	50	(12)	(1)	37
Reclassifications and other entries	49	8	-	57
Classification as assets held for sale	-	-	-	0
As at 12.31.10	**1,886**	**(299)**	**(56)**	**1,528**

Investment properties are measured at cost minus total depreciation and any impairment. The fair value at December 31, 2010 was €3,537 million (€3,242 million at December 31, 2009). This fair value is determined, for most of the investment properties, on the basis of valuations conducted by experts outside the Group. The valuation is made based on an open market value, supported by market indicators, in accordance with international valuation standards.

Investment properties amounted to € 1,528 million at December 31, 2010, approximately 69% of which relate to the Mercialys company (approximately €1,054 million).

Consolidated Financial Statements

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS

The amounts recognized in income for rental income and operating expenses for investment properties are summarized as follows:

(In € millions)	2010	2009
Rental income from investment properties	267	228
Direct operating expenses incurred for investment properties which did not generate rental income during the period	(12)	(8)
Direct operating expenses incurred for investment properties which generated rental income during the period	(20)	(22)

16.2. Fair value of Rallye investment properties

At December 31, 2010, the real estate portfolio recognized as investment properties at Rallye was primarily composed of a portion of a retail center in operation (Weiterstadt) and a portion of a center under construction (Gdynia). This portfolio is listed at a value of €182 million on the consolidated balance sheet and is valued at €205 million at December 31, 2010.
The assets in operation are valued by independent experts. The other real estate assets (assets in progress reclassified as investment properties pursuant to the amendment to IAS 40) are measured at cost.

16.3. Fair value of the Mercialys investment properties

At June 30, 2010, the experts BNP Paribas Real Estate, Catella Valuation and Galtier had updated the appraisal of the value of Mercialys' assets. On a comparable basis, an appraisal was made of all sites.

At December 31, 2010, the experts Atisreal, Catella and Galtier updated the expert valuation of the Mercialys assets:
- Atisreal completed its appraisal of the hypermarket cites (95 sites) by completing a site inspection at seven of the sites in the second half of 2010, and on the basis of an update to the appraisal performed at June 30, 2010 for the other 88 sites (9 of which had an on-site inspection in the first half of 2010);
- Catella conducted its appraisal of the supermarket sites (10 sites) on the basis of an update to the appraisals done by June 30, 2010;
- Galtier completed the appraisal for the remainder of the Mercialys assets (22 sites), by conducting a site visit to 6 of these sites during the second half of 2010 and on the basis of an update to the appraisals done by June 30, 2010 for the other 16 assets.

These appraisals, based on the recurring rental income of €136 million, valued the real estate holdings at €2,359 million, fees included, at December 31, 2010, compared with the valuation of June 30, 2010 of €2,266 million and €2,237 million at December 31, 2009.

The value of the portfolio was therefore up +5.5% over 12 months (+7% on a constant basis) and +4.1% over the last six months (+5.5% on a constant basis).

The average capitalization rates resulting from the appraisals were as follows:

	Dec 31, 2010	June 30, 2010	Dec 31, 2009
Major shopping malls	5.40%	5.60%	5.70%
Local convenience stores	6.40%	6.50%	6.70%
Total portfolio	5.80%	6.00%	6.10%

Based on an annual rental income of €136 million and a capitalization rate of 5.8%, the impact of a 0.5% increase/decrease in this rate would result in an increase/decrease in the fair value of the Mercialys real estate holdings of €223 and €188 million euros, respectively.

Based on a capitalization rate of 5.8%, the impact of a 10% increase or decrease in rental income would have an impact of plus or minus €236 million.

On the basis of these appraisals, no impairment was recorded in the financial statements at December 31, 2010, as in 2009.

■ Note 17. Impairment of non-current assets

Pursuant to IAS 36 "Impairment of assets", goodwill and other non-financial assets were tested for impairment at December 31, 2010 using the methodology described in Note 1.18 of "Accounting rules and methods".

17.1. Impairment losses on goodwill of the holding company

The Cash Generating Unites (CGUs) used correspond to the Group's operating subsidiaries. The goodwill amounts of the General Retail and Sporting Goods CGUs totaled €1,010 and €20 million respectively.

The value in use of the CGUs is calculated by discounting the provisional after-tax cash flows by the rates mentioned below:

Segment	Rate of growth to infinity	Discount rate	
		2010	2009
Food and general retailing	2%	9.7%	8.4%
Sporting goods retailing	2%	6.4%	6.7%

The method used to determine the values in use consists primarily of discounting future cash flows; these flows are estimated on the basis of plans or a consensus of analysts established over three years, then extrapolated over 3 to 5 years.
The terminal value is calculated on the basis of a standard flow determined from the flow for the last year of projections, and extrapolated to infinity by applying a rate of growth.

The key assumptions include the rate of growth in revenue, EBITDA margin and discount rates.

The values in use of the Group's operating subsidiaries were measured and did not result in recognition of an impairment.

At December 31, 2010, for the General Retail segment, an increase of 100 basis points in the discount rate or a decline of 50 basis points in the EBITDA margin in the flow for the last year of projections used to calculate the terminal value would not have led to recognition of an impairment. For the sporting goods segment, an increase of 100 basis point in the discount rate or a 50 point decrease in the EBITDA margin In the flow of the last year of projections used to calculate the terminal value would not have led to recognition of an impairment.

17.2. Impairment of non-current assets in operating subsidiaries

In each of the Group's business segments, the CGUs used are stores or networks. The impairments noted in these subsidiaries were retained at the holding company level to reflect the Group's intrinsic value.

Across all assets, management made the best estimate possible of the recoverable values or the values in use. The assumptions used are indicated below.

The impairment testing conducted in 2010 for the operating subsidiaries led to recognition of an impairment on non-current assets in a total net amount of €21 million for intangible and tangible assets.

As a reminder, it should be noted that the impairment tests performed in 2009 led the Group to record impairments on non-current assets for a total net amount of €15 million, including an allocation of €6 million assigned to intangible and tangible assets relating to the Franprix-Leader Price and Monoprix segments.

Consolidated Financial Statements

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS

› 17.2.1. Impairment of goodwill in operating subsidiaries

The goodwill of operating subsidiaries is located primarily in the General Retailing business. The values in use were determined by discounting provisional cash flows after taxes at the rates cited below.

Parameters used to calculate future discounted cash flows:

	Growth rate(1)	Terminal value (x EBITDA)	Discount rate after taxes(2)
General retailing			
France	1.1 to 1.6%	9.0	6.0% to 9.0%
Argentina	15.50%	9.5	20.90%
Colombia	5.80%	9.5	9.80%
Uruguay	5.50%	9.5	12.20%
Thailand	2.00%	9.0	6.60%
Vietnam	9.00%	9.5	14.80%
Indian Ocean	1.60%	9.0	6.0% to 12.0%
Other activities			
France	1.1 to 1.6%	7 to 8.0	6.0% to 8.2%

(1) The growth rate over the flow projection period includes the anticipated growth rate in the price index, which is very high in certain countries.

(2) The discount rate used corresponds to the weighted average cost of capital for each of the countries. Under the permanent methodology used by the Casino Group, this is calculated using the debt beta for the sector, the historical market risk premium, and the Casino Group's cost of debt.

The annual impairment test of goodwill, conducted at the end of the year, did not lead to recognition of impairment at December 31, 2010.

Based on the surplus existing between the value in use and the carrying amount, the Casino group estimates, on the basis of reasonably predictable events on this date, that any changes affecting the key assumptions cited above would not result in the recognition of an impairment, with the exception of the Geimex CGU. In particular, a 100 point increase in the discount rates or a 0.5 point drop in the EBITDA multiples used to calculate the terminal value, or a 50 point decline in the EBITDA margin of the flow for the last year of projections used to calculate the terminal value would not have led to the recognition of impairment. Concerning the Geimex CGU, the 2010 test shows a value in use very close to the carrying amount. An increase of 100 points in the discount rate or a 0.5 point decline in the EBITDA multiple used to calculate the terminal value, or a 50 point decline in the EBITDA margin rate of the flow of the last year of projections used to calculate the terminal value would have led to the recognition of an impairment for our share of between €2 and 6 million.

GPA was the subject of an external valuation in the months of December 2010 and January 2011, which concluded with no impairment for the year ended December 31, 2010.

The principal assumptions and conditions for this valuation can be summarized as follows: the estimate of the value in use of GPA is based on the discounted future cash flows, reinforced on the basis of a multi-criteria analysis (stock market comparables and transaction multiples). The methodology for discounting future cash flows was considered fundamental to a valuation of GPA. GPA uses cash flow projections established on the basis of financial predictions approved by management, covering a three-year period and a discount rate of 10.7%. The cash flows after this period were extrapolated over a period of two years before determining the terminal value. The key assumptions include, in particular, the rates of growth in revenues, the discount rate and the EBITDA multiple (10.7 x) used to calculate the terminal value. At December 31, 2010, a discount rate 1300 points higher than the value used or a decline of 5.8 point in the EBITDA multiple would reduce the value in use to the carrying amount.

Note 18. Interests in associates

18.1. Changes in interests in associates

(In € millions)	Opening	Impairment	Net income for the year	General retailing	Consolidation and exchange rate changes	Closing
Changes in 2009 restated:						
Associates of the GPA group	10		3		15	27
Associates of the Franprix-Leader Price group	75		5	(5)	12	87
Easy Holland BV	2				(2)	
AEW Irnmocommercial	25		2	(4)		23
OPCI – Store assets					41	41
Associated companies of the Cdiscount group	2		(3)		2	
Easy Colombia	9		(1)		(9)	
Pont de Grenelle	14				(4)	10
Ruban Bleu Saint Nazaire			(1)		8	7
Other companies	1		(2)		2	1
TOTAL	**137**		**2**	**(9)**	**65**	**196**
Changes in 2010:						
Associates of the GPA group	27		7		5	39
Associates of the Franprix-Leader Price group	87		1	(6)	18	100
AEW Irnmocommercial	23		2	(4)		21
OPCI – Stores assets	41		2	(1)	(42)	
Pont de Grenelle	10		1			11
Ruban Bleu Saint Nazaire	7		1			8
Centrum NS			1		30	31
Other companies	1					1
TOTAL	**196**		**15**	**(11)**	**11**	**211**

The changes noted in the interests in associates primarily represent the de-consolidation of OPCI Vivéris and SPF1 as a result of the lack of significant influence over these two entities.

The associate companies are not listed for trading, so there is no market value to determine the fair value of these investments. Transactions with associates are presented in Note 36.2.

18.2. Share of contingent liabilities

At December 31, 2010 and 2009, there were no contingent liabilities in the associates.

Consolidated Financial Statements

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS

■ Note 19. Interests in joint ventures

The companies or sub-groups Monoprix, Distridyn, Régie Média Trade, dunnhumby France, Geimex, and certain real estate subsidiaries held at 50%, are consolidated proportionately, as the Group exercises joint control.
The companies or sub-groups Banque du Groupe Casino, Grupo Disco de Uruguay, Wilkes and the GPA group, are consolidated proportionately; the agreements signed by the partners and the Casino group provide for the exercise of joint control over their activities.

Certain joint ventures are the subject of put and call options, particularly GPA and Monoprix (see Note 34.2.1)

19.1. Aggregate accounts of the main joint ventures, restated under IFRS

(In € millions)	Total 2010	GPA[1]	Monoprix	Total 2009	GPA[1]	Monoprix
Share held		**33.70%**	**50.00%**		**33.67%**	**50.00%**
Income	8,302	4,762	1,938	6,241	3,006	1,840
Expenses	(8,073)	(4,650)	(1,850)	(6,069)	(2,927)	(1,768)
Non-current assets	4,110	2,358	1,111	3,249	1,506	1,108
Current assets	3,519	2,344	329	2,317	1,208	295
Total Assets	**7,629**	**4,702**	**1,440**	**5,565**	**2,713**	**1,402**
Net position	3,105	1,840	611	2,335	1,159	582
Non-current assets	1,083	852	113	799	548	113
Current liabilities	3,441	2,010	716	2,432	1,007	708
Total liabilities	**7,629**	**4,702**	**1,440**	**5,565**	**2,713**	**1,402**

(1) See Note 1.

19.2. Share of contingent liabilities

At December 31, 2010, contingent liabilities in the joint ventures represent only social and fiscal risks at GPA and totaled €434 million (share).

Note 20. Non-current financial assets

20.1. Breakdown of non-current financial assets

(In € millions)	2010	2009 restated
Non-current securities from portfolio activities	302	338
Other available-for-sale assets.	136	94
Available-for-sale financial assets	**438**	**432**
Loans	108	99
Non-current derivative assets	2	2
Prepaid rent (see Note 20.3)	184	124
Deposits, pledges and other	13	15
Receivables from equity holdings	271	141
Non-current financial assets	**1,016**	**813**

20.2. Change in financial assets available for sale

(In € millions)	2010	2009
As at January 1	**432**	**569**
Increases	50	40
Decreases and return of capital	(95)	(55)
Changes in fair value[1]	47	(8)
Impairment	(16)	(29)
Change in consolidation and foreign exchange rates[2]	40	(85)
Others	(20)	-
As at December 31	**438**	**432**

(1) Changes in fair value reflect an adjustment of €9 million in fair value previously recognized in equity and recycled to income in 2010, versus €6 million in 2009.

(2) The changes in consolidation and foreign exchange rates for fiscal 2010 essentially represent the consolidation of the shares of OPCI Vivéris and SPF1 (see Note 18), partially offset by the consolidation of companies previously not consolidated.

20.3. Prepaid rent

Prepaid rent represents a right to use land in certain countries, over an average period of 30 years, the cost of which is spread over the duration of use.

Consolidated Financial Statements

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 21. Inventories

(In € millions)	2010			2009		
	Gross value	Depreciation	Net value	Gross value	Depreciation	Net value
Food and general retailing	2,751	(42)	2,709	2,389	(35)	2,354
Sporting goods retailing	175	(5)	170	158	(5)	153
Real estate	212	(27)	185	241	(18)	223
Total	**3,138**	**(74)**	**3,064**	**2,788**	**(58)**	**2,730**

Note 22. Trade receivables

22.1. Breakdown

(In € millions)	2010	2009
Trade receivables and related accounts	989	930
Write-downs on trade receivables and related accounts	(107)	(78)
Receivables from credit activity	969	751
Write-downs on receivables from credit activity	(97)	(86)
Trade receivables, net value	**1,754**	**1,517**

22.2. Write-downs on trade receivables

(In € millions)	2010	2009
Write-downs on trade receivables and related accounts		
Balance at January 1	**(78)**	**(67)**
Allocation made	(34)	(22)
Reversal	25	16
Change in scope	(17)	(4)
Currency translation adjustments	(3)	(1)
Position at December 31	**(107)**	**(78)**
Write-downs on receivables from credit activity		
Balance at January 1	**(86)**	**(62)**
Allocation made	(36)	(55)
Reversal	25	31
Change in scope	-	(1)
Currency translation adjustments	-	-
Balance at December 31	**(97)**	**(86)**

The conditions for taking write-downs are detailed in Note 33.5 "Credit risks".

Note 23. Other assets

23.1. Breakdown

(In € millions)	2010	2009
Other receivables	1,575	1,047
Current accounts of unconsolidated companies	115	114
Write-downs on other receivables and current accounts	(31)	(33)
Non-hedging derivative assets and cash flow hedge	6	-
Prepaid expenses	154	143
Other assets	**1,819**	**1,271**

Other receivables primarily represent tax and social security receivables and income receivable from suppliers. Prepaid expenses represent purchases, rent, rental charges and insurance premiums.

23.2. Write-downs on other receivables and current accounts

(In € millions)	2010	2009
Balance as at January 1	**(33)**	**(28)**
Allocation made	(10)	(11)
Reversal	7	12
Change in scope	-	(6)
Currency translation adjustments	5	-
Assets held for sale	-	-
Balance as at December 31	**(31)**	**(33)**

Note 24. Other current financial assets

(In € millions)	2010	2009
Publicly traded shares	16	60
Available-for-sale financial assets	20	-
Short-term bonds	106	21
Short-term financial receivables	7	56
Other	33	3
Investment and similar securities	182	140
Derivative assets to hedge fair value and debt derivatives	126	119
Other current financial assets	**308**	**259**

Consolidated Financial Statements

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS

■ Note 25. Net cash and cash-equivalents

25.1. Breakdown of cash and cash equivalents

(In € millions)	2010	2009
Cash equivalents	2,117	2,184
Cash	1,318	1,124
Gross cash and cash equivalents	**3,435**	**3,308**
Spot credits and confirmed lines	-	(55)
Current bank loans	(341)	(359)
Net cash and cash equivalents	**3,094**	**2,894**

The gross cash of the parent company and wholly owned companies was approximately €592 million. All cash and cash equivalents, presented at 100% and held by companies in which non-controlling interests are present, represented approximately €1,975 million. The balance represents the cash of proportionately consolidated companies in the amount of about €868 million (GPA, Banque du Groupe Casino, Monoprix). With the exception of the proportionately consolidated companies for which dividend distributions are subject to approval of the partners, the cash and cash equivalents of the fully consolidated companies is available in its entirety for the Group since the Group, despite the presence of minority shareholders, controls the distribution policy.

25.2. Analysis of gross cash by currency

(In € millions)	2 010	%	2009	%
Euro	2,126	64	2,583	78
US Dollar	40	1	29	1
Argentine peso	31	1	15	
Brazilian real	676	20	311	9
Thai baht	128	4	42	1
Colombian peso	312	9	216	7
Vietnamese dong	57	2	24	1
Uruguayan peso	32	1	20	1
Venezuelan Bolivar			39	1
Polish zloty	3		2	
Other currencies	30	1	27	1
Gross cash and cash equivalents	**3,435**	**100**	**3,308**	**100**

The item gross cash includes €187 million at December 31, 2010 (181 million at December 31, 2009) in cash received representing an assignment of receivables that meet the criteria for outflows of financial assets stipulated in IAS 39 and detailed in the note describing the accounting principles applicable to trade receivables.

At December 31, 2010, cash equivalents consisted of term deposits, euro money-market funds (OPCVMs) and other similar instruments. To determine whether an investment is effectively eligible for classification as a cash equivalent, the Group has followed IAS 7 "Statement of cash flows" and with the March 8, 2006 AFG-AFTE publication concerning the classification of money market funds as cash equivalents.

On the basis of a systematic and retrospective review of the criteria, the Group decided to classify its investments at December 31, 2020 as cash equivalents.

Note 26. Assets and liabilities held for sale

At December 31, 2010, certain real estate assets were assigned for sale; the assets and liabilities reclassified on the lines "Assets held for sale" and "Liabilities on assets held for sale," respectively, can be analyzed as follows:

(In € millions)	2010	2 009
Real estate assets of the Franprix-Leader Price group	1	10
Leader Price Argentina	-	12
DCF real estate assets	-	4
Real estate assets in Poland	8	36
Alexa Shopping	10	15
Assets held for sale[1]	**19**	**77**
Liabilities attached to assets held for sale	**-**	**17**

(1) Includes €1 million in cash for December 31, 2009.

Note 27. Shareholders' equity and non-controlling interests

27.1. Capital management

The Group's policy is to maintain a solid capital base in order to maintain the confidence of investors, creditors and the market and to support the future growth of the business. The Group pays attention to the number and diversity of its shareholders as well as to the level of dividends paid to shareholders.
In June 2005, Rallye implemented a liquidity contract complying with the ethics charter developed by the AMAFI (*Association française des marches financiers pour les professionnels de la bourse et de la finance*) in order to ensure a liquid market.
Under a stock buyback program approved by the General Shareholders' Meeting, Rallye is authorized to purchases shares of the company in order to cover stock option plans, allot bonus shares to employees and executives, ensure market liquidity for the company's shares, retain them for subsequent remittal as payment or exchange in possible acquisition transactions, and retire them up to a maximum number not to exceed 10% of the capital stock.
Under the authority granted to the Board of Directors, the total amount of the capital increases that may be executed, immediately or in the future, other than through the capitalization of profits, reserves or premiums, may not exceed a nominal value of €200 million.

27.2. Capital stock and reserves related to capital

The capital is composed of 44,300,003 shares representing a nominal value of €133 million. The issue, merger and other premiums attached to capital amounted to €945 million, €353 million and €40 million, respectively.

27.3. Change in capital

Common shares issued and fully paid-up (the par value of the share is 3 euros)

	2010	2009
Number of shares as at January 1	**42,360,140**	**42,360,140**
2009 dividend paid in shares (balance)	688,754	-
2010 dividend paid in shares (interim)	1,251,109	-
Number of shares at December 31	**44,300,003**	**42,360,140**

Consolidated Financial Statements

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS

27.4. Other shareholders' equity

(In € millions)	2010	2009
Premiums[1]	1,349	1,309
Treasury shares[2]	(9)	(12)
Equity instruments (TSSDI – super subordinated securities)[3]	600	600
Other equity instruments[4]	(4)	(5)
Consolidated reserves[5]	4,477	3,894
Currency translation adjustment[6]	945	373
Total other shareholders' equity	**7,358**	**6,159**

(1) Premiums: These are the premiums (issue, spin-off and merger) of the parent company.

(2) Treasury stock: At December 31, 2010, the number of treasury shares held was 649,930, representing €9 million.
During the period, the company:
- delivered 241,859 shares under a bonus share allotment plan that expired in 2010;
- acquired and sold 519,528 shares under the liquidity agreement, which contained no shares as of December 31, 2010.

(3) Equity instruments (TSSDI): At the beginning of 2005, the Casino group placed on the market €600 million in perpetual "super subordinated" securities (TSSDI). The potential redemption of this instrument is at the Group's initiative and the remuneration is subordinated to the payment of a dividend for the common shares during the last twelve months. Because of its specific features, duration and remuneration, this instruments is classified as equity in an amount of €600 million. The dividend is at a rate of 7.5% for years 1 to 3, then a 10-year Constant Maturity Swap + 100 bp in the following years (the rate may not exceed 9%.

(4) Other equity instruments: the Group holds calls purchased to hedge stock option plans for a value of €4 million.

(5) Consolidated reserves: This item includes:
- the reserves of the parent company after consolidation restatements;
- the restated equity of each of the subsidiaries, minus the value of the securities held by the Group and plus any goodwill;
- the cumulative effect of the changes in accounting methods and error corrections;
- the changes in fair value of the financial assets available for sale;
- the changes in fair value of the derivatives in cash flow hedging operations.

(6) Currency translation adjustments This account includes the positive or negative currency translation adjustments related to the measurement at the closing rate of the equity of foreign subsidiaries and the fraction of the receivables and liabilities that are part of the net investment in the foreign subsidiaries.

27.5. Currency translation adjustments

(In € millions)	2010			2009		
	Company owners	Non-controlling interests	Total	Company owners	Non-controlling interests	Total
Brazil	304	318	622	183	190	373
Argentina	(23)	(25)	(48)	(22)	(24)	(46)
Colombia	61	133	194	2	(20)	(18)
Uruguay	23	25	48	16	17	33
Venezuela				5	3	8
United States	(6)	(1)	(7)	(3)	(3)	(6)
Thailand	37	74	111	5	3	8
Poland	19	20	39	18	18	36
Indian Ocean	(3)	(6)	(9)	1	(9)	(8)
Vietnam	(2)	(3)	(5)	(2)	(5)	(7)
Total currency translation adjustments	**410**	**535**	**945**	**203**	**170**	**373**

The changes in 2010 result primarily from the appreciation of the Brazilian, Colombian and Thai currencies against the euro.

The changes in 2009 primarily result from the appreciation of the Brazilian and Colombian currencies against the euro. In addition, the 2009 change includes the currency translation adjustments which were reported in income in connection with transactions to transfer GPA securities in the amount of €12 million.

27.6. Share-based payments

› 27.6.1. Payments in Rallye shares

■ Stock option plans

Allotment date	06/07/2006	10/01/2007	04/23/2008	04/27/2009	12/09/2009	09/06/2010
Maturity date	12/07/2011	03/31/2013	10/22/2013	10/27/2014	06/08/2015	03/05/2016
Number of initial beneficiaries	61	60	66	13	1	12
Number of options originally granted	254,120	181,127	258,091	310,521	12,000	124,485
Number of options waived	61,410	32,120	41,592	79,037	-	-
Number of options exercised	-	-	-	-	-	-
Number of options remaining at the end of the period	192,710	149,007	216,499	231,484	12,000	124,485
Exercise price in euros	36.84	48.73	43.15	14.24	24.62	26.44
Valuation of the options:						
Fair value at time of award in euros	7.20	10.16	8.74	1.55	5.90	5.99
Valuation model used	Trinomial	Trinomial	Trinomial	Trinomial	Trinomial	Trinomial
Volatility	26.37%	26.08%	28.39%	39.81%	40.81%	40.72%
Duration of the option	5 ½ years	5 ½ years	5 ½ years	5 ½ years	5 ½ years	5 ½ years
Riskless interest rate	3.79%	4.23%	3.99%	2.84%	2.83%	1.92%
Projected dividend (progression rate)	4.00%	4.00%	4.00%	0%	0%	0%

None of these stock option plans provides for the possibility of early exercise.

Consolidated Financial Statements

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS

The change in the number of options granted under the above option plans and the average exercise price over the period was as follows:

	2010		2009	
	Weighted average exercise price in €	Number of option	Weighted average exercise price in €	Number of option
Outstanding at beginning of period	34.57	1,202,702	41.76	1,151,831
Awarded during the period	26.44	124,485	14.63	322,521
Options waived during the period	30.76	(194,001)	43.15	(400)
Exercised during the period	-	-	-	-
Expired during the period	40.16	(207,001)	41.38	(271,250)
Outstanding at the end of the period	**33.02**	**926,185**	**34.57**	**1,202,702**
That may be exercised at the end of the period	**36.84**	**192,710**	**40.16**	**207,001**

- Bonus share allotment plans

Rallye also granted bonus share allotment plans in October 2007, April 2008, April 2009 and September 2010. Except for the April 2009 plan, the vesting of the shares for beneficiaries is subject to achievement of a company performance criterion which is assessed annually and results each year in a determination of the percentage of shares vested for the year in question. The total number of bonus shares definitively vested is equal to the average of the annual awards. The performance criterion used for the 2008 plan is the coverage of net financial debt by assets; for the 2010 plan the criterion is the coverage of financial expenses by EBIDTA.

The details of the bonus share plans are provided in the table below:

Award date	10/01/2007	04/23/2008	04/27/2009	09/06/2010
Maturity date	01/01/2011	07/23/2011	10/27/2011(1)	03/06/2013(2)
Number of initial beneficiaries	60	66	64	61
Number of shares initially granted	29,686	44,161	199,768	143,195
Number of shares waived	4,305	5,953	24,057	-
Number of shares remaining at the end of the period	25,381	38,208	175,711	143,195
Valuation of the shares:				
Fair value at time of award in euros	42.60	36.62	9.72	19.86
Rights vesting period	3 year and 3 months	3 years and 3 months	2 years and 6 months	2 years and 6 months

(1) No performance criterion
(2) No performance criterion for 50% of the shares

The income statement impact of share-based payments granted by Rallye was €2 million in 2010 and 2009.
The income statement impact of the share-based payments granted by the companies of the Group totaled €22 million for 2010 compared with €19 million for 2009.

› 27.6.2. Payments in Casino shares

■ Stock option plans

Award date	12/08/2005	04/13/2006	12/15/2006	04/13/2007	12/07/2007	04/14/2008
Maturity date	06/07/2011	10/12/2011	06/14/2012	10/12/2012	06/06/2013	10/13/2013
Share price in euros at time of award	56.95	59.80	70.00	75.80	77.25	75.10
Exercise price	56.31	58.16	69.65	75.75	74.98	76.73
Number of options initially granted	50,281	354,360	53,708	362,749	54,497	434,361
Duration of the option	5 ½ years	5 ½ years	5 ½ years	5 ½ years	5 ½ years	5 ½ years
Projected dividend	2.00%	2.00%	2.00%	5.00%	5.00%	5.00%
Volatility	21.19%	25.87%	25.11%	23.55%	25.27%	24.04%
Riskless interest rate	3.21%	3.94%	3.99%	4.78%	4.85%	4.17%
Fair value of the option in euros	9.00	11.88	14.31	16.73	18.18	13.61
Number of options outstanding	**33,242**	**221,635**	**32,726**	**265,569**	**43,450**	**358,035**

Award date	12/05/2008	04/08/2009	12/04/2009	04/29/2010
Maturity date	06/04/2014	10/07/2014	06/03/2015	10/28/2015
Price of the share in euros at the time of the award	43.73	48.37	58.31	65.45
Exercise price in euros	49.02	49.47	57.18	64.87
Number of options initially granted	109,001	37,150	72,603	48,540
Duration of the option	5 ½ years	5 ½ years	5 ½ years	5 ½ years
Projected dividend	5.00%	5.00%	5.00%	5.00%
Volatility	26.77%	29.60%	30.02%	29.32%
Riskless interest rate	3.05%	2.44%	2.09%	1.69%
Fair value of the option in euros	6.14	5.07	8.59	10.33
Number of options outstanding	**102,578**	**36,150**	**72,281**	**48,115**

Consolidated Financial Statements

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS

- Bonus share allotment plans

Allotment date	04/14/2008	04/14/2008	12/05/2008	04/08/2009	04/08/2009	12/04/2009
Maturity date	10/13/2013	10/13/2013	12/04/2013	10/08/2013	04/08/2013	12/04/2014
Price of the share in euros at the time of the award	75.10	75.10	43.73	48.37	48.37	58.31
Number of options initially granted	8,017	183,641	500	492,273	8,000	24,463
Fair value of the option in euros	61.92	61.92	33.16	34.18	36.32	42.47
Employment condition	Yes	Yes	Yes	Yes	Yes	Yes
Performance condition	No	Yes	No	Yes	No	No
Performance rate used	(1)	(2)	(1)	(2)	(1)	(1)
Number of options outstanding	**6,517**	**5,758**	**500**	**432,765**	**8,000**	**24,463**

Allotment date	04/29/2010	04/29/2010	10/22/2010	12/03/2010
Maturity date	04/29/2015	04/29/2015	10/22/2014	12/03/2015
Price of the share in euros at time of allotment	65.45	65.45	67.68	69.33
Number of options initially granted	51,394	296,765	4,991	17,268
Fair value of the option in euros	50.86	50.86	57.07	55.35
Employment condition	Yes	Yes	Yes	Yes
Performance condition	No	Yes	No	No
Performance rate	(1)	(2)	(1)	(1)
Number of options outstanding	**48,326**	**287,415**	**4,991**	**17,268**

(1) Not subject to performance criteria

(2) The performance criterion used for the stock plans awarded on April 13, 2007 and April 14, 2008 depends on the company with which the beneficiary is associated. At December 31, 2010, the performance rates are as follows:

Plans awarded on	04.29.10	04.08.09	04.14.08
Monoprix	74% (on a basis of 11,945 actions)	98% (on a basis of 8,960 actions)	50% (on a basis of 2,118 actions)
Codim 2	100% (on a basis of 5,100 shares)	100% (on the basis of 5,350 shares)	100% (on the basis of 3,640 shares)
Other companies	100% (on a basis of 270,370 shares)	96% (on a basis of 418,455 shares)	0%

The performance criteria used are essentially related to the levels of organic growth in revenue, the levels of income from continuing operations, or net financial debt.

› Information on the Casino stock plans:

Stock options	Number of current stock options	Weighted average exercise price
Options remaining at January 1, 2009	**2,515,543**	**€71.14**
Of which options exercisable	*1,283,320*	
Options granted	109,753	€54.57
Options exercised	(9,373)	€58.06
Options deleted	(1,210,279)	€75.73
Options expired		
Options remaining at December 31, 2009	**1,405,644**	**€65.98**
Of which options exercisable	*527,581*	
Options granted	48,540	€64.87
Options exercised	(281,725)	€57.94
Options eliminated	(120,974)	€69.75
Options expired	(41,705)	€58.16
Options remaining at December 31, 2010	**1,009,780**	**€68.04**
Of which options exercisable	*414,296*	*€72.94*

Bonus shares being vested	Number of shares, current
Shares outstanding at December 1, 2009	**558,809**
Shares allotted	524,736
Shares eliminated	(104,165)
Shares issued	(77,169)
Shares outstanding at December 31, 2009	**902,211**
Shares allotted	370,418
Shares eliminated	(307,004)
Shares issued	(129,622)
Shares outstanding at December 31, 2010	**836,003**

27.7. Dividend distribution

In 2010, Rallye paid the following:
- the balance of the 2009 dividend in the amount of €1.03 per share;
- an interim dividend for €0.80 per share.

The possibility of opting for payment in shares was offered when the distribution was made (see Note 1.2)

The Board of Directors is proposing payment of a dividend of €1.83 euro per share for fiscal 2010, leaving a balance of €1.03 euro per share to be paid after the interim dividend of €0.80 euro paid in October 2010.

Consolidated Financial Statements

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS

■ Note 28. Provisions

28.1. Breakdown and changes

(In € millions)	At January 1, 2010	Increase for the year	Reversals used in the year	Reversals not used in the year	Changes in scope and transfers	Foreign currency changes	Others	At December 31, 2010
After-sale service	7	7	(6)	-	-	-	-	8
Employment service medal	21	-	(1)	-	-	-	1	21
Pensions[1]	108	66	(54)	(2)	-	2	23	143
Services rendered	15	15	(15)	-	-	-	-	15
Other disputes	62	17	(10)	(8)	-	4	2	67
Other risks and contingencies	259	209	(139)	(13)	(7)	9	4	322
Restructuring	3	17	(3)	(67)	67	-	-	17
Risks related to the TRS transaction[2]	17	-	-	(17)	-	-	-	0
Total provisions	**492**	**331**	**(228)**	**(107)**	**60**	**15**	**30**	**593**
of which non-current	242	96	(81)	(22)	5	11	60	311
of which current	250	235	(147)	(85)	55	4	(30)	282

(1) See note 29
(2) See note 28.2

The provisions for disputes, risks and other expenses are composed of a multitude of amounts related to employment disputes (labor tribunal), property disputes (disputes over work, disputed rent, tenant evictions, etc.), or tax or economic disputes (infringements).

28.2. Risk related to the "Total Return Swap" transaction on Exito shares

On December 19, 2007, Casino announced a modification of the Exito shareholders' agreement signed on October 7, 2005.

On the same date, the Suramericana de Inversiones S.A. minority shareholders and other Colombian strategic partners signed put and call agreements with Citi on their stake in Exito (for 5.8% and 4.4% respectively), while Grupo Nacional de Chocolates SA sold the 2.0% it held in Exito to Citi on January 8, 2008. As a result of these signatures, these partners waived the put option they held under the historic shareholders' agreement with Casino, thereby releasing the Group from its commitment to purchase their stake in Exito.

Suramericana sold its 5.8% stake on January 19, 2010 at COP 21,804.

The put option on the 4.4% held by the other Colombian strategic partners will be exercisable for a period of 3 months from December 16 of 2010, 2011, 2012, 2013 and 2014. The call option may be exercised by Citi for a period of three months from March 16, 2015. The exercise price for these options will be the highest of the following values:
- a fixed price of COP 19,477 per share, revalued for inflation +1%;
- a multiple of EBITDA minus the net financial debt;
- a multiple of sales minus net financial debt;
- the average stock exchange price for the last 6 months.

Concurrently with these agreements, on January 8, 2008 and January 19, 2010, Casino signed a Total Return Swap (TRS) agreement with Citi for a term of 3 years and 3 months with net settlement in cash for the Exito shares acquired from Chocolates and Suramericana respectively, and agreed to sign another TRS agreement on the 5.1% stake of the other partners, the subject of the put and call described above.

Under the terms of the TRS agreements, Casino will receive, upon expiration, the difference between the market price (sale price for the interest by Citi) and a minimum amount of COP 19,477 per share for the Chocolates portion and COP 21,804 per share for the Suramericana portion, if it is positive or, in the opposite case, will pay this amount to Citi.
The TRS for the 4.4% stake of the other Colombian strategic partners, with the same conditions as the Chocolates and Suramericana TRS agreements, will go into effect for a maximum period of 3 years and 3 months from the date of exercise of the put or call.
Casino will receive or pay, as applicable, the difference between the sale price of the stake on the market and the entry price in the TRS (which is the sale price by the minority shareholder to Citi under the formulas described above).
Casino has no contractual commitment or ability to buy back shares from Citi at the end of the TRS agreement (net settlement in cash).

The principal risk for Casino is that the Citi's selling price at the expiration of the TRS agreements will be less than the purchase price Citi paid to the Colombian shareholders, and that Casino will be forced to pay Citi the difference, if negative, between the entry price (exercise price of the put by the shareholders) and the exit price (market price at the time of the sale by Citi).

The assessment of the risk depends on several factors:
- the price of exercise by the shareholders holding a 4.4% stake in Exito, which itself is a function of the period they choose to exercise their option based on their anticipation of market conditions and the future performance of Exito;
- the duration of each of the TRS agreements, with a maximum term of 3 years and 3 months from the date of exercise of any option held by the Colombian partners;
- the market value of Exito shares at the expiration of the TRS.

A bank has simulated different scenarios to determine the best periods for the minority shareholders to exercise their put, and determined the market values of the Exito shares at the end of the TRS using a multi-factor approach based on the operating performances expected through the company's business plan, investor expectations, and Exito's stock exchange price.

Given the features of these TRS and the valuation of the associated risks (the market price is COP 23,360 at December 31, 2010), the Group recognized a provision reversal of €17 million over the year to cancel at December 31, 2010 the provision initially recorded. The valuation of the most probable scenario, known as the "central case," shows a positive value of €18 million at December 31, 2010. The other scenarios, the "high case" (most optimistic view) and "low case" (most pessimistic view resulted in a positive value evaluated at €7 million and €31 million respectively. Given the uncertainty regarding the change in cash flows and in keeping with the accounting treatment applied until now, no asset was recognized at December 31, 2010.

Note 29. Pension commitments and similar benefits

The Group's commitments for defined benefit plans primarily relate to France for end of career indemnities and a supplemental pension plan all beneficiaries of which are today receiving pensions.

29.1. Defined benefit plan

› 29.1.1. Summary

(In € millions)	France		International		Total	
	2010	2009	2010	2009	2010	2009
Present value of hedged obligations	166	140	-	-	166	140
Fair value of plan assets	(55)	(62)	-	-	(55)	(62)
Financial hedge of commitments financed	111	79	-	-	111	79
Present value of non-hedged obligations	13	11	18	17	31	28
Non-recognized surplus (asset limitation)	-	-		-		-
Provision recognized on the balance sheet	**124**	**90**	**18**	**17**	**143**	**107**

Consolidated Financial Statements

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS

› 29.1.2. Change in commitments

(In € millions)	France		International		Total	
	2010	2009	2010	2009	2010	2009
A- CHANGE IN ACTUARIAL DEBT						
Actuarial debt at the beginning of the period	**152**	**137**	**17**	**365**	**168**	**502**
Cost of services rendered	13	11	1	1	14	11
Interest on actuarial debt	6	5	-	-	6	5
Acquisitions / sales of subsidiaries[1]	-	-	-	(350)	-	(350)
Disbursals	(11)	(5)	(2)	-	(13)	(5)
Actuarial loss and (gains)	19	6	-	-	20	6
Currency translation adjustments	-	-	2	1	2	1
Employee contributions	-	-	-	-	-	-
Effect of reductions / liquidation of plan	-	(1)	-	-	-	(1)
Change in assumptions	-	(1)	-	-	-	(1)
Other transfers	-	-	-	-	-	-
Actuarial debt at end of period (A)	**179**	**152**	**18**	**17**	**197**	**168**
B- CHANGE IN HEDGING ASSETS						
Fair value of hedging assets at beginning of period	62	66		366	62	432
Return expected on hedging assets	1	1		-	1	1
Actuarial (loss) and gains	1	(1)		-	1	(1)
Employer's contribution	-	-		-	-	-
Employee contributions	-	-		-	-	-
Benefits paid	(9)	(5)		-	(9)	(5)
Change in scope	-	-		(366)	-	(366)
Other transfers	-	-		-	-	-
Fair value of hedging assets at end of the period (B)	**55**	**62**	**-**	**-**	**55**	**62**
C- FINANCIAL HEDGE A - B	**(124)**	**(90)**	**(18)**	**(17)**	**(143)**	**(107)**
Asset ceiling	-	-	-	-	-	-
Net pension commitment	**(124)**	**(90)**	**(18)**	**(17)**	**(143)**	**(107)**

(1) The change in scope in 2009 relates to Super de Boer

› 29.1.3. Balance of actuarial differences recognized in shareholders' equity

(In € millions)	2010	2009
Provisions and other current liabilities	15	(3)
Deferred tax assets	(5)	1
Cumulative decrease in shareholders' equity	**10**	**(2)**
Of which portion represented by company owners	10	(2)
Earnings after tax recognized in shareholders' equity	**(12)**	**(4)**

› 29.1.4. Reconciliation of balance sheet provisions

(In € millions)	France		International		Total	
	2010	2009	2010	2009	2010	2009
Beginning of period	**90**	**71**	**17**	**30**	**107**	**100**
Actuarial differences recognized in shareholders' equity	18	6	-	-	18	6
Contributions of participants	-	-	-	-	-	-
Expenses for the year	18	14	1	1	19	14
Disbursals	(8)	(4)	(2)	-	(10)	(4)
Partial repayments of plan assets	6	4	-	-	6	4
Change in scope	-	-	-	(15)	-	(15)
Non-recognized surplus (asset limitation)	-	-	-	-	-	-
Currency translation adjustments	-	-	2	1	2	1
End of year	**124**	**90**	**18**	**17**	**143**	**107**

› 29.1.5. Expense components for the period

(In € millions)	France		International		Total	
	2010	2009	2010	2009	2010	2009
Continuing operations						
Financial cost	6	5	-	-	6	5
Expected return on assets	(1)	(1)	-	-	(1)	(1)
Expenses recognized in financial income	4	4	-	-	5	4
Cost of services rendered	13	11	1	1	14	11
Cost of past services	-	-	-	-	-	-
Reduction/Plan liquidation	-	(1)	-	-	-	(1)
Expenses recognized as personnel expenses	13	10	1	1	14	10
Expense for the year	**18**	**14**	**1**	**1**	**19**	**14**

Consolidated Financial Statements

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS

› 29.1.6. Policy and strategy for coverage of commitments

(In € millions)	2010	2009	2008	2007	2006
Present value of obligations covered	166	140	464	125	120
Fair value of plan assets	(55)	(62)	(432)	(71)	(84)
Sub-total	**111**	**78**	**32**	**54**	**36**
Present value of obligations not covered	31	28	38	23	11
Capped assets	-	-	30	-	-
Provisions recognized on the balance sheet	**143**	**107**	**100**	**77**	**47**

The covering assets consist primarily of money market mutual funds and fixed-rate bonds, at 87% and 11% respectively.

› 29.1.7. Actuarial assumptions

In France, the law reforming pensions was promulgated by the President of the Republic and published in the *Journal Officiel* on November 10, 2010. This new law, which progressively raises the legal retirement age from 60 to 62 in 2018, had no significant impact on the commitment of the provision for pensions. The non-significant impacts of the new law are have been likened to an actuarial difference, as with all the effects of earlier legislative changes which impacted the actuarial assumptions for calculating commitments (particularly the 2003 Fillon Law).

The principal actuarial assumptions used to value the commitments are detailed in the table below:

	France		International	
	2010	2009	2010	2009
Discount rate	4.0%	4.9% – 5%	4.1% – 7.5%	4.9% – 8%
Rate of salary increases	2.0% to 2.5%	2.5%	3.0%	2.5% – 4%
Retirement age	62 – 67	62 – 65	50 – 60	57 – 65
Expected return on assets	4.0%	3.5% – 3.9%	-	-

With respect to France, the discount rate is determined on the basis of the Bloomberg 15-year index on AA composites.
In 2010, the expected rate of return on plan assets corresponds to the rate in fact recorded in the previous year. The effective return in 2010 for France was €1 million.

› 29.1.8. Sensitivity of the actuarial assumptions

The impact of a change of 50 basis points in the discount rate would generate a 6.1% change in the total amount of commitments.

A 10 basis point increase or decrease in the salary growth rate would generate a 1.2% increase or decrease in the total commitment.

The impact of a change of 50 basis points in the expected rate of return from the covering assets would not result in a significant change in the proceeds from those assets.

› 29.1.9. Adjustment from experience

The adjustments from experience correspond to the impact on the commitments between the benefits estimated at the preceding closing and the benefits paid over the period and totaled €-8 million at closing at December 31, 2010.

› 29.1.10. Payments expected in 2011

The Group expects to pay indemnities of about €8 million to its defined benefit plans over 2011.

29.2. Defined contribution plans

The defined contributions plans are primarily retirement benefits and totaled €280 million for fiscal 2010 (€260 million for 2009).

Note 30. Financial liabilities

30.1. Composition of financial liabilities

(In € millions)	2010			2009		
	Non-current portion	Current portion courante	Total	Non-current portion	Current portion	Total
Bond issues	6,301	846	7,147	6,574	427	7,001
Other financial debt	1,945	1,404	3,349	2,036	1,118	3,154
Finance leases	63	43	106	88	43	131
Liabilities related to puts on non-controlling interests	1	57	58	3	77	80
Derivative financial liabilities	61	119	180	183	67	250
Total financial liabilities	**8,371**	**2,469**	**10,840**	**8,884**	**1,732**	**10,616**

Consolidated Financial Statements

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS

30.2 Details of bonds

Bonds (In € millions)	Currency	Par value	Rate	Maturity	Maturity date	2010	2009
Rallye 2003[1] 2013 convertible bond	EUR	300	fixed rate 3.250%	10 years 3 mos.	July 13	**324**	312
Rallye 2004 2011 bond 2011	EUR	375	fixed rate 5.625%	7 years	Oct 11	**374**	496
Rallye 2010 2014 bond 2014	EUR	500	fixed rate 5.875%	4 years	March 14	**495**	-
Rallye 2010 OREA 2015	EUR	100	variable rate	3 years	Feb 15	**99**	-
Rallye 2009 2015 bond	EUR	500	fixed rate 8.375%	5 years 3 mos.	Jan 15	**492**	502
Rallye 2009 2016 bond	EUR	500	fixed rate 7.625%	6 years	Nov-16	**494**	505
2003 Casino 2010 bond	EUR	400	fixed rate 5.250%	7 years	Apr -10	**-**	401
Casino 2004 2011 bond	EUR	210	fixed 4.750%	7 years	July -11	**210**	399
2002 Casino 2012 bond	EUR	439	fixed rate 6.000%	10 years	Feb-12	**449**	717
2009 Casino 2012 bond	EUR	165	fixed rate 7.880%	3 years 6 mos.	Aug -12	**167**	506
Casino 2007 and 2008 2014 bond	EUR	677	fixed rate 4.880%	7 years	Apr -14	**701**	691
2008 Casino 2013 bond	EUR	719	fixed rate 6.380%	5 years	Apr -13	**745**	1,251
2009 Casino 2015 bond	EUR	750	fixed rate 5.50%	5 years 6 mos.	Jan -15	**782**	761
2010 Casino 2017 bond	EUR	888	fixed rate 4.38%	7 years	Feb 17	**833**	-
2010 Casino 2018 bond	EUR	508	fixed rate 4.48%	7 years 6 mos.	Nov 18	**472**	-
2002 Casino 2011 private placement	USD	255	fixed rate 6.460%	9 years	Nov-11	**187**	171
Exito / Carulla Bond issues	COP	84	variable rate	5/8 and 10 years	Apr -11/13 May-15	**100**	86
GPA 2007 Bond	BRL	108	variable rate CDI +0.5%	4/5 and 6 years	March -11/12/13	**119**	108
GPA 2009 2011 bond	BRL	28	variable rate 119 % CDI	2 years	June 11	**30**	28
GPA 2009 Bond	BRL	67	variable rate 109.5% CDI	3/4 and 5 years	Dec -12/13/14 June -13/14	**74**	67
Total bonds						**7,147**	7,001

(1) The Rallye bond issue of 2003 was recorded using the "split accounting method", which consists of:

- separating the embedded derivative at the time of issue, and recognizing it in equity - subsequent changes in fair value are not taken into account;
- determining the value of the derivative based on the difference between the par value of the bond and the market value of a debt instrument with similar characteristics, but which does not carry conversion options;
- and applying the amortized cost method of the host contract.

The Casino group has an Euro Medium Term Notes program (EMTN) with a ceiling of €8,000 million on the closing date. The date of signature and approval of this program by the Financial Sector Supervisory Commission (*Commission de surveillance du Secteur Financier*-CSSF) of the Grand Duchy of Luxembourg was October 25, 2010. The expiration of the program current as of December 31, 2010 is October 25, 2011. As of December 31, 2010, outstanding bonds issued under the EMTN program totaled €4,355 million. All these bonds enjoy the Casino group rating from the ratings agencies Standard & Poor's and Fitch Ratings, "BBB-", and are not subject to any financial covenants.

The bonds maturing in August 2012, April 2013, April 2014, January 2015, February 2017 and November 2018 issued under the EMTN program carry an optional redemption provision benefiting investors if the rating is downgraded to "Non Investment Grade" following a change in control.

These same bonds, with the exception of the 2014 bond, also come with a "step up coupon" clause if the Casino rating is downgraded to "Non Investment Grade".

The amounts recorded on the balance sheet take into account the rules for accounting at amortized cost based on the effective interest rate and the adjustment in fair value generated by the hedging relationship documented pursuant to IAS 39. The amount of interest accrued is provided in the section "Other financial debt"

Consolidated Financial Statements

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS

30.3. Details of other financial debt

Bank borrowings (In € millions)	Currency	Nonminal amount	Rate	Maturity	Maturity date	2010	2009
HMB	EUR						
Structured loan		125	fixed rate	5 years	July -11	-	125
Cobivia	EUR						
Structured loan		200	variable rate	5 years	July -10	-	200
Cobivia	EUR						
Equity Swap			variable rate	3 years	May-11	-	69
Rallye	EUR						
Equity Swap			variable rate	3 years	June-12	-	31
Rallye	EUR						
Bank loan		125	variable rate	4 years 11 mos.	Nov-11	**75**	125
Alpetrol	EUR						
Structured loan		100	fixed rate	5 years	Oct-11	**126**	122
Alpetrol	EUR						
Bank loan		50	variable rate	5 years	Jan-12	**50**	50
Alpetrol	EUR						
Structured loan		100	variable rate	5 years	June-12	**100**	99
Rallye	EUR						
Bank loan		75	variable rate	2 years 11 mos.	Apr-12	**74**	74
Kerrous	EUR						
Structured loan		150	variable rate	5 years	July -12	**150**	150
Rallye	EUR						
Bank loan		100	variable rate	3 years	March-13	**100**	100
Rallye	EUR						
Bank loan		75	variable rate	5 years	June-13	**75**	75
Rallye	EUR						
Bank loan		40	variable rate	5 years	Feb-14	**40**	40
Rallye	EUR						
Bank loan		150	variable rate	7 years	May-14	**150**	152
Rallye	EUR						
Bank loan		50	variable rate	10 years	Feb-18	**50**	50
Parande and subsidiaries	EUR						
Other bank borrowings		101	variable rate			**101**	155
Go sport				3 years			
Credit line		120	variable rate	6 mos.		**31**	
Casino:	EUR						
Structured loan		183	variable rate	6 years	June-13	**184**	179
Casino:	EUR						
Schuldschein loan		130	variable rate	5 years	May-13	**130**	131
Casino:	EUR						
Alaméa		300	variable rate	5 years	Apr-15	**300**	
Casino:	EUR						
Other bank borrowings(1)						**143**	196
Casino:							
Latin America(2)						**768**	379
Casino:							
Other international						**51**	5
Bank loans						**341**	414
Interest accrued(3)						**310**	233
Total bank borrowings						**3,349**	**3,154**

(1) Includes Franprix –Leader Price for €86 and €158 million respectively in 2010 and 2009

(2) Relates to GPA and Exito for €622 and 144 million respectively in 2010 (€199 and 180 million euros respectively in 2009). The amount for GPA includes the debt resulting from the agreement with the Sendas family (see Note 34.2.1)

(3) The accrued interest relates to the total financial debt, including bonds

30.4. Debt related to puts on non-controlling interests

(In € millions)	% of ownership	Commit-ment	Price	Fixed or Variable	Non-current fin. liabilities	Current financial liabilities	Goodwill
Franprix / Leader price[1]	26.00 to 84.00%	16.00 to 74.00%	44	F / V	1	44	91
Lanin / Disco (Uruguay)[2]	96.55%	3.45%	13	F		13	13
Total commitments			**58**		**1**	**57**	**104**

(1) Relates to purchase commitments of subsidiaries of the Franprix – Leader Price sub-group. The value of these purchase commitments is generally based on net earnings. A change of +/- 10% in the indicator shows an impact of +/- 1 million euros; the options expire between 2011 and 2043.
(2) this option may be exercised until June 21, 2021.

30.5. Financial debt

› 30.5.1. Composition of net financial debt

(In € millions)	2010			2009		
	Non-current portion	Current portion	Total	Non-current portion	Current portion	Total
Bond issues	6,301	846	7,147	6,574	427	7,001
Other financial debt	1,945	1,404	3,349	2,036	1,118	3,154
Finance leases	63	43	106	88	43	131
Debt related to puts on non-controlling interests	1	57	58	3	77	80
Financial derivative liabilities	61	119	180	183	67	250
Total financial liabilities	**8,371**	**2,469**	**10,840**	**8,884**	**1,732**	**10,616**
Financial derivative assets	(150)	(123)	(273)	(207)	(116)	(323)
Receivables on the disposal of Cativen (Venezuela)	(83)	(299)	(382)	-	-	-
Investment and similar securities	-	(185)	(185)	-	(143)	(143)
Cash and cash equivalents	-	(3,435)	(3,435)	-	(3,308)	(3,308)
Total financial assets	**(233)**	**(4,042)**	**(4,275)**	**(207)**	**(3,567)**	**(3,774)**
Net debt	**8,138**	**(1,573)**	**6,565**	**8,677**	**(1,835)**	**6,842**

Consolidated Financial Statements

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS

› 30.5.2. Change in financial debt

(In € millions)	2010	2009
Financial debt at beginning of period	**10,293**	**10,039**
New borrowings[1]	1,431	3,041
Repayments (principal and interest)	(1,238)	(2,441)
Other financial assets	20	(26)
Changes in fair value (income contra)	(7)	62
Currency translation adjustments	117	123
Change in scope	(5)	45
Change in debt related to puts on non-controlling interests[2]	(23)	(555)
Reclassifications as liabilities associated with assets held for sale	-	-
Others	(21)	5
Financial debt at end of period	**10,567**	**10,293**
Financial liabilities (See Note 30.5)	10,840	10,616
Financial derivative assets (see Note 30.5)	(273)	(323)

(1) The new borrowings primarily represent the operations described below:

- 2010 bond exchange operations
  On February 8, 2010 and May 11, 2010, the Casino group completed two bond exchange operations on bonds maturing between 2011 and 2013 which reduced bond maturities for 2011, 2012 and 2013 by €190, €596 and €481 million, respectively (see Note 2.2).
  The two new bonds for €888 and 508 million respectively mature in 2017 and 2018. Their interest rates are 5.85% and 5.25%.The accounting treatment of these two operations was analyzed in accordance with IAS 39 on the derecognition of a financial liability. After analysis by the Casino group, these operations have been treated as an extension of financial debt because the amendments to the contractual terms were not considered to be substantial. The impact of the exchange of bonds is an adjustment to the carrying amount of the 2017 and 2018 bonds and is actuarially amortized over the remaining duration of the liabilities as modified. This accounting treatment also applies to the premiums, unamortized issue costs attached to the bond lines exchanged and all costs paid for the exchange (commissions, fees, exchange premium), which will be amortized until 2017 and 2018 respectively. Likewise, the impact of unwinding the hedges attached to the initial debt is amortized over the duration of the new debt.
- Financing through Alamea Investments
  In April 2010, the Casino group raised €300 million through a five-year bond subscribed by Alamea Investments, a Luxembourg stock corporation 95% owned by a bank and 5% by the Casino group. This company is a structured special-purpose vehicle and, based on the characteristics of the structure, is fully consolidated. Therefore, the portion of the loan that is financed by outside investors is in substance a borrowing outside the Group presented in "Other borrowings and financial debt."
- Rallye bond
  On March 15, 2010, Rallye issued a bond in the amount of €500 million maturing in March 2014, the proceeds from which were used to reduce the October 2011 bond maturity by €123 million. The new bonds offer a coupon of 5.875%%.

(2) For fiscal 2010, the change in debt related to puts on non-controlling interests is related to Franprix-Leader Price. As of December 31, 2009, the change pertained to Franprix-Leader Price in the amount of €407 million, Exito (Carulla) in the amount of €118 million and GPA in the amount of €30 million.

› 30.5.3. Payment schedule for gross financial debt and other debt

- Payment schedule of financial liabilities as at December 31, 2010

(In € millions)	Book value	Less than 1 year	1-5 years	Over 5 years
Financial liabilities				
Bond issues	7,147	846	4,924	1,376
Other borrowings	3,349	1,404	1,778	165
Finance leases	106	43	55	9
Financial derivatives (fair value hedging)	180	119	51	10
Financial debt	58	57	1	0
Trade payables	4,992	4,992	-	-
Other debt	3,666	3,397	223	47
Total	**19,494**	**10,855**	**7,031**	**1,608**

- Payment schedule of financial liabilities as at December 31, 2009

(In € millions)	Book value	Less than 1 year	1-5 years	Over 5 years
Financial liabilities				
Bond issues	7,001	427	4,799	1,775
Other borrowings	3,092	1,056	1,846	190
Finance leases	131	43	76	12
Financial derivatives (fair value hedging)	250	67	183	-
Financial debt	80	77	3	-
Trade payables	4,517	4,517	-	-
Other debt	3,071	2,877	183	11
Total	**18,142**	**9,064**	**7,090**	**1,988**

Consolidated Financial Statements

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 31. Other debt

(In € millions)	2010			2009		
	Non-current	Current	Total	Non-current	Current	Total
Derivative liabilities	3	25	28	1	17	18
Tax and social security liabilities	206	1,307	1,513	162	1,320	1,482
Other liabilities	60	778	838	30	555	585
Debt on non-current assets	-	258	258	1	154	155
Current accounts	-	64	64	-	79	79
Financing of credit activity	-	796	796		583	583
Prepaid income	-	169	169		169	169
Total	**269**	**3,397**	**3,666**	**194**	**2,877**	**3,071**

Note 32. Fair value of financial instruments

32.1. Carrying amount and fair value of financial assets and liabilities

› 32.1.1. Financial assets

The procedures for determining fair values by type of assets recognized at fair value are as follows:

- For financial instruments assigned to "Investment securities" and "Cash and Cash Equivalents," fair value is determined by reference to the market price on the closing date (Level 1).
- For financial instruments assigned to the items "Non-current derivative assets," "Non-current financial hedging assets" and "Derivative assets on fair value hedge and debt derivatives," fair value is determined using measurement techniques based on observable market parameters (Level 2).
- For investments in Private Equity funds allocated to the item "Non-current securities of the portfolio business," fair value is determined on the basis of the most recent data provided by the managers of these funds (level 3).
- For other unlisted instruments assigned to the item "Other financial assets available for sale" and composed essentially of equity interests in unconsolidated companies, fair value is determined using measurement techniques such as option valuation models used or discounted cash flow method. The models take into consideration assumptions based on market data (these fair value measurements are generally Level 3). Changes in assumptions would not give a resulting estimate of fair value significantly different from the value used by the Group.

The tables below provide a comparison of the book value of financial assets and their fair value.

- **Breakdown at December 31, 2010**

(In € millions)	12/31/10			Breakdown by category of instrument				12/31/10
	Book value							
	Total assets	Non-financial assets	Financial assets	Fair value through income	Held-to-maturity investments	Loans and receivables	Available-for-sale financial assets	Fair value
Non-current financial assets	1,016	179	837	3	11	385	438	837
Non-current financial hedging assets	150		150	150				150
Trade receivables and related accounts	1,754		1,754			1,754		1,754
Other current assets	1,819	725	1,094	6		1,088		1,094
Other current financial assets	308		308	281		7	20	308
Cash and cash equivalents	3,435		3,435	1,326		2,109		3,435

■ **Breakdown at December 31, 2009**

(In € millions)	12/31/2009			Breakdown by category of instrument				12/31/2009
	Book							
	Total assets	Non-financial assets	Financial assets	Fair value through income	Held-to-maturity investments	Loans and receivables	Available-for-sale financial assets	Fair value
Non-current financial assets	813	128	685	2	11	240	432	685
Non-current financial hedging assets	207	-	207	207	-	-	-	207
Trade and related receivables	1,517	-	1,517	-	-	1,517	-	1,517
Other current assets	1,271	550	721	-	-	721	-	721
Other current financial assets	259	-	259	203	-	56	-	259
Cash and cash equivalents	3,308	-	3,308	2,184	-	1,124	-	3,308

› 32.1.2. Financial liabilities

The procedures for determining fair value by type of liabilities recognized at fair value are as follows:
- Bond issues are recorded at fair value on the basis of market parameters for the portion covered by fair value hedge accounting.
- Derivative instruments are valued (internally or externally) on the basis of the usual valuation techniques for this type of instrument. The valuation models include observable market parameters (particularly rate curves) and counterparty quality. These fair value measurements are generally category 2.
- The financial liabilities related to the minority puts are determined using the contractual calculation formulas and are discounted as appropriate. These fair value measurements are generally category 3.

The tables below provided a comparison of the book value of financial liabilities and their fair value.

■ **Breakdown at December 31, 2010**

(In € millions)	12/31/10		Carrying amount under IAS 39			12/31/10
	Book value	Non-financial liabilities	Value of financial liabilities	Fair value through profit/loss	Debt at amortized costs	Fair value of financial liabilities
Bond issues	7,147	-	7,147	-	7,147	7,674
Other borrowings	3,349	-	3,349	-	3,349	3,350
Financial leases	106	-	106	-	106	106
Financial derivatives (fair value hedging)	180	-	180	180	-	180
Debt related to puts on non-controlling interests	58	-	58	44	13	58
Trade payables	4,992	-	4,992	-	4,992	4,991
Other debt	3,666	1,396	2,270	40	2,230	2,270

Consolidated Financial Statements

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS

- Breakdown at December 31, 2009

(In € millions)	12/31/2009		Carrying amount under IAS 39			12/31/2009
	Book value	Non-financial liabilities	Value of financial liabilities	Fair value through profit/loss	Debts at amortized costs	Fair value of financial liabilities
Bond issues	7,001	-	7,001	1,006	5,995	7,285
Other borrowings	3,154	-	3,154	152	3,002	3,201
Financial leases	131	-	131	-	131	131
Financial derivatives (fair value hedging)	250	-	250	250	-	250
Debts related to puts on non-controlling interests	80	-	80	80	-	80
Trade payables	4,455	-	4,455	-	4,455	4,455
Other debt	3,071	1,508	1,563	23	1,540	1,563

The market value was determined for listed bonds on the basis of the last market price on the closing date.
For the other borrowings, it was determined on the basis of other measurement methods such as the discounted cash flow value, taking into consideration the Group's credit risk and the interest rate conditions on the closing date.

32.2. Hierarchy of the fair value of financial instruments

The rule distinguishes three classification categories for financial instruments, based on the two valuation methods used (listed prices and measurement techniques). The Group uses this classification to set out the characteristics of the financial instruments recognized in the statement of financial position at fair value on the closing date:
- level 1: financial instruments listed for trading on an active market;
- level 2: financial instruments for which the fair value measurement uses valuation techniques based on observable market parameters;
- level 3: financial instruments for which all or a portion of the fair value is not based on observable parameters.

The table below presents the financial assets and liabilities recognized at fair value at December 31, 2010, based on the following three hierarchies:

(In € millions)	Hierarchy of fair values			2010
	Market price level 1	Models with observable parameters level 2	Models with non-observable parameters level 3	
Assets				
Available-for-sale financial assets	27	14	382	423
Derivative hedging assets (current and non-current)	3	273	-	276
Derivative assets (current and non-current)	4	5	-	9
Others	1,358	123	-	1,481
Liabilities				
Derivative hedging liabilities (current and non-current)	6	180	-	186
Derivative liabilities (current and non-current)	1	33	-	34
Debt related to minority repurchase commitments	-	-	44	44
Others	-	-	-	-

■ Note 33. Financial risk management policies and objectives

The main risks inherent in the financial instruments used by the Group are interest rate and foreign exchange rate risks, credit risks, liquidity risks and equity risk.
The Group holds financial derivatives, mainly rate and currency swap and forward instruments. These involve instruments listed for trading on organized markets or over the counter instruments traded with first-tier counterparties. These instruments are intended to manage interest- and exchange rate risks inherent to the Group's businesses and financing.

Derivative instruments break down as follows:

(In € millions)	Interest rate risk	Foreign exchange risk	Other market risks	2010	2009
Assets					
Derivatives at fair value through profit/loss	-	-			1
Derivatives-cash flow hedges	-	7		7	-
Fair value hedges	262	-	16	278	328
Total derivative assets	**262**	**7**	**16**	**285**	**329**
Of which non current	*150*	-	*2*	*152*	*209*
Of which current	*112*	*7*	*14*	*130*	*120*
Liabilities					
Derivatives – at fair value through profit/loss	4	-	-	4	11
Derivatives - cash flow hedges	1	3	-	4	1
Derivatives - fair value hedges	194	6	1	201	255
Total derivative liabilities	**199**	**9**	**1**	**209**	**267**
Of which non current	*63*	-	*1*	*64*	*184*
Of which current	*136*	*9*	-	*145*	*83*

At December 31, 2010, the IFRS reserve hedging future cash flows had a debit balance of €9 million (€22 million at December 31, 2009).

No significant inefficiency has been measured on hedges of future cash flows.

The fair value of derivative financial instruments not classified as hedge accounting as defined by IAS 39 totaled €-4 million at December 31, 2010 (€-10 million at December 31, 2009).

33.1. Interest rate risk

The Group's strategy is based on dynamic debt management, which consists of keeping certain lines of credit variable in order to take advantage of lower rates and to hedge against possible rate increases.

As part of the management of its exposure to interest rate risk, the Group uses different derivative interest rate instruments.

The main derivative instruments are interest rate swaps, collars, options, floors and operations that can be used alone or combined. Although they are not all eligible for hedge accounting, all interest-rate hedge instruments are subscribed in connection with the policy to manage the rate risk described above.

The Group's financial policy is to manage the interest expense by combining variable and fixed rate derivative instruments.

Consolidated Financial Statements

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS

› Analysis of sensitivity to interest rates

(In € millions)	2010	2009
Borrowings	2,474	2,374
Finance leases	43	43
Current bank loans and spot credits	341	414
Total variable-rate debt (excluding accrued interest)[1]	**2,858**	**2,831**
Cash equivalents	2,117	2,184
Cash	1,318	1,124
Total Assets	**3,435**	**3,308**
Net position before management	**(577)**	**(477)**
Derivative instruments	3,501	3,178
Net position after management	**2,923**	**2,701**
Net position to be renewed at less than one year	2,923	2,701
Change of 1%	29	27
Average duration remaining until the year	1	1
Change in interest expense	**27**	**27**
Cost of debt	552	507
Impact of change in financial expense/charges	**4.84%**	**5.23%**

In order to protect its financial margin from interest rate volatility, Banque du Groupe Casino fully hedges its interest-rate risk:
- fixed-rate uses of funds: assigned sources of funds are transformed or capped at a fixed rate. These hedges match the amortization schedule of uses until maturity;
- variable-rate uses of funds: assigned sources are transformed into a fixed rate over a sliding period of at least three months in an amount corresponding to the projected uses for the period.

The remaining financial instruments of the Group are not interest-bearing and are therefore not subject to interest-rate risk.

33.2. Fair value risk

When the Group contracts fixed rate borrowings, it is exposed to an opportunity cost if the interest rate decreases. In order to hedge against fair value risk, the Group has subscribed to interest-rate swaps in which it exchanges fixed-rate interest flows against variable-rate interest flows.

Hedge accounting:
Under its interest- and exchange-rate risk management policies, the Group uses fair value hedge accounting.
The objective is to hedge against portion of the risk of a change in fair value associated with the interest-rate risk of a fixed-rate loan.
The Group does not use cash flow hedge accounting for its forward foreign currency purchases.

33.3. Foreign exchange risk

As part of managing its exposure to foreign exchange risk, the Group uses a variety of financial instruments, in particular, swaps and forward purchases or sales of foreign currencies. The majority of these transactions are carried out with a view to providing coverage, for example, to hedge purchases of goods, as well as a portfolio containing financial investments denominated in foreign currency.

For merchandise purchased in dollars within the euro zone, the Group's hedging policy is to cover all purchasing budgets with derivatives that have the same payment date as the budgeted supplies.

For the portfolio of financial investments, which are booked at fair value under available-for-sale assets, (see note 20.1), the Group's policy is to use forward sales contracts to hedge investments denominated in foreign currencies in a face corresponding to their fair value in the currency.

Finally, through the geographic diversification of its businesses, the Group is exposed to currency translation risk, i.e. that its balance sheet and income statement are sensitive to changes in exchange rate parities in the consolidation of the accounts of its foreign subsidiaries outside the Euro zone.

(In € millions)	USD	PLN	BRL	JYP	Euros	Miscellaneous	Total 2010	Total 2009
Exposed trade receivables	(10)	-	-	-	-	-	(10)	(1)
Other exposed financial assets	(700)	-	-	(12)	-	(9)	(721)	(264)
Exposed trade payables	90	-	-	-	2	-	92	80
Exposed financial liabilities	456	-	-	19	1	-	476	480
Gross debt/(receivable) exposure	**(164)**	**-**	**-**	**7**	**3**	**(9)**	**(163)**	**295**
Hedged trade receivables	(6)	-	-	-	-	-	(6)	-
Other hedged financial assets	(267)	-	-	(13)	-	(10)	(290)	(248)
Trade payables hedged	25	-	-	-	-	-	25	2
Financial liabilities hedged	450	-	-	19	-	-	469	479
Net debt/(receivable) exposure	**(366)**	**-**	**-**	**1**	**3**	**1**	**(361)**	**62**

The net balance sheet exposure of €-361 million at December 31, 2010 primarily includes claims against the Venezuelan government denominated in US dollars for €338 million euros; these claims have not been hedged.

At December 31, 2009, the net balance sheet exposure of €62 million was broken down by currency as follows: 64 million for the US Dollar and -2 million for the euro.

› Sensitivity analysis of the net exposure to foreign exchange risk

A 10% increase in the value of the euro at December 31 against these currencies would result in a decrease in income in the amounts indicated below. For purposes of this analysis, it is assumed that all other variables, particularly interest rates, remain constant.

A 10% decrease in the value of the euro at December 31 against these currencies would result in the opposite effect.

(In € millions)	Total 2010	Total 2009
US dollar	(37)	7
Japanese yen	-	-
Other currencies	-	-
Total	**(37)**	**7**

33.4. Equity risk

› Consolidated interests:

To manage its holdings of publicly-traded, consolidated shares, the Group may use certain optional products such as purchases and sales of purchase options, or products included in complex derivative instruments issued, such as bonds exchangeable for Casino shares, or bonds indexed to the market price of Casino shares. Such instruments are used for hedging purposes, in particular to hedge against the risk of dilution, or to attain the strategic objective of optimizing its holdings.

Consolidated Financial Statements

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS

> Investment portfolio:

The Group continued its program of disposals from its financial investment portfolio in 2010, thus reducing its economic exposure.

Rallye's financial investments are highly diversified, both by geography and segment but also according to investment type, partner and size, which allows for risks to be pooled effectively. Moreover, this risk management is reinforced by the number of investments and their small size: at December 31, 2010, the portfolio had around 120 lines, four-fifths of which were less than €4 million, with a ceiling of €17 million in net cash invested. In addition, systematic recourse to foreign exchange hedging avoids exposure to currency fluctuations.

Price risk related to a negative change of 10% in the price of the securities held:

(In € millions)	2010	2009
Balance sheet position (fair value)	338	353
Shareholders' equity sensitivity	(26)	(26)
Income sensitivity	(8)	(9)

> Investment portfolio

The value of the investment portfolio in publicly traded investment securities on the balance sheet was €39 million at December 31, 2010. Given both the correlation to the Eurostoxx 50 (β) index of the stocks and bonds held, a 10% decline in the stock markets from their December 31, 2010 level, applied to this total exposure of €39 million euros, would have had a negative impact of €1 million on earnings before tax.

33.5. Credit risks

> Commercial credit risk

The Group's policy requires that the financial health of all of its customers who wish to obtain credit terms of payment be verified. In addition, client account balances are monitored regularly and, as a result, the Group does not have any significant exposure to bad debt.

The outstanding "commercial" trade receivables are analyzed below:

(In € millions)	Assets not due and not impaired	Assets due not impaired on the closing date				Assets impaired	Total
		Less than 1 month late	1-6 months late	Late greater than 6 months	Total		
Fiscal 2009	745	45	25	17	87	98	930
Fiscal 2010	**733**	**41**	**29**	**21**	**91**	**165**	**989**

The payment times for receivables due and not impaired may vary significantly based on the category of customers with whom the Group companies conduct their business, depending on whether they are private companies, individuals or public entities. The impairment policies used are determined, entity by entity, based on the specific features of the various customer categories. As indicated above, the Group believes it is not exposed to a significant risk in terms of credit concentration.

> Financial credit risk

For the banking business of the Banque du Groupe Casino, the system to hedge the credit risk is based on:
- a statistical approach per homogeneous portfolio of client receivables, since, taken individually, receivables are not significant, and given that they share common credit risk characteristics;
- the likelihood that the amounts will be recovered at different stages of the collection process.

Credit risk provisions are calculated for clients who have missed at least one payment. One payment overdue constitutes the IAS 39 trigger for the funding of provisions for receivables.

The amount of provisions is calculated using a statistical model of collection flows and losses, which integrates all possible movements between the various levels, based on observed historical data.
The net present value of credit risk provisions is computed using the original rate in client contracts, and the expected inflows of capital and interest. As a result, in addition to provisions for existing credit risks, henceforth a provision against future loss of margins is recognized due to the effect of discounting expected future cash flows from collection. Restructured receivables for which payments are up to date are considered to be good debts. As of the first unpaid installment, however, these receivables are reclassified as doubtful accounts and a provision is made based on a statistical calculation in accordance with the principles described above.

Outstanding trade receivables for credit activities are analyzed below:

(In € millions)	Up to date(1)	Late, not impaired(2)	Restructured, up to date(3)	Amounts impaired(4)	Total
Fiscal 2009	530	-	81	140	751
Fiscal 2010	**732**	**7**	**89**	**141**	**969**

(1) Receivables without payment incident
(2) Receivables due and not impaired
(3) Receivables for which the payment schedule has been adjusted
(4) Receivables for which at least one installment has been unpaid for more than a month and which have been written down

With respect to credit risk for other financial assets owned by the Group, such as cash and cash-equivalents, financial assets available for sale, and certain financial derivatives, the Group's exposure to potential defaults by the third parties in question is limited to a maximum equal to the carrying amount of the instruments concerned.

As part of its transactions conducted on financial markets, the Company is exposed to counterparty risk. Rallye favors financial relations with various banks of international size which enjoy the best ratings from specialized agencies, while avoiding an excessive concentration of dealings with a limited number of financial institutions. Consequently, Rallye considers its exposure to counterparty risk to be low. In addition, the derivatives used in managing foreign exchange and interest rate risks are negotiated directly with the lending institution, which eliminates any additional counterparty risk.

› Credit risk on other assets:

Other assets, mainly consisting of tax receivables and redemption fees, are neither past due nor depreciated. The Group also believes that it is not exposed to a counterparty risk on these assets (see note 23.2).

33.6. Risk of accelerated repayment of financial debt

The Group's bank and bond financing contain the normal undertakings and default clauses for this type of agreement, including maintaining the loan at its rank (pari-passu), the limitation of security interests given to other lenders (*negative pledge*) and cross defaults.

At the level of the Rallye group, loan agreements containing clauses requiring that financial ratios be adhered to represent approximately 13% of the financial debt. These ratios are applicable only to bank loans; Rallye's public bond issues on the euro market do not contain any undertaking regarding financial ratios.

Certain bank financing agreements are subject to the following two financial ratios:

Description of covenants	Ratios to be adhered to	Result of covenants at December 31, 2010
Consolidated EBITDA(1) / Cost of Net Financial Debt	> 2.75	3.56
Rallye SA shareholders' equity.	€ 1.2 billion	1.7

(1) EBITDA is defined as current operating income plus current operating depreciation and amortization.

Consolidated Financial Statements

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS

At the level of the Casino group, in the event of a downgrading to "non investment grade" on the long-term senior debt of Casino, Guichard-Perrachon (the Company) due to a change in the Company's majority shareholder, an accelerated redemption option at the investors' option is stipulated in certain loan agreements representing a face amount of €3,705 million. In this situation, the Casino group would be required to prepay the outstanding amount in question. In addition, certain contracts provide for a "coupon step-up" clause, which raises the interest rate if the long-term senior debt of Casino, Guichard-Perrachon is downgraded to "non investment grade". This type of clause covers a face amount of €3,159 million.

At December 31, 2010, the Consolidated Net Financial Debt/consolidated EBITDA ratio was 2.14 while the covenants were negotiated at a floor of 3.5. The maneuvering margin for the next 12 months is considered to be satisfactory for the Casino group to respect the financial covenants.

As of the closing date, the covenants for the principal group debts, which are carried by the parent company, can be summarized as follows:

- the syndicated line of credit of €1.2 billion, renewed in August 2010, and the BNP Paribas and Santander confirmed lines are subject to a commitment to respect a Consolidated Net Financial Debt/consolidated EBITDA ratio < 3.5;
- the other confirmed lines and the Alaméa loan are subject to a commitment to comply with a Consolidated Net Financial Debt / Consolidated EBITDA[2] ratio < 3.7;
- the Calyon structured loan is subject to a commitment to meet a Consolidated Net Financial Debt/Consolidated EBITDA ratio <4.3;
- the private placement made in the USA is subject to a commitment to meet the following ratios:

Description of covenants	Ratios to be complied with	Result of covenants at December 31, 2010
Consolidated net financial debt[3] / consolidated EBITDA[2]	< 3.50[1]	2.14
Consolidated net financial debt[3]/ consolidated shareholders' equity	< 1.20	0.48
Consolidated intangible assets / consolidated shareholders' equity	< 1.25	0.89

(1) The Consolidated Net Financial Debt/Consolidated EBITDA ratio in 2010 went from 3.7 to 3.5 because of the inclusion by reference in the conditions of the private placement in the USA of the new covenant negotiated on the syndicated line of credit.

(2) EBITDA is defined as current operating income plus operating depreciation and amortization.

(3) Net financial debt as defined in the bank contracts is different from that presented in the consolidated financial statements; it is composed of the borrowings and financial debt net of cash and cash equivalents and of the net impact of the derivative assets and liabilities placed in hedge accounting on financial borrowings and debt.

The subsidiaries Monoprix, GPA and Exito are also required to meet financial ratio requirements. These financial ratios were met at December 31, 2010.
In order to guarantee liquidity, the Group maintains unused, confirmed credit lines available on demand for a total amount of €3.7 billion, which consist of the following:

> Confirmed bank lines

(In € millions)	Rate	Amounts available		
		Casino group	Rallye(holding)	Go Sport group
Confirmed bank lines < 1 year	Variable	104	150	
Confirmed bank lines > 1 year	Variable	690	868	120
Total lines authorized		794	1,018	120
Of which total lines used		5		30
Syndicated lines < 1 year	Variable	-	-	
Syndicated lines > 1 year	Variable	1,200	410	
Total lines authorized		1,200	410	
Of which total lines used		-		
Lines for the financing of credit activities< 1 year	Variable	143		
Lines for the financing of credit activities > 1 year	Variable	157		
Total lines authorized		300		
Of which total lines used		143		

› Schedule of cash flows on financial liabilities as at December 31, 2010

(In € millions)	Book value	Contractual cash flows	Less than 1 year	1-5 years	Over 5 years
Financial liabilities					
Bonds and other borrowings, ex. derivatives	10,496	12,009	2,509	7,264	2,236
Finance leases	106	137	50	63	24
IFRS liabilities (recognition of puts)	58	58	57	1	-
Derivative financial instruments	(76)	(215)	91	(240)	(66)
cash entries		(1,745)	(1,259)	(402)	(84)
cash withdrawals		1,567	1,387	162	18
derivative contracts settled net		(38)	(38)	-	-
Trade payables and other liabilities (ex. social security and tax liabilities)	7,234	7,234	6,884	321	29
Total	**17,818**	**19,007**	**9,681**	**7,169**	**2,157**

■ Note 34. Contingent assets and liabilities and other contractual obligations

At December 31, 2010, management estimated, to the best of its current knowledge, that there are no commitments which could have a significant impact on the present or future financial position of the Group other than those indicated in this note.

The exhaustive nature of this inventory is monitored by the financial, legal and tax departments, which are also involved in preparing the contracts which bind the Group.

The commitments related to current activity primarily concern the Group's operating businesses, with the exception of the confirmed and unused lines of credit, which constitute a financing commitment.

The commitments related to exceptional transactions are related to the Group's scope of consolidation.

34.1 Commitments related to current operations

› 34.1.1 Commitments given

The amounts of the commitments indicated in the table below represent the potential maximum amounts (not discounted) which the Group would have to pay under guarantees given. These amounts are not reduced by the sums which the Group might possibly recover under collection actions or because of counter-guarantees received.

(In € millions)	2010	2009
Assets given as collateral(1)	119	89
Securities and bank guarantees given	428	248
Commitment on fixed purchase orders(2)	60	73
Reserve for credits granted to customers(3)	1,234	1,274
Other commitments *	108	190
Total commitments given	**1,949**	**1,874**

* Reciprocal commitments

(1) Corresponds to non-current assets which have been pledged or mortgaged and to current assets encumbered with real sureties

(2) Corresponds to commitments to purchase goods and services signed by the Group ; these firm purchase commitments are decreased by any installments paid

(3) The financing commitments (authorized credit reserve) given to clients of Banque du Groupe Casino for €1,235 million for 2010 may be used at any time. They are understood here as defined by the Banking Commission for the calculation of the ratios, i.e., excluding customers inactive for 2 years

The commitments of the French subsidiaries for representing Individual Training Rights (DIF) at December 31, 2010 was 6,145,708. It was 5,582,863 hours at December 31, 2009. The rights used for the year represent 78,555 hours.

Consolidated Financial Statements

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS

› 34.1.2 Commitments received

The amounts of the commitments indicated in the table below represent the potential maximum amounts (not discounted) which the Group would receive under the guarantees received.

(In € millions)	2010	2009
Securities and bank guarantees pledged	81	62
Financial assets accompanied by guarantees	43	42
Confirmed lines of credit not used (see Note 33.6)	3,665	3,307
Other commitments	7	22
Total commitments received	**3,796**	**3,433**

34.2 Commitments resulting from exceptional operations

› 34.2.1 Commitments given

The amounts of the commitments indicated in the table below represent the maximum potential amounts (not discounted) which the Group would pay under the guarantees given, except under commitments to purchase shares which are measured at fair value.

This table does not include the commitments which the Group has made to associates and joint ventures (see Notes 18 and 19).

(In € millions)	2010	2009
Guarantees granted related to the disposal of[1]:		
▪ Polish activities[2]	58	68
▪ Smart & Final shares	4	3
▪ Real estate assets	15	18
▪ Other assets	2	-
Commitments to purchase shares[3]:		
▪ Monoprix	1,225	1,200
▪ Franprix / Leader price	184	194
▪ Uruguay	56	49
▪ Sendas Distribuidora (Brazil)		108
Banque du Groupe Casino / Laser Cofinoga / Crédit mutuel transaction[4] *	-	-
Carrefour Thailand transaction[5] *	851	-
Other exceptional commitments given	23	22
Total commitments given related to exceptional transactions	**2,418**	**1,662**

* Reciprocal commitments

(1) For real estate sales, the Group is the lessee under traditional fixed-rent commercial leases. The Group has issued a guarantee to cover the risk of vacant property, if it decides to leave the premises and cannot find a replacement lessee at equivalent financial terms, from the first day of year 4 up to the last day of year 6. This guarantee is conditional and cannot be quantified.

In respect of the disposal of its production activities on Reunion Island, Vindémla made purchase volume commitments for a period of five years. At present, the volumes are being achieved.

(2) The Group granted the usual guarantees for the asset sales it concluded, particularly:

- Under the sale of the shares of Leader Price Polska in 2006, Casino guarantees the buyer against non-provisioned risks originating prior to the sale which may arise subsequently. The guarantee, in the amount of €17 million for a maximum of 18 months, may be increased to €50 million to cover tax risks, expiring at a date in keeping with the statute of limitations applicable to the said risks.
- An unfavorable arbitral award led the Casino Group to pay and expense the sum of €14 million in September 2009. An appeal to overturn this ruling has been filed. The residual risk of €35 million is purely theoretical in that Leader Price Polska has already undergone two tax audits relating to the guarantee period. It should however be noted that Casino has been impleaded under a claim for €6 million. Casino believes that this demand is unfounded.
- Under the terms of the sale of hypermarket businesses, Mayland (formerly Géant Polska) is guaranteeing the buyer against the unprovisioned risk originating prior to the sale and which may arise subsequently. The guarantee amounted to €46 million and was granted for a maximum 24 month period from the sale date. The duration of the guarantee may be extended to 8 years in the event of environmental claims. The amount has gone down since 2008. At December 31, 2010, it amounted to €27 million. After deduction of a risk provision, the amount presented in the table above is €23 million.

(3) In accordance with IAS 32, the purchase commitments given on fully consolidated subsidiaries are not part of off-balance-sheet commitments. They are accounted for as "financial liabilities" at their net present value or at their fair value (see. notes 1.27 and 30.4).

The contractual valuation of commitments to sell or buy shares may be based on multiples of corporate profitability criteria. In this case, their valuation is calculated, based on the best information available, using the latest figures available, if the option may be exercised at any time; or income expected for the coming years, if the option can only be exercised after a certain date. In many cases, the Casino group granted promises to purchase (puts), but is also the recipient of promises to sell (calls). The valuation reported is the value of the granted purchase commitments.

- **Monoprix**
  On December 22, 2008, the Casino and Galeries Lafayette groups signed an amendment to their strategic agreement of March 2003, suspending the exercise of the call and put options on Monoprix shares for a three-year period.
  Therefore, the purchase option which Casino has on 10% of the Monoprix capital and the sale option held by Galeries Lafayette on 50% of the capital of Monoprix will be exercisable only as of January 1, 2012. The other conditions and terms for exercising the puts and calls and the other provisions of the March 2003 strategic agreement are unchanged.
  The Casino group had an outside valuation at December 31, 2010. The expert estimated the value of 100% of the Monoprix shares at between €2,300 and €2,600 million euros. The off-balance-sheet commitment on 50% of the Monoprix shares was reported at €1,225 million.
- **Franprix / Leader price**
  Options on the shares of a large number of companies not yet held by Casino. These purchase commitments run until 2043 and their price is based on the operating performance of the companies in question.
- **Uruguay**
  The family shareholders received a purchase commitment granted by Casino on 29.3 % of the company Disco. This option may be exercised until June 21, 2021. Its price is based on the company's operating performance, with a minimum price of US$41 million, plus interest, at a rate of 5 % per year.
- **Brazil**
  GPA had granted the shareholders of the Brazilian company Sendas Distribuidora a put option on their interest giving the Sendas family the right to exchange its 42.57% of the capital for GPA preferred stock. The exchange was able to be structured, at GPA's option, by the issuance of shares or by a cash settlement. The Sendas family notified it was exercising its option on January 5, 2007. There was then a dispute over the exercise price of this option. An agreement between the parties ended the dispute, which led to the recognition of a discounted financial debt of €47 million for the Casino Group's share (see Note 30.3).
  The Casino Group issued the Diniz family, the partner with whom it exercises joint control over GPA Brazil, two put options on the shares of the holding company, making up 0.4% and 7.6% of GPA's capital. The exercise of the first put may take place beginning in 2012 if Casino exercises its right to elect the chairman of the Board of the holding company, as it may on that date,. If the first option is exercised, the second may be exercised over a period of eight years, beginning in June 2014. The Casino group holds a promise to sell on the shares covered by the first put and equal to 0.4% of the capital of GPA. This call option may be exercised under certain conditions.

(4) On July 20, 2010, the Casino group gave notice of the exercise of the call it held on 40% of the shares of Banque du Groupe Casino held by LaSer Cofinoga. The shares will be transferred no later than January 20, 2012 pursuant to the existing agreements. In addition, the Casino group signed a long-term partnership with Groupe Crédit Mutuel-CIC which will result in an increase in its stake in Banque du Groupe Casino to 50% (see Note 2.2). The purchase and sale prices of these two transactions depend on formulas based on net income and shareholders' equity of the company for the coming years and cannot be determined on this date.

(5) See note 38.

Lastly, under the terms of its partnership with Corin, Mercialys acquired 60% of the joint ownership rights on certain assets located in Corsica for €90 million. It is stipulated that, should the joint ownership agreement not be renewed, and at the earliest on June 15, 2011, Corin and Mercialys will contribute their joint ownership rights to a company to be created. Mercialys has agreed to buy Corin's joint interest (40%) or the shares in the duly created company, under the following terms:

- Mercialys irrevocably agrees to purchase Corin's joint interest (or its shares in the company), subject to its option of a counter-proposal, and Corin irrevocably agrees to sell its rights to Mercialys.
- In the event that Corin makes use of the advance purchase commitment, no earlier than January 31, 2017, Mercialys may either stand in for a third party's rights and obligations, or be released from its purchase commitment by offering Corin the right to purchase its joint interests. The protocol provides the terms for asset valuation. A discount of 20% would apply in this case. Corin may also replace any third party as the recipient of the commitment.

These commitments constitute conditional off-balance-sheet commitments, the outcome of which cannot be predicted. In the event that they are fulfilled, the valuation of assets as provided for in the protocol will be representative of market value.

› 34.2.2. Commitments received

The commitments received total €6 million at December 31, 2010.

Consolidated Financial Statements

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS

34.3. Contingent assets and liabilities

In the normal course of its business, the Group is involved in a number of disputes and arbitrations with third parties or the tax authorities of certain countries. Provisions are formed for these disputes and arbitrations if there is a legal, contractual or constructive obligation to a third party as of the closing date of the financial statements, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.
Contingent liabilities arising from investments in associates and joint ventures are described in notes 18.2 and 19.2.

> Litigation with the Baud family

The arbitration panel called upon to issue a definitive ruling in the Franprix Leader Price litigation between the Casino group and the Baud family on the damages corresponding to the dividends and late penalties, handed down its decision on February 4, 2011. It rejected the demand of the Baud family for payment of dividends for fiscal years 2006-2007 and the supplemental indemnity for their tax situation abroad because of anomalies and irregularities found in the accounts.

In accordance with the panel's decision, Casino will have to pay €34 million corresponding to an indemnity in compensation for the 2008 dividends of €28 million and a price supplement on the Franprix and Leader Price shares previously acquired by Casino for €6 million.

The amount of €28 million is less than the €67 million retained in other current liabilities until the end of the proceedings. The difference between these two amounts, i.e., €39 million, was cancelled from liabilities on the December 31, 2010 balance sheets; the offsetting entry for this decrease in liabilities was recorded to decrease the goodwill recognized at the time of the acquisition of the shares.

As for the Geimex company, owner of the Leader Price brand internationally, and 50% owned by the Casino group and 50% by the Baud family, it should be noted that, because of the disagreements between the two shareholders over the organization and operation of the company, a provisional administrator appointed by the Paris Commercial Court has been handling the company's management since May 2008. The disputes between the two shareholders deal particularly with the sale of Leader Price Polska by Casino in 2006 and the Swiss operations of the Baud family for which an arbitration proceeding and reciprocal criminal complaints are in progress.
Under the current projected calendar, the decision is expected to be handed down at the end of 2011. The Casino group, which disputes all claims of the Baud family, is confident about the outcome of these proceedings, based on the analysis of its legal counsel.

Geimex is proportionately consolidated in the Group's consolidated financial statements. Casino's interests in the company total €77 million, including goodwill of €61 million.
For informational purposes, the net revenue and consolidated net income of the Geimex group for fiscal 2010 totaled €249 and €8 million respectively.

> Unicentro dispute (Colombia)

In the second half of fiscal 2009, a dispute arose relating to the operation of an asset in Colombia. On August 20, 2010, an agreement between the parties ended the dispute without significant impact on the financial statements.

> Thailand loss

During the events of the second quarter of 2010 in Bangkok, the Big C Thailand subsidiary suffered losses from the complete or partial destruction of a number of assets and operating losses of €17 million as of December 31, 2010. Property damage, operating losses and costs are covered by insurance.

The total cost of the loss is being calculated by the insurers' appraisers. The value of the claim, essentially for the cost of reconstruction or replacement of fixed and current assets and compensation for operating losses, represents an amount presently assessed at €36 million. Based on the coverage of these damages by insurance and the deductible levels, the impact of this loss on the consolidated financial statements closed at December 31, 2010 constitutes a net expense of €3 million euros, including the recognition of a right to reimbursement from insurance of 14 million euros, €7 and € 2 million of which were respectively paid in December 2010 and January 2011 by insurance and €5 million of which constitutes an asset.

› Disputes with tax authorities

The Casino group was subject to a tax audit for fiscal year 1998. The audit concluded that the recovery of certain tax deficits and the deductibility of a provision for the depreciation of fixed assets were unjustified. The Casino group is disputing these conclusions, and is confident as to the favorable outcome of the matters. As a result, no provision has been made to this effect. Regarding the second assessment, the Administrative Court of Appels rendered an unfavorable decision and the Group has filed an appeal with the Council of State. The unprovisioned interest of the dispute is €7 million.

34.4. Commitments relating to finance and operating leases

› Lessee under real estate finance leases

The Group has entered into finance leases for real estate and investment property. The reconciliation between the minimum future lease payments for finance leases and the present value of the net minimum lease payments is as follows:

(In € millions)	2010	
	Minimum payments	Present value of payments
Within 1 year	13	11
1-5 years	39	34
Over 5 years	20	6
Total minimum payments under the lease	**72**	
Less financing charges	(22)	
Present value of minimum payments under the lease	**50**	**50**

(In € millions)	2009	
	Minimum payments	Present value of payments
Within 1 year	12	10
1-5 years	46	41
Over 5 years	19	7
Total minimum payments under the lease	**77**	
Less financing charges	(19)	
Present value of minimum payments under the lease	**58**	**58**

Consolidated Financial Statements

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS

> Lessee under capital equipment leases

The Group has entered into finance leases and rent-to-own agreements for various types of equipment. The reconciliation between the minimum future lease payments for finance leases and the present value of the net minimum lease payments is as follows:

(In € millions)	2010	
	Minimum payments	Present value of payments
Within 1 year	38	33
1-5 years	24	20
Over 5 years	3	3
Total minimum payments under the lease	**65**	
Less financing charges	(9)	0
Present value of minimum payments under the lease	**56**	**56**

(In € millions)	2009	
	Minimum payments	Present value of payments
Within 1 year	41	37
1-5 years	42	35
Over 5 years	-	
Total minimum payments under the lease	**83**	
Less financing charges	(10)	
Present value of minimum payments under the lease	**73**	**73**

> Lessee under operating leases on real estate assets

The Group either owns the premises in which its businesses operate, or leases them under operating leases.
The minimum future lease payments payable for operating leases are as follows:

(In € millions)	2010	2009
	Minimum payments	Minimum payments
Within 1 year	489	406
1-5 years	802	801
Over 5 years	568	521

› Lessee under equipment operating leases

The Group has taken out operating leases for various types of equipment, in cases where it was not in the Group's interest to purchase the assets.

The minimum future lease payments payable under the operating leases are as follows:

(In € millions)	2010	2009
	Minimum payments	Minimum payments
Within 1 year	28	26
1-5 years	30	32
Over 5 years	-	-

› Lessor under operating leases

The Group is also a lessor under operating leases through its real estate business. The minimum future lease payments receivable for operating leases which may not be terminated are as follows:

(In € millions)	2010	2009
	Minimum payments	Minimum payments
Within 1 year	211	193
1-5 years	172	209
Over 5 years	31	39

The amount of contingent rental payments received by the Group and included in the income statement for 2010 totaled €5 million, compared with €1 million in 2009.

Note 35. Currency exchange rates

Prices of one euro in foreign currency	2010		2009	
	Closing	Average	Closing	Average
USD dollar (USD)	1.3362	1.3268	1.4406	1.3933
Polish zloty (PLN)	3.9750	3.9950	4.1045	4.3298
Romanian leu (RON)	4.2620	4.2106	4.2363	4.2396
Argentine peso (ARS)	5.2768	5.1898	5.4992	5.202
Uruguyan Peso (UYP)	26.5784	26.6237	28.1878	31.3083
Thai baht (THB)	40.1700	42.0824	47.9860	47.7751
Colombian peso (COP)	2,558.3400	2,519.4100	2,944.9400	2,892.8900
Brazilian real (BRL)	2.2177	2.3344	2.5113	2.7706
Venezuelan bolivar (VEF) (see Note 1.2)	5.7340	5.6598	3.0961	2.9924
Vietnamese dong (VND)	26,031.7000	24,690.3918	26,644.8000	23,786.8985

Consolidated Financial Statements

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS

■ Note 36. Transactions with related parties

Related parties include:
- parent companies;
- entities which exercise joint control or a notable influence over the entity;
- subsidiaries;
- associates;
- joint ventures;
- members of the Board of Directors and members of the Executive Committee.

As part of the day-to-day management of the Group, the Company is involved in normal business relationships with all its subsidiaries. In addition, the Company benefits from the guidance of its majority shareholder Euris, the Group's ultimate parent company, under the terms of a strategic consulting and assistance agreement signed in 2003.

The transactions with related parties summarized below mainly concern current operations with companies over which the Group exercises notable influence or joint control. These companies are consolidated using the equity method or are proportionately consolidated. The transactions are concluded at market price.

Transactions with related individuals (directors, corporate offices and members of their family) are not significant. This is also true for transactions with parent companies.

36.1. Transactions with parent company

The accounts of the Rallye group are integrated into the consolidated financial statements of Foncière Euris, with registered offices at 83, rue du Faubourg Saint-Honoré - 75008 Paris - France (Siren No.: 702 023 508), the closing date for which is December 31, 2010.

There were no significant transactions between the Rallye group and Foncière Euris in 2010.

In 2008, a partnership was established between Foncière Euris and Rallye to enable one of its subsidiaries (Parinvest) to continue investing in projects developed by Foncière Euris. Under the terms of the partnership agreement, which was concluded for an initial duration of four years, for projects that have already obtained building permits, Foncière Euris will offer Parinvest a maximum 50% stake, with Parinvest reserving the right to accept or decline the offer. The investment is made on the basis of external valuations.

For projects being set up that have not yet obtained building permits, Foncière Euris has the right, but not the obligation, to offer to enter into am association with Parinvest.

In exchange, Parinvest has agreed not to set up or participate in any new shopping center projects without offering Foncière Euris an opportunity to participate. The partnerships established in 2008 concerned the Manufaktura, Beaugrenelle, Carré de Soie and Wzgorze centers.

The Group's shares in the Carré de Soie shopping center were sold in 2010 and no new project has been implemented under this partnership since 2008.

36.2. Transactions with joint ventures and associates

(In € millions)	As at December 31, 2010		As at December 31, 2009	
	Transaction amount	Balances	Transaction amount	Balances
Total of transactions with joint ventures:				
Loans	15	89	45	74
Receivables	(14)	92	(7)	104
Liabilities	47	133	3	86
Expenses	57	-	44	-
Income	47	-	51	-
Total transactions with associates:				
Loans	-	-	-	-
Receivables	70	86	(1)	16
Liabilities	-	-	-	-
Expenses	28	-	22	-
Income	4	-	1	-

36.3. Gross compensation allocated to administrative and management bodies

(In € millions)	2010	2009
Short-term benefits excluding social security costs(1)	4	6
Short-term benefits; social security costs	2	2
Retirement payments owed to principal executives	1	-
Share-based payments(2)	1	1
TOTAL	**8**	**9**

(1) Gross salaries, premiums, in-kind benefits and directors' fees.
(2) Expense recorded on the income statement for the year for stock option plans and bonus share allocation plans.

■ Note 37. Statutory auditors' fees

The fees posted as expenses for the audit of the Rallye group's financial statements amounted to €7.9 million at December 31, 2010.

Fees for directly-related procedures came to €0.4 million for the fiscal year ended December 31, 2010.

Note 38. Subsequent events

Purchase of Carrefour's activities in Thailand by Thai subsidiary Big C

Following an agreement signed with Carrefour in November 2010, the Thai subsidiary Big C on January 7, 2011 acquired Carrefour's operations in Thailand, consisting of a portfolio of 42 stores (including 34 hypermarkets) and 37 shopping malls, for €851 million.

Casino purchases the Charle brothers' stake in Cdiscount

On January 6, 2011, the Casino group purchased the residual 18.6% stake in Cdiscount from the Charle brothers. The Group now holds 99.6% of the Cdiscount capital.

Consolidated Financial Statements

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS

LIST OF PRINCIPAL CONSOLIDATED COMPANIES AS OF DECEMBER 31, 2010

Companies	Registered offices:	Business sector	Method of conso.	12/31/2010 % of interest
Rallye SA*	**75008 Paris**	**Holding**		**Parent company**
Alpétrol SAS	75008 Paris	Holding	FC	100.0
Bruyère (La) SA	75008 Paris	Holding	FC	67.0
Cobivia SAS	75008 Paris	Holding	FC	100.0
Colisée Finance IV SAS	75008 Paris	Holding	FC	100.0
Colisée Finance V SAS	75008 Paris	Holding	FC	100.0
Colisée Finance VI SA	75008 Paris	Holding	FC	100.0
Genty Immobilier SAS	75008 Paris	Real Estate	FC	100.0
H.M.B SAS	75008 Paris	Holding	FC	100.0
Kerrous SAS	75008 Paris	Holding	FC	100.0
Kergorju SCI	29200 Brest	Real Estate	FC	100.0
Magasins Jean SAS	29200 Brest	Food and general retailing	FC	100.0
Matignon Sablons SAS	75008 Paris	Holding	FC	100.0
Matimmob 1 SAS	75008 Paris	Real Estate	FC	100.0
MFD Inc. (ex Athlete's Foot Group Inc.)	Atlanta GA 30331	Holding	FC	100.0
Miramont Finance & Distribution SA	75008 Paris	Holding	FC	100.0
Perrières (Des) SCI	75008 Paris	Real Estate	FC	100.0
Sables (Les) SCI	75008 Paris	Real Estate	FC	62.5
Sivigral SCI	75008 Paris	Real Estate	ME	40.0
Parande SAS	**75008 Paris**	**Holding**	**FC**	**100.0**
Alexa Group	Dusseldorf	Real Estate	IP	27.0
Alexanderplatz Voltairestrasse GmbH	Berlin	Real Estate	FC	54.0
Centrum Alexa Sàrl	Luxembourg	Real Estate	FC	60.0
Centrum Development Luxembourg SA	Luxembourg	Real Estate	FC	100.0
Centrum Gdynia Sàrl	Luxembourg	Real Estate	PC	27.3
Centrum Leto SA	Luxembourg	Real Estate	FC	100.0
Centrum NS Luxembourg Sàrl	Luxembourg	Real Estate	ME	33.3
Centrum Poznan SA	Luxembourg	Real Estate	FC	100.0
Centrum Saint-Petersbourg (ex Apsys Investment Russia) Sàrl	Luxembourg	Real Estate	PC	50.0
Centrum Weiterstadt SA	Luxembourg	Real Estate	FC	60.0
Centrum Wzgorze SP Zoo	Gdynia	Real Estate	PC	27.3
Einkaufszentrum Am Alex GmbH	Berlin	Real Estate	FC	54.0
Gutenbergstrasse BAB5 GmbH	Berlin	Real Estate	FC	48.0

Companies	Registered offices:	Business sector	Method of conso.	12/31/2010 % of interest
HBF Konigswall GmbH	Berlin	Real Estate	FC	100.0
FC Real Estate Investments SRL	Bucharest	Real Estate	FC	81.6
FC Romanian Investments Ltd	Nicosia	Real Estate	FC	81.6
Loop 5 Shopping Centre GmbH	Dusseldorf	Real Estate	PC	24.0
Parande Ventures (partnership)	New York	Holding	FC	99.0
Pargest SAS	75008 Paris	Holding	FC	100.0
Pargest Holding SAS	75008 Paris	Holding	FC	100.0
Parinvest SAS	75008 Paris	Holding	FC	100.0
Pont de Grenelle SCI	75008 Paris	Real Estate	EM	20.0
Ruban Bleu St Nazaire SCI	75116 Paris	Real Estate	EM	50.0
SistemApsys SARL	Luxembourg	Real Estate	EM	25.0
Euristates Inc.	**Wilmington, Delaware 19801**	**Holding**	**FC**	**100.0**
555 Watertown LLC	Watertown, Massachusetts 02472	Real Estate	FC	95.5
Beacon Pleasant Street LLC	Wilmington, Delaware 19801	Holding	FC	84.4
EREC Ventures LLC	Wilmington, Delaware 19801	Holding	FC	97.9
EREC Ventures II LLC	Wilmington, Delaware 19801	Holding	FC	99.8
Euris North America Corp.	Wilmington, Delaware 19801	Holding	FC	100.0
ENAC Ventures LLC	Wilmington, Delaware 19801	Holding	FC	99.4
Euris Real Estate Corp.	Wilmington, Delaware 19801	Holding	FC	100.0
Parande Brooklyn Corp.	Wilmington, Delaware 19801	Holding	FC	100.0
Parande Brooklyn Ventures LLC	Wilmington, Delaware 19801	Holding	FC	95.7
Repton Place LLC	Boston, Massachusetts 02110	Real Estate	FC	84.4
Groupe Go Sport SA*	**38360 Sassenage**	**Sporting goods**	**FC**	**73.7**
Buissières (Les) SAS	38360 Sassenage	Real Estate	FC	73.7
Club Sports Diffusion SA	1050 Brussels	Sporting goods	FC	73.7
Courir France SAS	38360 Sassenage	Sporting goods	FC	73.7
Go Sport France SAS	38360 Sassenage	Sporting goods	FC	73.7
Go Sport Les Halles SNC	38360 Sassenage	Sporting goods	FC	73.7

Consolidated Financial Statements

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS

Companies	Registered offices:	Business sector	Method of conso.	12/31/2010 % of interest
Gosport.com SAS	38360 Sassenage	Sporting goods	FC	73.7
Go Sport Polska SP Zoo	02801 Warsaw	Sporting goods	FC	73.7
Grand Large Sport SAS	38360 Sassenage	Sporting goods	FC	73.7
Groupe Go Sport Suisse Sàrl	CH1215 Geneva	Sporting goods	FC	100.0
International Sports Retail Dévelopment Sàrl	CH1215 Geneva	Sporting goods	EM	50.0
Limpart Investments BV	1102 Amsterdam	Sporting goods	FC	73.7
Casino, Guichard-Perrachon SA*	**42000 Saint-Étienne**	**Food and general retailing**	**FC**	**48.5**
AEW Immocommercial	75012 Paris	Real Estate	EM	9.9
Alamea Investments	Luxembourg	Financing	FC	2.4
Alcudia Promotion SAS	42000 Saint-Étienne	Real Estate	FC	48.5
Groupe Anfilco (Disco)	Montevideo	Food and general retailing	PC	30.3
Balcadis 2 SNC	20220 Ile Rousse	Food and general retailing	FC	48.5
Banque du Groupe Casino SA	75116 Paris	Banking	PC	29.1
Bergsaar BV	Amsterdam	Holding	FC	48.5
Groupe Big C *	Lupini	Food and general retailing	FC	30.6
Casino Carburants SAS	42000 Saint-Étienne	Service stations	FC	48.5
Casino Information Technology SAS	42000 Saint-Étienne	Services	FC	48.5
Casino International SAS	42000 Saint-Étienne	Services	FC	48.5
Casino Ré SA	Luxembourg	Insurance	FC	48.5
Casino Restauration SAS	42000 Saint-Étienne	Restaurants	FC	48.5
Casino Services SAS	42000 Saint-Étienne	Services	FC	48.5
Casino Vacances SNC	75009 Paris	Travel	FC	48.5
CDiscount SA	33700 Merignac	E- commerce	FC	40.2
Centrum Handlowe Jantar Sp.zoo	Warsaw	Real Estate	FC	12.6
Centrum Handlowe Pogoria Sp.zoo	Warsaw	Real Estate	FC	12.1
Club Avantages SAS	42000 Saint-Étienne	Loyalty cards	FC	47.5
Coboop BV	Amsterdam	Holding	FC	48.5
Codim 2 SA (Groupe Codim)	20200 Bastia	Food and general retailing	FC	48.5
Comacas SNC	42000 Saint-Étienne	Purchasing	FC	48.5
Costa Verde SNC	20230 San Nicolao	Food and general retailing	FC	48.5
Devoto	Montevideo	Food and general retailing	FC	46.8
Dinetard SAS	42000 Saint-Étienne	Real Estate	FC	48.5
Distribution Casino France SAS	42000 Saint-Étienne	Food and general retailing	FC	48.5
Distridyn SA	75008 Paris	Food and general retailing	PC	24.2

Companies	Registered offices:	Business sector	Method of conso.	12/31/2010 % of interest
Dunnhumby France SAS	42000 Saint-Étienne	Marketing	PC	24.2
Easydis SAS	42160 Andrézieux-Bouthéon	Logistics	FC	48.5
EMC Distribution SAS	75116 Paris	Purchasing	FC	48.5
Espace Warszawa Sp.zoo	Warsaw	Real Estate	FC	12.1
Groupe Exito*	Medellin	Food and general retailing	FC	26.6
SA Didetexco	Municipio de Envigado	Food and general retailing	FC	47.4
Patrimonio Autonomo San Pedroi Plaza	Bogota	Real Estate	FC	24.7
Fidis 2 SNC	20240 Ghisonaccia	Food and general retailing	FC	48.5
Floréal SA	42000 Saint-Étienne	Food and general retailing	FC	48.5
Forézienne de participations	42000 Saint-Étienne	Holding	FC	48.5
Géant Foncière BV	Amsterdam	Holding	FC	48.5
Géant Holding BV	Amsterdam	Holding	FC	48.5
Géant International BV	Amsterdam	Holding	FC	48.5
Geimex SA	75001 Paris	Food and general retailing	PC	24.2
Gelase SA	Brussels	Holding	FC	48.5
Groupe GPA (ex CBD) *	Sao Paulo	Food and general retailing	PC	16.3
Halles des Bords de Loire (Les) SCI	75008 Paris	Real Estate	FC	48.5
Hyper Rocade 2 SNC	20600 Furiani	Food and general retailing	FC	48.5
IGC Promotion SAS	42000 Saint-Étienne	Real Estate	FC	48.5
IGC Services SAS	42000 Saint-Étienne	Real Estate	FC	48.5
Intexa SA *	42000 Saint-Étienne	No activity	FC	47.5
IRTS SARL	Le Grand Saconnex	Services	FC	48.5
Latic	Wilmington, Delaware	Holding	FC	48.5
Libertad SA	Cordoba	Food and general retailing	FC	48.5
L'Immobilière Groupe Casino SAS	42000 Saint-Étienne	Real Estate	FC	48.5
Lion de Toga 2 SNC	20200 Bastia	Food and general retailing	FC	48.5
Marushka Holding BV	Amsterdam	Holding	FC	48.5
Mayland (ex Géant Polska)	Warsaw	Food and general retailing	FC	48.5
Groupe Monoprix	92116 Clichy	Food and general retailing	PC	24.2
Onagan Promotion SAS	42000 Saint-Étienne	Real Estate	FC	48.5
Pacam 2 SNC	20167 Mezzavia	Food and general retailing	FC	48.5
Pachidis SA	42000 Saint-Étienne	Holding	FC	48.5
Plouescadis SAS	75016 Paris	Holding	FC	48.5
Polca Holding SA	Brussels	Holding	FC	48.5
Poretta 2 SNC	20137 Porto Vecchio	Food and general retailing	FC	48.5

Consolidated Financial Statements

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS

Companies	Registered offices:	Business sector	Method of conso.	12/31/2010 % of interest
Prical 2 SNC	20260 Calvi	Food and general retailing	FC	48.0
Prodis 2 SNC	20110 Propriano	Food and general retailing	FC	48.48
Régie Média Trade SAS	75008 Paris	Services	PC	24.2
Restauration Collective Casino SAS	42000 Saint-Étienne	Restaurants	FC	48.5
Ségisor SA	42000 Saint-Étienne	Holding	FC	48.5
Semafrac SNC	20600 Furiani	Food and general retailing	FC	48.5
Serca SAS	42000 Saint-Étienne	Food and general retailing	FC	48.5
SNC des Cash Corses	20200 Bastia	Food and general retailing	FC	48.5
Soderip SNC	42000 Saint-Étienne	Real Estate	FC	48.5
Sodico 2 SNC	20250 Corte	Food and general retailing	FC	48.5
Spice Espana S.L.	Pamplona	Services	FC	48.5
Sudéco SAS	42000 Saint-Étienne	Food and general retailing	FC	48.5
Sudis 2 SNC	20137 Porto Vecchio	Food and general retailing	FC	48.5
Tevir SA	42000 Saint-Étienne	Holding	FC	48.5
Théiadis SAS	42000 Saint-Étienne	Holding	FC	48.5
Unigros 2 SNC	20200 Bastia	Food and general retailing	FC	48.5
Uranie SAS	42000 Saint-Étienne	Food and general retailing	FC	48.5
Vegas Argentina SA	Buenos Aires	Holding	FC	48.5
Villa Plancha SAS	42000 Saint-Étienne	Restaurants	FC	48.5
Vindémia SA	Sainte-Marie (Réunion)	Food and general retailing	FC	48.5
Wilkes	Sao Paulo	Food and general retailing	PC	33.4
Franprix / Leader price	**75016 Paris**	**Food and general retailing**	**FC**	**48.5**
Addy Participations	75016 Paris	Holding	FC	24.7
Besançon Saint-Claude SARL	25000 Besançon	-	FC	48.5
Cafige	75009 Paris	Holding	FC	23.8
Cofilead	75017 Paris	Holding	EM	29.1
Groupe Cogefisd	75017 Paris	Food and general retailing	FC	40.7
DBA SNC	56312 Lorient	Holding	EM	23.8
DFP (Baud SA)	94430 Chennevières sur Marne	Food and general retailing	FC	48.5
Distribution Leader Price SNC	77220 Gretz Armainvilliers	Food and general retailing	FC	48.5
Figeac	75017 Paris	Food and general retailing	FC	40.7
Franprix Exploitation	75016 Paris	Food and general retailing	FC	48.5
Franprix Holding SA	75016 Paris	Food and general retailing	FC	48.5
H2A	92700 Colombes	Financial	FC	29.1
HD Rivière	31000 Toulouse	Holding	EM	19.4

Companies	Registered offices:	Business sector	Method of conso.	12/31/2010 % of interest
Leader Price Holding SA	75016 Paris	Food and general retailing	FC	48.5
Leadis Holding	94430 Chennevières-sur-Marne	Food and general retailing	FC	48.5
Lecogest SARL	92500 Rueil Malmaison	Holding	FC	48.5
Minimarché	94430 Chennevières-sur-Marne	Food and general retailing	FC	46.1
Patrick Fabre Distribution	75006 Paris	Holding	EM	19.4
Pro Distribution SA	92370 Chaville	Holding	EM	23.8
Retail Leader Price	94430 Chennevières-sur-Marne	Food and general retailing	FC	48.5
R.L.P. Investissement SA	77220 Gretz-Armainvilliers	Food and general retailing	FC	48.5
Sarjel	94100 St-Maur des Fossés	Financial	EM	23.8
Sédifrais SA	95560 Montsoult	Food and general retailing	FC	46.9
SI2M	93500 Pantin	Holding	EM	19.4
Sodigestion	92000 Nanterre	Financial	FC	29.1
Groupe Sofigep	92500 Rueil-Malmaison	Food and general retailing	FC	48.5
Surgenord SAS	93500 Pantin	Holding	FC	46.9
Taleb	91000 Evry	Holding	FC	29.1
Volta	92100 Boulogne Billancourt	Real Estate	FC	24.7
Mercialys SA*	**75016 Paris**	**Real Estate**	**FC**	24.8
Agout SNC	42000 Saint-Étienne	Real Estate	FC	24.8
Caserne de Bonne (La) SCI	75008 Paris	Real Estate	FC	24.8
Centre commercial Kerbernard SCI	42000 Saint-Étienne	Real Estate	FC	24.4
Chantecouriol SNC	42000 Saint-Étienne	Real Estate	FC	24.8
Corin Asset Management SAS	20600 Furiani	Real Estate	PC	9.9
Dentelle SNC	42000 Saint-Étienne	Real Estate	FC	24.8
Diane (La) SCI	13100 Aix en Provence	Real Estate	FC	24.8
Géante Périaz SNC	42000 Saint-Étienne	Real Estate	FC	24.8
Mercialys Gestion SAS	42000 Saint-Étienne	Real Estate	FC	24.8
Point Confort SA	42000 Saint-Étienne	Real Estate	FC	24.8
Salins (Les) SAS	42000 Saint-Étienne	Real Estate	FC	24.8
Timur SCI	42000 Saint-Étienne	Real Estate	FC	24.8
Vendelonne SNC	42000 Saint-Étienne	Real Estate	FC	24.8

* Publicly traded companies
FC: Full consolidation
PC: Proportionate consolidation
EM: Equity method

Consolidated Financial Statements

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended December 31, 2010

This is a free translation into English of the statutory auditors' report on the consolidated 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 consolidated financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions or disclosures. This report also includes information relating to the specific verification of information given in the group's management report. This report should be read in conjunction with and construed in accordance with French law and professional auditing standards applicable in France.

To the Shareholders,

In compliance with the assignment entrusted to us by your annual general meetings, we hereby report to you, for the year ended December 31, 2010, on:
- the audit of the accompanying consolidated financial statements of Rallye;
- the justification of our assessments;
- the specific verification required by law.

These consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these consolidated financial statements based on our audit.

I. OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2010 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Without qualifying our opinion, we draw your attention to Notes 1.3 and 1.9.2 to the consolidated financial statements, which describe the new standards and interpretations applied by the Group as of January 1, 2010.

II. JUSTIFICATION OF OUR ASSESSMENTS

In accordance with the requirements of article L. 823-9 of the French commercial code *(Code de commerce)* relating to the justification of our assessments, we bring to your attention the following matters:
- The Group is required to make estimates and assumptions as regards impairment tests of goodwill and other non-current assets (notes 1.18 and 17). The recoverable value of non-current assets is estimated using cash-flow and earnings projections and other information contained in the Group's long-range business plans approved by management. We examined the consistency of assumptions, their underlined data and available documentation. Based on those, we assessed the reasonableness of the Group's evaluations.
  As indicated in note 1.5.2 to the consolidated financial statements, these evaluations are made on assumptions inherently uncertain and consequently their execution could differ from used projected data.
- Note 2.1 to the consolidated financial statements describes the recognition of a negative goodwill related to the acquisition of Casas Bahia. We assessed the data and the assumptions on which was estimated the provisional negative goodwill, analyzed the calculations performed by the Group, verified the accounting treatment followed and that the notes to the financial statements included appropriate disclosures in the notes to financial statements.

We also ascertained that the aforementioned changes in methods were accurately reflected in the 2009 and 2010 financial statements.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III. SPECIFIC VERIFICATION

As required by law we have also verified, in accordance with professional standards applicable in France, the information presented in the Group's management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Paris-La Défense and Neuilly-sur-Seine, March 18, 2011
The statutory auditors
French original signed by

KPMG Audit
Department of KPMG S.A.
Patrick-Hubert Petit

Ernst & Young et Autres
Pierre Bourgeois

Individual company financial statements

RALLYE – INCOME STATEMENT

(In € millions)	Note	2010	2009
Net sales	1	**4.9**	**5.7**
Other purchases and external expenses		(23.5)	(16.5)
Taxes		(0.6)	(0.4)
Payroll expenses		(10.8)	(7.3)
Net amortization, depreciation and provisions (reversals)		(17.0)	(5.8)
Other net operating expenses		(0.3)	(0.3)
Operating income (loss)	1	**(47.4)**	**(24.6)**
Financial income		280.9	221.3
Financial expenses		(227.9)	(203.1)
Net financial income (loss)	2	**53.0**	**18.2**
Income from continuing operations before tax		**5.6**	**(6.4)**
Exceptional provision reversals (charges)		1.5	
Extraordinary income (expenses) from management transactions		(0.7)	2.3
Extraordinary income (expenses) from capital transactions		69.2	152.4
Extraordinary income (loss)	3	**70.0**	**154.7**
Income tax	4		
Net income		**75.6**	**148.3**

Individual company financial statements

RALLYE – BALANCE SHEET

ASSETS

(In € millions)	Note	Gross amount	Amortization, depreciation and impairment	2010 Net amount	2009
Intangible assets	5	1.4	0.2	1.2	
Property, plant and equipment	5	1.2	0.7	0.5	0.4
Financial investments	6	1,988.4	438.1	1,550.3	1,522.1
Total fixed assets		**1,991.0**	**439.0**	**1,552.0**	**1,522.5**
Receivables	7	2,577.2	7.2	2,570.0	2,064.4
Marketable securities	8	569.0		569.0	578.1
Cash and cash equivalents	8	30.1		30.1	0.1
Total current assets		**3,176.3**	**7.2**	**3,169.1**	**2,642.6**
Prepaid expenses	9	0.7		0.7	0.8
Deferred bond issue costs	9	21.1		21.1	21.6
Bond redemption premiums	9	6.0		6.0	5.4
Currency translation adjustments					
TOTAL ASSETS		**5,195.1**	**446.2**	**4,748.9**	**4,192.9**

EQUITY AND LIABILITIES

(In € millions)	Note	2010	2009
Share capital		132.9	127.1
Additional paid-in capital		1,348.2	1,309.0
Reserves		74.6	74.6
Retained earnings		101.8	29.4
Interim dividend		(33.9)	(33.1)
Net income from the year		75.6	148.3
Total shareholders' equity	10	**1,699.2**	**1,655.3**
Provisions	11	62.9	56.6
Borrowings and loans	12	2,950.0	2,456.6
Accounts payable	13	8.0	7.4
Other debt	13	28.6	16.9
Total debt		**2,986.6**	**2,481.0**
Prepaid income		0.2	0.2
TOTAL EQUITY AND LIABILITIES		**4,748.9**	**4,192.9**

Individual company financial statements

RALLYE – STATEMENT OF CASH FLOWS

(In € millions)	2010	2009 *
Cash flows from operating activities:		
Net income	**75.6**	**148.3**
Elimination of expenses and income without effect on cash or not related to operating activities:		
▪ Amortization and depreciation, impairment and provisions	64.3	99.6
▪ Capital gains on disposals net of tax	(69.2)	(155.3)
▪ Dividends paid in shares		(42.8)
Cash flow from operations	**70.7**	**49.7**
Change in working capital requirements related to operating activities		
▪ Net inventories		
▪ Net accounts receivable	1.5	(3.9)
▪ Accounts payable	13.9	1.2
Net cash flows generated by operating activities (A)	**86.1**	**47.0**
Cash flow from investing activities		
Acquisition of property, plant and equipment and intangible fixed assets	(0.3)	
Disposal of property, plant and equipment and intangible fixed assets		
Acquisition of financial investments		(129.9)
Disposal of financial investments	236.0	403.5
Net cash flow generated by (used in) investing activities (B)	**235.7**	**273.5**
Cash flows from financing activities:		
Dividends paid to company shareholders	(31.7)	(75.4)
Capital increase in cash		
Capital repayment		
Change in own shares held	5.6	8.3
Loans issued	589.0	1,087.7
Loan repayments	(173.4)	(787.8)
Change in accrued interest	72.4	(1.5)
Current account loans to company subsidiaries	(759.0)	(332.0)
Net cash flow generated by (used in) financing activities (C)	**(297.1)**	**(100.7)**
Increase (decrease) in cash and cash equivalents (A+B+C)	**24.7**	**219.9**
Cash at the beginning of the period (D)	565.4	345.6
Cash at the end of the period(E)	590.1	565.4
Increase (decrease) in cash and cash equivalents (E - D)	**24.7**	**219.9**

* See Note I under Accounting principles and methods.

Individual company financial statements

NOTES TO RALLYE'S FINANCIAL STATEMENTS

I. ACCOUNTING PRINCIPLES AND METHODS

The financial statements have been prepared in accordance with the principles, standards and methods set out in the French National Chart of Accounts of 1999 in accordance with Regulation 99-03 of the French Accounting Regulations Committee (CRC).

Disclosures that are not mandatory are provided only when they are material. Accounting entries are valued on the basis of the historical cost method.
The accounting principles and methods are identical to those applied in the previous year, except for the presentation of the company's cash flow.

The previously published statement of cash flows has been adjusted for changes in interest in current accounts for the year and in own shares held; these changes, previously presented under "Working capital requirements" and "Cash flows from investing activities," have been reclassified and are now presented under "Cash flows from financing activities."

■ 1.1. Property, plant and equipment and intangible fixed assets

Property, plant and equipment and intangible fixed assets are shown on the balance sheet at their acquisition or contribution value. Fixed asset amortization and depreciation is measured on a straight-line basis over the following amortization periods:

Type of assets	Amortization and depreciation period
Software	1 year
Furniture, office equipment	2 to 10 years
Transportation equipment	4 years
Fittings, improvements	10 years

In application of Regulation CRC 2004-01, merger losses must be recorded in intangible fixed assets.

■ 1.2. Financial investments

Equity securities:

Equity securities are posted to the balance sheet at their acquisition or contribution value; an impairment is recorded when their value in use is lower than their book value.
Rallye measures the value in use of its equity securities on the basis of several criteria, including net worth, revalued net asset value, present value of financial income less debt, stock market price and external appraisals. Current account (if any) impairment or contingent liabilities may be recorded when a subsidiary has negative shareholders' equity.

Other financial investments:

Loans and receivables and other long-term investments are recorded in the balance sheet at their acquisition cost under "Other financial investments". Impairment losses are recorded when their expected net realizable value is lower than their carrying amount.
With regard to Rallye's shares acquired under share buyback plans, the expected net realizable value is the average share price over the last twenty days of the year.

■ 1.3. Receivables

Receivables are recorded under assets at their nominal value. An allowance for impairment is recorded when their fair value, based on recoverability, is lower than their carrying amount.

■ 1.4. Marketable securities

Marketable securities are recognized at acquisition cost. Impairment is recorded based on the difference between that amount and:
- the average share price for the last twenty days of the year for own shares held;
- the year-end net asset value for other marketable securities.

Impairments are not recorded for own shares held and allocated to bonus share and stock option plans due to the existing allocation commitments towards employees and to the contingency provision recognized as a liability.

Individual company financial statements

NOTES TO RALLYE'S FINANCIAL STATEMENTS

1.5. Deferred bond issue costs

Issue costs of borrowings and bonds are spread out over the life of the issue based on their redemption schedules.

1.6. Translation adjustments

Receivables and debts denominated in foreign currencies are converted at the closing exchange rate. Any differences which may arise between the amounts originally recorded and the amounts as converted at the closing exchange rate are booked as unrealized foreign exchange rate gains or losses. A provision covers unrealized foreign exchange rate losses.

1.7. Provisions

In accordance with CRC Regulation 2000-06, provisions are recorded for the contingent liabilities arising from the Company's obligations toward third parties, which are expected to result in the use of funds without any consideration in return.

The provision for tax litigation reflects the assessment of the associated financial risk, based on the current status of the proceedings.

Retirement obligations which reflect the projected liability based on the aggregate rights vested in the employees concerned by such obligations are posted to provisions in accordance with the National Accounting Board (CNC) Recommendation 2003 R-01. The provision for retirement obligations was calculated using the projected unit credit method and taking into account social security charges. As of December 31, 2010, the provision stood at €181,743.

The conditional redemption premium on bond issues may be provisioned if the payment of the premium becomes likely. The provision is spread out over the life of the bond. The Company has assessed the need to provision redemption premiums, in particular, taking into account the maturity date of the bonds and the difference between the current market price of the underlying shares and the redemption value of the bonds.

The Company has granted bonus share allocation plans and as such, has booked a provision equal to the acquisition cost of shares which should be allocated according to the terms of the plan valued as of the period-end date. This provision is formed pursuant to Regulation CRC 2008-15 of December 4, 2008.

Other provisions are made for specific contingent liabilities. The amount of the provisions is indicated in Note 11 to the financial statements.

1.8. Debt

Trade and other payables are recorded at nominal value under liabilities.

1.9. Financial instruments

As part of its interest rate risk management policy, Rallye uses financial instruments. The nominal amount of forward contracts is listed under off-balance sheet commitments.
Income and expenses resulting from interest rate risk hedging transactions are included on an accrual basis in the income statement for the period.

1.10. Current operating income

Current operating income corresponds to the income and expense arising from the company's ordinary operations.

1.11. Extraordinary income

Extraordinary income includes the income and expense arising from transactions outside the company's ordinary operations, as well as income and expense of material amounts.

1.12. Income tax

Rallye has opted for tax consolidation and assumes the income tax due for the consolidated group. As of December 31, 2010 the scope of consolidation included 18 companies.

The tax consolidation agreement signed between Rallye and its subsidiaries sets out the methods for sharing out the tax burden between the companies, as follows:

- Rallye personally and ultimately bears the cost of corporate tax, additional income tax payments, as well as taxes on capital gains made by its subsidiaries included in the tax consolidation group;
- subsidiaries which are included in the tax consolidation group pay Rallye the portion of annual minimum tax (IFA) due on their behalf;
- in the event that a subsidiary leaves the tax consolidation scope, Rallye is solely liable for the payment of tax and any other payments which may be due. Rallye may compensate the exiting subsidiary for additional taxes which might be due as a result of its having belonged to the group.

II. SIGNIFICANT EVENTS OF THE YEAR

Rallye continued to strengthen its liquidity with the issuance of a bond of 500 million euros, maturing in March 2014.

On March 15, 2010, Rallye issued a bond in the amount of €500 million maturing in March 2014, the proceeds from which were used to reduce the October 2011 bond maturities by €116 million in connection with a simultaneous repurchase offer.
The new bonds offer a 5.875% coupon and a 6% yield.

Rallye strengthened its equity with the option to pay the balance of the 2009 dividend and the 2010 interim dividend in Rallye shares

The Shareholders' Meeting of May 19, 2010 decided that shareholders might elect to have up to 50% of the balance of the 2009 dividend of €1.03 in cash or in new company shares. Up to 75.25% of rights were exercised in favor of a payment in shares.

In accordance with the authorization given by the Shareholders' Meeting, the Board of Directors met on September 6, 2010 and decided to pay an interim dividend of €0.80 for 2010. The Board of Directors also decided that shareholders might elect to have the interim dividend paid either in cash or in new company shares. Up to 85.02% of rights were exercised in favor of a payment in shares.

These transactions made it possible for Rallye to strengthen its equity by €45 million, by issuing 688,754 new shares (1.6% of capital) for the balance of the 2009 dividend and 1,251,109 new shares (3% of capital) for the 2010 interim dividend.

Merger by absorption of Omnium de Commerce et de Participation:

The Shareholders' Meeting of May 19, 2010 approved the merger by absorption of Omnium de Commerce et de Participations retroactive to January 1, 2010. In application of Regulation CRC 2004-01, this transaction was carried out at book value and the merger loss was posted to intangible fixed assets. The merger loss of €17.9 million was allocated in its entirety to the Casino shares received in the merger.

III. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

None.

Individual company financial statements

NOTES TO RALLYE'S FINANCIAL STATEMENTS

COMMENTS REGARDING CERTAIN LINE ITEMS

■ Note 1 – Operating income

1.1 Breakdown

(In € millions)	2010	2009
Sales	4.9	5.7
Provision reversals	0.4	1.4
Transfers of operating expenses	9.3	23.0
Operating revenue	**14.6**	**30.1**
Other purchases and external expenses	(32.3)	(39.5)
Taxes	(0.6)	(0.4)
Payroll expenses	(10.8)	(7.3)
Amortization, depreciation and provisions	(18.0)	(7.2)
Other operating expenses	(0.3)	(0.3)
Operating expenses	**(62.0)**	**(54.7)**
Operating income	(47.4)	**(24.6)**

1.2. Operating income

Sales are generated for the most part in France and comprise services to the subsidiaries:

(In € millions)	2010	2009
Services	2.8	1.7
Financial services	2.1	4.0
Sales	**4.9**	**5.7**

Transfers of charges concern the bond issue costs for up to €8.8 million in 2010 and €22.1 million in 2009.

1.3. Operating expenses

Other purchases and external expenses include namely bank commissions and fees.
Other operating expenses concern for the most part director's fees allocated to the Company directors.

1.4. Workforce and compensation paid to the members of the administrative and management bodies

(In € millions)	2010	2009
Managerial staff	24	23
Other staff	11	13
Total average workforce	**35**	**36**
Compensation allocated to senior managers (in € millions)	0.3	0.3

Note 2. Financial income

(In € millions)	2010	2009
Dividend	77.6	106.8
Provision reversals	0.6	1.8
Other interests and similar income	200.8	111.1
Net income from the disposal of marketable securities	1.9	1.6
Financial income	**280.9**	**221.3**
Interests and similar expenses	(179.0)	(107.5)
Financial provision allowances	(48.9)	(95.6)
Net expenses on the disposal of marketable securities		
Financial expenses	**(227.9)**	**(203.1)**
Net financial income	**53.0**	**18.2**

For 2010, €45.7 million in dividends were from the Casino companies, €30.3 million from Matignon Sablons, €0.9 million from Cobivia and €0.7 million from Matimmob 1.

Interest and similar income and expenses are related to:
- €142.2 million in interest paid on current accounts with the subsidiaries;
- €(150.5) million in interest on loans and interest-rate hedging transactions;
- €25 million in adjustments received with the early unwinding of hedging swaps;
- and €5.1 million in miscellaneous financial income and charges.

Financial provision allowances mainly concern:
- the impairment of investment securities, amounting to €40.3 million (see Note 6.2);
- bond redemption premiums of €7.2 million;
- 1.4 million euros in forward financial instruments.

Note 3. Extraordinary income

(In € millions)	2010	2009
Income from the disposal of financial investments	69.2	152.4
Provision reversals (expense)	1.5	
Other extraordinary income (loss)	(0.7)	2.3
Net exceptional income	**70.0**	**154.7**

The income from the disposal of financial investments involves capital gains from the sale of Casino and Mercialys shares (see Note 6.2).

The provision reversal concerns a tax litigation that was subject to a partial tax relief; a portion of the adjustment made was posted to other extraordinary income and expenses in the amount of 0.6 million euros.

Note 4. Corporate income tax

As the head of the tax consolidation group, Rallye is personally and ultimately liable for tax on the companies in the Group.
For 2010, no tax charge has been recorded.
There would have been no tax charge for Rallye if it were not consolidated for tax purposes.

Individual company financial statements

NOTES TO RALLYE'S FINANCIAL STATEMENTS

4.1. Breakdown of tax between income from continuing operations and extraordinary income

The tax relative to the current operating and extraordinary income which takes into account the tax adjustments specific thereto can be broken down as follows:

(In € millions)	Profit b efore tax	Corresponding tax	Profit after tax
Current operating income	5.6		5.6
Extraordinary income (loss)	70.0		70.0

4.2. Unrealized tax

Tax loss carryforwards totaling €1,488.1 million as of December 31, 2010 are recorded within the tax consolidation group and may be carried forward indefinitely.

Long-term capital loss carryforwards amounted to €5.1 million. They were recorded by the tax consolidation group and may be charged against long-term gains of the same nature, taxable at a 15% tax rate.
The expiration dates for these tax carryforwards are as follows:

(In € millions)	2010
December 31, 2017	0.7
December 31, 2018	1.4
December 31, 2019	1.3
December 31, 2020	1.7
Long-term loss carryforwards	**5.1**

■ Note 5. Property plant and equipment and intangible fixed assets

5.1. Breakdown

(In € millions)	2010	2009
Gross intangible fixed assets	1.4	0.3
Amortization	(0.2)	(0.3)
Net amount of intangible fixed assets	**1.2**	
Land	0.1	0.1
Buildings	0.6	0.6
Other property, plant and equipment	0.5	0.5
Gross property, plant and equipment	**1.2**	**1.2**
Depreciation and depletion	(0.7)	(0.8)
Net amount of property, plant and equipment	0.5	0.4
Property, plant and equipment and intangible fixed assets	**1.7**	**0.4**

5.2. Change

(In € millions)	Gross amount	Amortization, depreciation and depletion	Net amount
At January 1, 2009	**1.5**	**(1.0)**	**0.5**
Increase		(0.1)	(0.1)
Decrease			
At December 31, 2009	**1.5**	**(1.1)**	**0.4**
Increase	18.1	(0.1)	18.0
Decrease	(17.0)	0.3	(16.7)
At December 31, 2010	**2.6**	**(0.9)**	**1.7**

The €17.9 million increase in property, plant and equipment and intangible fixed assets represents the merger loss recorded for the merger by absorption of Omnium de Commerce et de Participations.
This merger loss was allocated to Casino shares received in the merger; €16.7 million of it was expensed following the internal disposal of a portion of the shares.

■ Note 6. Financial investments

6.1. Breakdown

(In € millions)	2010	2009
Equity securities	1,987.7	1,918.9
Impairment	(438.1)	(397.5)
Net amount of equity securities	**1,549.6**	**1,521.4**
Other financial investments	0.7	0.7
Impairment		
Net amount of other financial investments	**0.7**	**0.7**
Net financial investments	**1,550.3**	**1,522.1**

6.2. Change

(In € millions)	Gross amount	Provisions	Net amount
At January 1, 2009	**2,017.0**	**(300.9)**	**1,716.1**
Increase	203.0	(96.9)	106.1
Decrease	(300.4)	0.3	(300.1)
At December 31, 2009	**1,919.6**	**(397.5)**	**1,522.1**
Increase	334.9	(41.1)	293.8
Decrease	(266.1)	0.5	(265.6)
At December 31, 2010	**1,988.4**	**(438.1)**	**1,550.3**

Individual company financial statements

NOTES TO RALLYE'S FINANCIAL STATEMENTS

With the merger by absorption of Omnium de Commerce et de Participations, Rallye received Casino shares in an amount of €320.4 million as well as shares of L'Habitation Moderne de Boulogne in an amount of €1 million.
The cancelation of the shares of Omnium de Commerce et de Participations explains the decrease in financial investments for up to €121.4 million.

The other increases and decreases in financial investments correspond primarily to:
- the disposal (within the Group) of Casino shares in the amount of €131.1 million;
- the acquisition and disposal under the liquidity agreement of Rallye shares for €13.5 million.

Provision allowances pertain to €40.3 million for the impairment of Parande shares.

Note 7. Receivables

The amounts and maturities of net receivables reported under balance sheet assets are as follows:

(In € millions)	2010	2009
Receivables booked to fixed assets	**0.1**	**0.1**
Trade receivables and related accounts	139.2	104.6
Current accounts	2,409.9	1,912.1
Other operating receivables	20.9	47.7
Current receivables	**2,570.0**	**2,064.4**
Net receivables	**2,570.1**	**2,064.5**
Of which: Up to 1 year	*2,554.2*	*2,048.6*
Over 1 year	*15.9*	*15.9*

At December 31, 2010, "Other operating receivables" comprised namely:
- Casino share call option premiums of €15.8 million;
- a receivable of €1.4 million euros for a VAT relief receivable;
- a deposit of €2.9 million corresponding to a fully-provisioned tax litigation relating to 1993.

The current account loans made by Rallye to its subsidiaries are part of the Group's centralized cash management system. They are due within one year.

Note 8. Net cash position

8.1. Marketable securities

(In € millions)	2010	2009
Own shares held	8.9	12.4
Marketable securities	560.1	565.7
Gross amount	**569.0**	**578.1**
Impairment		
Net amount	**569.0**	**578.1**

At December 31, 2010, "Own shares held" comprised 649,930 Rallye shares intended to cover stock option and bonus shares plans.

"Marketable securities" consisted of very short-term cash investments. The market value of these investments is approximately identical to their carrying amount.

8.2. Own shares held

	2010			2009
	Marketable securities	Financial investments	Total	
Number of shares held:				
At January 1	**891,789**		**891,789**	**1,234,945**
Cancelled				
Buys		519,528	519,528	1,135,769
Sells	(241,859)	(519,528)	(761,387)	(1,478,925)
At December 31	**649,930**		**649,930**	**891,789**
Gross amount of shares held *(in million euros)*:				
At January 1	**12.4**		**12.4**	**18.7**
Cancelled				
Buys		13.5	13.5	19.8
Sells	(3.5)	(13.5)	(17.0)	(26.1)
At December 31	**8.9**		**8.9**	**12.4**

In connection with the liquidity agreement signed by and between Rallye and Rothschild & Cie Banque in June 2005, the Company acquired and sold 519,528 Rallye shares. At year-end, there were no Rallye shares under the liquidity contract.
Over the course of 2010, the company also disposed of 211,509 Rallye shares which had been intended for hedging of stock option or bonus share plans, but were no longer needed.
On September 25, 2010, 30,350 Rallye shares were transferred as part of a bonus share allocation plan which had reached maturity.

8.3. Net cash and cash equivalents

(In € millions)	2010	2009
Marketable securities	560.1	565.7
Impairment		
Net amount	**560.1**	**565.7**
Term account	30.0	
Cash and cash equivalents	0.1	0.1
Bank overdrafts	(0.1)	(0.4)
Net cash and cash equivalents	**590.1**	**565.4**

Individual company financial statements

NOTES TO RALLYE'S FINANCIAL STATEMENTS

Note 9. Adjustment and similar accounts

(In € millions)	2010	2009
Prepaid expenses	0.7	0.8
Deferred bond issue costs	21.1	21.6
Bond redemption premiums	6.0	5.4
Adjustment and similar accounts	**27.8**	**27.8**

Borrowings issuance costs and bond redemption premiums are amortized over the life of the debt and credit lines or are based on the debt redemption schedule.

Note 10. Shareholders' equity

10.1. Breakdown

As of December 31, 2010, share capital totaled €132,900,009 and comprised 44,300,003 shares of a nominal value of €3.

(In € millions)	2010	2009
Share capital	132.9	127.1
Additional paid-in capital	1,348.2	1,309.0
Legal reserve	12.8	12.8
Regulated reserves	1.4	1.4
Other reserves	60.4	60.4
Retained earnings	101.8	29.4
Interim dividend	(33.9)	(33.1)
Net income for the year	75.6	148.3
Total shareholders' equity	**1,699.2**	**1,655.3**

10.2. Changes in shareholders' equity

(In € millions)	2010	2009
At January 1	**1,655.3**	**1,582.4**
Capital increase (decrease)	5.8	
Additional paid-in capital	39.2	
Dividend paid	(76.7)	(75.4)
Net income for the year	75.6	148.3
At December 31	**1,699.2**	**1,655.3**

The increase in share capital and in additional paid-in capital is the result of the issuance of:
- 688,754 shares following the option to pay the balance of the 2009 dividend in shares;
- and 1,251,109 shares following the option to pay the 2010 interim dividend in shares.

10.3. Changes in number of shares outstanding

	2010	2009
Number of shares as at January 1	**42,360,140**	**42,360,140**
Dividend paid in shares	1,939,863	
Number of shares as at December 31	**44,300,003**	**42,360,140**

10.4. Securities giving access to capital

› Share subscription option plans

Type of plans	Subscription	Subscription	Subscription	Subscription	Subscription	Subscription
Grant date	06/07/2006	10/01/2007	04/23/2008	04/27/2009	12/09/2009	09/06/2010
Expiration date	12/06/2011	03/31/2013	10/23/2013	10/26/2014	06/08/2015	03/05/2016
Number of options initially allotted	254,120	181,127	258,091	310,521	12,000	124,485
Number of shares that can be issued or bought	192,710	149,007	216,499	231,484	12,000	124,485
Number of options cancelled	61,410	32,120	41,592	79,037		
Exercise price in euros	36.84	48.73	43.15	14.24	24.62	26.44
Value of options at the time of grant in euros	7.20	10.16	8.74	1.55	5.90	5.99

All of the option plans were granted without performance-based conditions, but their recipients are required to be employed within the Group.

› Bonus share allotment plans

Grant date	10/01/2007	04/23/2008	04/27/2009	09/06/2010
Maturity date	01/01/2011	07/23/2011	10/27/2011	03/06/2015
Number of shares initially allotted	29,686	44,161	199,768	143,195
Number of shares that can be issued or bought	25,381	38,208	175,711	143,195
Number of shares cancelled	4,305	5,953	24,057	
Value of shares at the time of grant in euros	42.60	36.62	9.72	19.86

The vesting by recipients of the October 2007 and April 2008 plans is subject to company performance criteria and to an obligation of employment within the Group. The performance criterion used is the coverage of net financial debt by assets which is assessed at the level of the "Rallye holding company scope". This criterion is assessed annually and is used each year for the determination of the percentage of shares vested over the course of the year in question.
The definitive vesting by the recipients of the plan issued in April 2009 is subject to their employment within the Group.
The definitive vesting by recipients of the September 2010 plan is subject to company performance criteria for 50% of the allotment and to an obligation of employment within the Group. The performance criterion is that of the ratio of consolidated EBITDA to net consolidated debt which is measured annually based on the consolidated financial statements and must exceed 2.75. This criterion is assessed annually and is used each year for the determination of the percentage of shares vested over the course of the year in question.

At December 31, 2010, 330,350 Rallye's shares were allocated to cover these plans and a provision of €2.1 million was recorded as a liability.
The bonus share plan that matured in September 2010 generated an expense of €0.4 million for the year. This expense was covered by a provision of the same amount (for the 2009 fiscal year the expense amounted to €1.6 million and the corresponding reversal came to €1.3 million).

Individual company financial statements

NOTES TO RALLYE'S FINANCIAL STATEMENTS

Note 11. Provisions

11.1. Breakdown

(In € millions)	Contingent liabilities			Total
	Tax litigation	Redemption premiums	Various risks	
At January 1, 2009	**4.4**	**31.8**	**13.4**	**49.6**
Provisions		5.6	4.2	9.8
Reversals			(2.8)	(2.8)
At December 31, 2009	**4.4**	**37.4**	**14.8**	**56.6**
Provisions		5.6	2.6	8.2
Reversals	(1.5)		(0.4)	(1.9)
At December 31, 2010	**2.9**	**43.0**	**17.0**	**62.9**

The contingency provision for tax litigation relates to a risk with respect to the tax audit of the years 1993 to 1994.
The reversal for €1.5 million concerns the litigation relative to 1992 for which the company obtained tax relief of €1.4 million and a continued adjustment of €0.7 million.
At December 31, 2010, the provision for redemption premiums covered a bond issue in the amount of €299.7 million. The provision for the year was prorated over the life of the loan.
The miscellaneous contingency provision concerns bonus share plans, as well as Casino share call options and forward financial instruments.

11.2. Change

(In € millions)	2010	2009
At January 1	**56.6**	**49.6**
Provisions	8.2	9.8
Reversals	(1.9)	(2.8)
At December 31	**62.9**	**56.6**
Of which operating	*0.9*	*(0.2)*
Of which financial	*6.9*	*7.2*
Of which extraordinary	*(1.5)*	

■ Note 12. Financial debt

12.1. Breakdown of financial debt

(In € millions)	2010	2009
Bank borrowings	684.9	631.0
Bonds exchangeable for Casino shares	304.6	304.6
Other bond issues	1,960.4	1,520.6
Other financial debt	0.1	0.4
Borrowings and loans[1]	**2,950.0**	**2,456.6**
Of which: fixed-rate	*2,265.0*	*1,825.2*
variable rate	*685.0*	*631.4*

(1) Of which expenses payable of €110.7 million as at December 31, 2010.

12.2. Financial debt maturity

(In € millions)	2010	2009
Up to 1 year	560.3	43.9
1 to 5 years	1,839.7	1,362.7
Over 5 years	550.0	1,050.0
Total	**2,950.0**	**2,456.6**

As of December 31, 2010, Rallye had €1,223 million in unused credit lines.
The portion of borrowings and debts to credit institutions of up to one year corresponds to:
- the October 2004 bond maturing on October 13, 2011 for €374.6 million;
- a loan of €75 million maturing in November 2011;
- and accrued interest of €110.7 million at December 31, 2010.

12.3. Bond features

› Bonds exchangeable for Casino shares

	Bonds exchangeable for common shares (OEAO) until 2013
Total par value	€300 million
Issue date	April 2003
Annual interest rate	3.25%
Par value	€80
Normal maturity	July 1, 2013
Redemption value	€95.256
Exchange	1.0653 share for 1 bond[1]
Quotation	yes
Number of bonds outstanding	
▪ at issuance	3,750,000
▪ at December 31, 2010	3,745,872

(1) Exchange option exercisable until June 20, 2013, early redemption option at bearer's discretion on July 1, 2011

Individual company financial statements

NOTES TO RALLYE'S FINANCIAL STATEMENTS

› Other bond issues

	2011 bonds	2014 bonds	2015 bonds	2016 bonds
Total par value	€500 million	€500 million	€500 million	€500 million
Issue date	October 2004	March 2010	October 2009	November 2009
Annual interest rate	5.625%	5.875%	8.375%	7.625%
Par value	1,000 euros	50,000 euros	50,000 euros	50,000 euros
Normal maturity	October 13, 2011	March 24, 2014	January 20, 2015	November 04, 2016
Redemption value	1,000 euros	50,000 euros	50,000 euros	50,000 euros
Quotation	yes	yes	yes	yes
Bonds outstanding:				
▪ at issuance	500,000	10,000	10,000	10,000
▪ at December 31, 2010	374,606	10,000	10,000	10,000

■ Note 13. Accounts payable and other debt

(In € millions)	2010	2009
Accounts payable	8.0	7.4
Current accounts	4.6	6.1
Other debt[1]	24.0	10.8
Other debt	**28.6**	**16.9**
Of which: Up to 1 year	*26.3*	*14.0*
Over 1 year	*10.3*	*10.3*

(1) Of which expenses payable €6.5 million as of December 31, 2010.

The loans received from Rallye's subsidiaries are paid into the current account as part of the Group's centralized cash management system.
At December 31, 2010, "Other operating receivables" comprised:
- €10.3 million in premiums on the sale of Casino share call option;
- swaption premiums valued at €13.3 million.

Note 14. Information about off-balance sheet items

14.1. Commitments related to current operations

(In € millions)	2010	2009
Interest rate hedging instruments (nominal amount)		1,150.0
Other reciprocal commitments[1]	1,500.0	
Total reciprocal commitments	**1,500.0**	**1,150.0**
Securities and bank guarantees pledged	418.8	748.9
Bond redemption premiums	14.0	19.7
Other commitments given	40.1	6.3
Total commitments given	**472.9**	**774.9**
Unused confirmed credit lines	1,223.0	1,043.0
Other commitments received	2.6	
Total commitments received	**1,225.6**	**1,043.0**

(1) Notional amount of swaptions posted to the balance sheet for a market value of €13.3 million.

Rallye also guarantees its investment subsidiaries in connection with currency forward transactions concluded with leading financial institutions.

14.2. Maturity schedule of contractual obligations

(In € millions)	Less than 1 year	1 to 5 years	Over 5 years	Total
Financial debt	558.1	1,839.7	550.0	2,947.8
Operating leases	1.1	1.5		2.6
Total	**559.2**	**1,841.2**	**550.0**	**2,950.4**

14.3. Individual right to training

At December 31, 2010, commitments for individual rights to training (DIF) amounted to 3,162 hours. The rights utilized over the year represent 113 hours.

Individual company financial statements

NOTES TO RALLYE'S FINANCIAL STATEMENTS

■ Note 15. Exposure to risks

15.1. Interest rate risks

Financial debt outstanding which totaled €2,839.3 million at December 31, 2010, included €2,174.3 million at fixed rate and €665 million at variable rate. Interest rate hedging transactions that were implemented over the previous year were unwound early.
As of December 31, 2010, loans and bonds were not hedged against interest rate risks.

15.2. Liquidity risks

Rallye has large confirmed credit lines. As of December 31, 2010, these unused confirmed credit lines amounted to €1,223 million.
Loans and credit lines may result in a pledge of Casino shares. As of December 31, 2010, there were 2,448,156 Casino common shares pledged to financial institutions as collateral for various loans and credit lines.

15.3. Equity risk

Rallye owns a 12.82% direct stake in Casino's capital and 44.60% in Groupe GO Sport's capital. These companies, which are listed as described Note 1.2 "Accounting principles and methods," are evaluated using multiple criteria and were not subject to provisions at December 31, 2010.
At December 31, 2010, Rallye had €560.1 million in cash money market mutual funds at no risk. Rallye also has 649,930 Rallye shares for a sale price of €8.9 million, as part of the bonus share and stock option plan hedging, whose market value at December 31, 2010 was €20.1 million.
In April 2003, Rallye issued bonds exchangeable for Casino shares worth €300 million and, given the Casino share price at December 31, 2010, the redemption bonus was prorated in the financial statements.

Note 16. Related parties and affiliates

Affiliates are the companies in the Rallye group that are consolidated by the full consolidation method.
The balance sheet and income statement line items concerning affiliates are the following:

(In € millions)	2010
Assets	
Net financial investments	1,548.9
Net receivables	2,548.9
Liabilities	
Debt	4.4
Income	
Investment income	77.7
Other financial income	140.2
Financial expenses	0.3

Related parties comprise entities likely to be consolidated by the full consolidation method, parent companies, members of the Board of Directors and members of the Management Committee and all entities under joint control or notable influence.
In the course of the ordinary business of the Group Rallye maintains regular relationships with its related parties.

Note 17. Consolidation

Rallye prepares consolidated financial statements. The Company's accounts are in turn integrated in the consolidated financial statements of Foncière Euris, with registered office at 83, rue du Faubourg Saint-Honoré - 75008 Paris - France (Siren no.: 702 023 508).

Individual company financial statements

NOTES TO RALLYE'S FINANCIAL STATEMENTS

(In € millions)	Capital	Shareholders' equity excluding capital	Share of capital held (in %)
A – Subsidiaries[1] (at least 50% of capital held by the company)			
Cobivia SAS	31.8	(8.3)	100%
Kerrous SAS	184.5	(47.3)	100%
Magasins Jean SAS	0.3	0.7	100%
Matignon Sablons SAS	10.8	2.0	100%
MFD SA	35.7	1.3	100%
Parande SAS	73.0	(213.9)	100%
B – Equity interests[1] (10 to 50% of the capital held by the company)			
Casino Guichard - Perrachon SA	169.3	7,048.7	12.82%
Groupe Go Sport SA	15.1	197.3	44.60%
Sivigral SCI	0.4	1.2	40.00%
French Development Venture SA	0.0	1.4	14.13%
C – Other subsidiaries and equity interests			
Subsidiaries other than A			
Equity interests other than B			

(1) With book value in excess of 1% of Rallye's share capital.

Carrying amount of shares held		Outstanding loans and advances granted by the company	Sureties and guarantees granted by the Company	Sales ex tax for the year ended	Income for the last year ended	Dividends received by the company during the year
Gross amount	Net amount					
54.1	54.1	610.2	80.0		(12.4)	0.9
187.6	187.6	329.5	205.0		(5.7)	
2.2	1.0			5.8	0.2	
11.0	11.0	187.1			32.7	30.3
307.5	37.0				0.1	
153.8		626.8		0.1	(53.1)	
1,104.5	1,104.5			153.7	371.7	45.7
151.4	151.4			66.1	5.0	
2.1	0.7					
10.4					(1.2)	
3.1	2.2	477.9	275.0			0.7

Individual company financial statements

RALLYE'S RESULTS OVER THE LAST FIVE YEARS

(In €)	12/31/2006	12/31/2007	12/31/2008	12/31/2009	12/31/2010[1]
1 - Financial position at year-end					
Share capital	117,633,084	127,957,776	127,080,420	127,080,420	132,900,009
Existing common shares	39,211,028	42,652,592	42,360,140	42,360,140	44,300,003
Maximum number of shares to be issued:					
▪ through bond redemption[2]	6,131,589				
▪ through exercise of subscription options	475,704	646,261	839,781	1,202,702	926,185
▪ through exercise of warrants					
▪ through bonus share allotments to be issued	40,858	69,152	87,298		
2 - Operations and net income of the year					
Sales ex tax	2,200,052	3,305,611	4,958,279	5,730,202	4,852,631
Earnings before tax, profit sharing and amortization, depreciation and provisions	86,676,277	44,868,239	111,275,856	247,871,625	139,921,940
Income tax		(201,675)			
Earnings after tax, profit sharing and amortization, depreciation and provisions	113,619,477	39,362,294	47,523,454	148,297,761	75,559,074
Distributed earnings	68,227,189	78,054,243	77,519,056	77,519,056	81,069,005
3 - Earnings per share					
Earnings after tax, profit sharing but before amortization and provisions	2.21	1.06	2.63	5.85	3.16
Earnings after tax, profit sharing and amortization, depreciation and provisions	2.90	0.92	1.12	3.50	1.71
Dividend per share	1.74	1.83	1.83	1.83	1.83
4 - Workforce					
Average number of employees during the year	37	39	39	36	35
Payroll costs for the year	5,987,950	5,865,768	5,621,944	5,109,375	7,315,134
Total paid for benefits for the year	2,694,949	2,506,847	2,647,027	2,175,537	3,478,638

(1) Subject to approval by the Shareholders' Meeting.
(2) For 2006, this figure represents the maximum number of shares to be issued through the conversion of OCEANE bonds.

Individual company financial statements

STATUTORY AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

Year ended December 31, 2010

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 construed in accordance with French law and professional auditing standards applicable in France.

To the Shareholders,

In compliance with the assignment entrusted to us by your annual general meetings, we hereby report to you, for the year ended December 31, 2010, on:

- the audit of the accompanying financial statements of Rallye;
- the justification of our assessments;
- the specific verifications and information required by law.

These financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

I. OPINION ON THE FINANCIAL STATEMENTS

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at December 31, 2010 and of the results of its operations for the year then ended in accordance with French accounting principles.

II. JUSTIFICATION OF OUR ASSESSMENTS

In accordance with the requirements of article L. 823-9 of the French commercial code (*Code de commerce*) relating to the justification of our assessments, we bring to your attention the following matters:

- The rules for assessing financial investments and marketable securities are described in Note "Accounting principles and methods" to the financial statements in sections "Financial investments" and "Marketable securities", in addition to Notes 6 "Financial investments" and 8 "Net cash and cash equivalents" to the financial statements.
- The accounting rules governing provisions for bond redemption premiums, described in the note to the financial statements entitled "Accounting principles and methods," under section "Provisions," also in addition to Note 11 – "Provisions" to the financial statements.

As part of our assessment of the accounting rules and principles followed by your Company, we examined the available documentation, assessed the reasonableness of the estimates and verified that the footnotes give adequate information on the assumptions used therein. These assessments were made as part of our audit of the financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III. SPECIFIC VERIFICATIONS AND INFORMATION

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors and in the documents addressed to the shareholders with respect to the financial position and the financial statements.

Concerning the information given in accordance with the requirements of article L. 225-102-1 of the French commercial code (*Code de commerce*) relating to remunerations and benefits received by the directors and any other commitments made in their favour, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your company from companies controlling your company or controlled by it. Based on this work, we attest the accuracy and fair presentation of this information.

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests and the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

Paris-La Défense and Neuilly-sur-Seine, March 21, 2011
The statutory auditors
French original signed by

KPMG Audit Department of KPMG S.A. Patrick-Hubert Petit	Ernst & Young et Autres Pierre Bourgeois

Draft resolutions

RESOLUTIONS OF THE ORDINARY GENERAL MEETING OF SHAREHOLDERS

Resolution One
(Adoption of the financial statements for the year ended December 31, 2010)

The Shareholders, after having heard the reports of the Board of Directors and the Statutory Auditors, receive and adopt the financial statements for the year ended December 31, 2010, as presented, showing net income of €75,559,074.25.

The Shareholders also approve the operations reflected by these financial statements or summarized in these reports.

Resolution Two
(Adoption of the consolidated financial statements for the year ended December 31, 2010)

The Shareholders, after having heard the reports of the Board of Directors about the activity of the Group for the year ended December 31, 2009, and the Statutory Auditors report, adopt the consolidated financial statements, as presented, showing consolidated net income of €7,141,810.

Resolution Three
(Income appropriation)

The Shareholders, at the recommendation of the Board of Directors, resolved to allocate the profit from the fiscal year ending December 31, 2010, as follows:

Income from the year		€75,559,074.25
Allocation to the statutory reserve	(-)	€494,223.30
Retained earnings from previous years	(+)	€101,743,931.84
Net income available for distribution	(=)	€176,808,782.79
Dividend distributed to shareholders	(-)	€80,068,118.29
Balance brought forward	(=)	€96,740,664.50

The proposed dividend corresponds to a dividend payment of €1.83 net per share.

The dividend income paid to shareholders is eligible for the 40% tax deduction for individuals having their tax residence in France, in accordance with Article 158-3, 2€of the French General Tax Code (*Code Général des Impôts)* unless they opt for the withholding tax pursuant to Article 117 *quater* of the General Tax Code.

The Shareholders note that an interim dividend in the amount of €0.80 per share was decided by the Board of Directors on September 6, 2010 and paid on October 7, 2010; the net balance of €1.03 per share will be paid out as from June 6, 2011.

Dividends paid in respect of the last three years were as follows:

(In €)	2009	2008	2007
Net dividend	1.83	1.83	1.83

Dividends on shares held in treasury stock by the Company on the day the dividend payment is made will be transferred to "Retained earnings".

Resolution Four
(Dividend paid in shares)

The General Meeting of Shareholders, pursuant to Article 33 of the Company by-laws, resolved to give shareholders the opportunity to receive dividend payments in either shares or cash for the balance of the dividend owed for the 2010 fiscal year.

The shares subscribed for will be common shares.

The new shares issued under this option will be valued at 90% of the Rallye share's average opening price on the twenty stock market trading days preceding the meeting, less the amount of the allocated dividend and rounded up to the nearest cent. The corresponding rights will be exercisable from January 1, 2011.

If the amount of the dividend payment to which a shareholder is entitled does not correspond to a whole number of shares, the shareholder can subscribe either for the next higher number of shares, paying the difference in cash, or for the next lower number of shares, receiving the difference in cash.

Requests to receive the dividend in shares must be received, accompanied by any cash payments to make up the difference to the next higher whole number of shares, from May 11, 2011 to May 24, 2011, inclusive.

The Shareholders grant the board all powers, which may be delegated to the Chief Executive Officer, to take all measures necessary to carry out this resolution, to register the capital increase resulting from shareholders opting to take their dividends in shares, to amend the by-laws and to carry out all necessary publication formalities.

Resolution Five
(Agreements under Article L 225-38 of the French Commercial Code)

The General Meeting of Shareholders, after hearing the report from the statutory auditors on the agreements set forth in Article L 225-38 of the French Commercial Code, adopted the new agreements entered into in fiscal year 2010, as mentioned in said report.

Resolution Six
(Interim dividend paid in shares)

If several interim dividends are paid in 2011, the Shareholders, in accordance with Article L 232-18 of the French Commercial Code, authorize the Board of Directors, if they so decide, to offer shareholders the option of taking part or all of the interim dividend payment in either cash or shares.

The Board of Directors is accordingly authorized, at its sole discretion, to pay the interim dividend as follows:
- either by offering shareholders the option of a payment in cash or shares;
- or by offering shareholders part of the payment in cash and the remainder with the option of receiving either cash or shares.

The Board of Directors may also decide to pay one or more of these interim payments wholly in cash.

If shareholders decide to exercise their option to receive dividends in shares, the shares subscribed for shall be common shares. They shall have the same characteristics and confer the same rights as former shares, except that the date from which shareholders can exercise their rights shall be the first day of the fiscal year in which the new shares are subscribed.

The Board of Directors shall set the period, as from the time the decision to pay an interim payment is taken, that shareholders will have to request payment in shares. This period shall not be longer than three months.

The Shareholders resolve that the issue price of the new shares shall be 90% of the average opening price on the twenty stock market trading days preceding the date of the resolution to pay the interim dividend, less the net amount of the interim dividend and rounded up to the nearest cent.

Subscriptions must be for a whole number of shares. If the amount of the interim dividend does not permit this, the shareholder can ask to receive either the next lower whole number of shares, in which case they shall receive the balance of their entitlement in cash, or the next higher whole number of shares, in which case they must pay the balance outstanding in cash when they submit their request to receive the interim dividend in shares.

The Board of Directors is granted all powers, which may be delegated to the Chief Executive Officer, to take all measures necessary to pay the interim dividend or dividends, if it should so decide, and to offer the option of payment in shares, to register the resulting capital increase and to amend the by-laws accordingly.

Draft resolutions

Resolution Seven
(Approval of a director's appointment)

The General Meeting of Shareholders approved the provisional decision of the December 8, 2010 Board of Directors' Meeting to appoint Euris for the remaining term of its predecessor, i.e., until the conclusion of this Meeting.

Resolution Eight
(Appointment of a Director)

The Shareholders renew the term of office of the company Eurisma, whose registered office is located at 83, rue du Faubourg Saint Honoré, Paris (75008), as Board member for a period of one (1) year, expiring at the conclusion of the General Meeting convened to approve the financial statements for the fiscal year ending December 31, 2011.

Resolution Nine
(reappointment of a Board member)

The Shareholders renew the term of office of Philippe Charrier as Board member for a period of one (1) year, expiring at the conclusion of the General Meeting convened to approve the financial statements for the fiscal year ending December 31, 2011.

Resolution Ten
(reappointment of a Board member)

The Shareholders renew the term of office of André Crestey as Board member for a period of one (1) year, expiring at the conclusion of the General Meeting convened to approve the financial statements for the fiscal year ending December 31, 2011.

Resolution Eleven
(reappointment of a Board member)

The Shareholders renew the term of office of Jean Chodron de Courcel as Board member for a period of one (1) year, expiring at the conclusion of the General Meeting convened to approve the financial statements for the fiscal year ending December 31, 2011.

Resolution Twelve
(reappointment of a Board member)

The Shareholders renew the term of office of Jacques Dermagne as Board member for a period of one (1) year, expiring at the conclusion of the General Meeting convened to approve the financial statements for the fiscal year ending December 31, 2011.

Resolution Thirteen
(reappointment of a Board member)

The Shareholders renew the term of office of Jacques Dumas as Board member for a period of one (1) year, expiring at the conclusion of the General Meeting convened to approve the financial statements for the fiscal year ending December 31, 2011.

Resolution Fourteen
(reappointment of a Board member)

The Shareholders renew the term of office of Jean-Charles Naouri as Board member for a period of one (1) year, expiring at the conclusion of the General Meeting convened to approve the financial statements for the fiscal year ending December 31, 2011.

Resolution Fifteen
(reappointment of a Board member)

The Shareholders renew the term of office of Christian Paillot as Board member for a period of one (1) year, expiring at the conclusion of the General Meeting convened to approve the financial statements for the fiscal year ending December 31, 2011.

Resolution Sixteen
(reappointment of a Board member)

The Shareholders renew the term of office of the company Finatis as Board member for a period of one (1) year, expiring at the conclusion of the General Meeting convened to approve the financial statements for the fiscal year ending December 31, 2011.

Resolution Seventeen
(reappointment of a Board member)

The Shareholders renew the term of office of the company Foncière Euris as Board member for a period of one (1) year, expiring at the conclusion of the General Meeting convened to approve the financial statements for the fiscal year ending December 31, 2011.

Resolution Eighteen
(reappointment of a Board member)

The Shareholders renew the term of office of the company Euris as Board member for a period of one (1) year, expiring at the conclusion of the General Meeting convened to approve the financial statements for the fiscal year ending December 31, 2011.

Resolution Nineteen
(reappointment of a Board member)

The Shareholders renew the term of office of the company Matignon Corbeil Centre as Board member for a period of one (1) year, expiring at the conclusion of the General Meeting convened to approve the financial statements for the fiscal year ending December 31, 2011.

Resolution Twenty
(reappointment of a Board member)

The Shareholders renew the term of office of Jean Levy as Censor for a period of one (1) year, expiring at the conclusion of the General Meeting convened to approve the financial statements for the fiscal year ending December 31, 2011.

Resolution Twenty-One
(Reappointment of a statutory auditor)

The General Meeting resolved to reappoint Ernst & Young et al., with registered offices at 41, rue Ybry in Neuilly-sur-Seine (92200), as statutory auditor.

The term of office of Ernst & Young et al. will be 6 fiscal years, or until the General Meeting convened to approve the financial statements for the year ending December 31, 2016.

Resolution Twenty-Two
(Appointment of an alternate accountant)

The General Meeting of Shareholders resolved to appoint as alternate accountant AUDITEX, with registered offices at La Défense cédex (92037), Tour Ernst et Young – Faubourg de l'Arche, as alternate accountant.

The term of office of Auditex will be 6 fiscal years, or until the General Meeting convened to approve the financial statements for the year ending December 31, 2016.

Draft resolutions

Resolution Twenty-Three
(authorization for the Company to purchase its own shares)

The Shareholders, having noted the Board of Directors' report, and in application of Articles L 225-209 et seq. of the French Commercial Code, authorize the Board of Directors to purchase Company shares in order to:
- to cover the stock option plans granted to employees and corporate officers, in compliance with Articles L.225-177 et seq. of the French Commercial Code, as well as all corporate savings plans and shareholding plans;
- 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 French 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;
- hold shares for subsequent use as exchange or payment in a merger or acquisition transaction, in compliance with market practice as permitted by the French Financial Markets Authority (AMF);
- 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 may adjust the maximum 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 share split or consolidation, a capital amortization or reduction, a distribution of reserves or other assets, and any other operation affecting equity, to reflect the impact of such transactions on the share value.

Exercise of this authorization shall not result in the Company holding more than 10% of the total number of shares representing the Company's capital at February 28, 2011, i.e., 4,430,000 shares with a maximum value of €332 million. For the purposes of calculating the 10% threshold above, Company shares purchased under a liquidity contract shall be counted net of shares sold under the same contract during the period of the authorization.

The aforementioned shares can 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 buy-back program.

The shares can also be loaned, in accordance with the provisions of Articles L.211-22 et seq. of the French Monetary and Financial Code.

The shareholders' authorization of the share repurchase program will expire at the next Shareholders' Meeting convened to approve the 2011 financial statements and management report, and no later than November 3, 2012.

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

A description of the share buy-back program will be included in the Reference Document filed with the French Financial Markets Authority (AMF).

In view of guaranteeing the implementation of this resolution, full powers are given to the Board of Directors, with the option to delegate these powers in order to:
- carry out the actual transactions, determine the conditions and the methods;
- complete all declarations and formalities with the French Financial Markets Authority (AMF);
- execute all trading orders, enter into any agreements with a view, in particular, to keeping registers of the purchase and sale of shares;
- make adjustments in the purchase price of the shares to take into account the effect of the above-mentioned transactions on the value of the share;
- carry out all formalities and, more generally, take all necessary measures.

The Board of Directors shall inform the Shareholders at their General Meeting of the transactions carried out pursuant to the present authorization.

RESOLUTIONS OF THE EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS

■ Resolution Twenty-Four

(Amendments to Articles 25-II, 25-IV, 27-1 and 28-III of the by-laws pursuant to representation at, and notice to attend, General Meetings of Shareholders)

The Extraordinary General Meeting, after hearing the report of the Board of Directors, resolved to amend Articles 25 – II, 25 – IV, 27 – I and 28 – III of the by-laws, which will henceforth worded as follows:

"Article 25 –Makeup of the General Meeting of Shareholders

II. By law any shareholder may be represented.
Minors and incapacitated individuals are represented by their guardians and administrators, who are not required to be shareholders themselves. A corporation is considered to have valid representation when the representative has the legal capacity or is duly authorized for that purpose.
An individual who owns shares and does not reside in France may be represented by an intermediary who is properly registered as the holder of those shares on behalf of that individual.

IV. If the Board so decides, shareholders may participate in meetings and vote remotely via videoconference or by any other telecommunications or teletransmission means, including internet, provided it can identify them pursuant to the conditions of the regulation in force or conditions that may be resolved by the Board in the future.
On the Board's decision, shareholders may fill out voting forms remotely or through a proxy in an electronic medium, under the conditions set by the regulations in effect at that time. Forms may be filled out and signed directly on the internet site set up by the paying agent in charge of the General Meeting of Shareholders. The form may be electronically signed through any process that complies with paragraph two, first sentence of Article 1316-4 of the French Civil Code, or any other subsequent legal provision that may be substituted, such as an identification code and password.

Votes expressed via this electronic means, including confirmations of receipt, will be considered irrevocable written proof enforceable at all times except with regard to the transfer of shares notified under the conditions set forth in paragraph two of Article R 225-85 IV of the French Commercial Code or in any other subsequent legal or regulatory provision that may be substituted.

Proxies expressed through this electronic means, including confirmations of receipt, will be considered irrevocable written proof enforceable at all times under the conditions set forth by law."

"Article 27 – Meeting notice – Meeting location – Agenda

I. The General Meeting of Shareholders is called by the Board of Directors or, failing that, by the accountants or an agent appointed by the presiding judge of the Commercial Court ruling in summary preceding at the request of either one or more shareholders that hold at least one-fifth of the company's share capital, or a shareholders' association under the conditions set forth in Article L 225-120 of the French Commercial Code.
First meeting notices must be issued at least fifteen days prior to the meeting, and subsequent notices at least 10 days prior, published in a journal authorized to receive legal announcements operating in the regional department of the company's registered office and in the Bulletin des Annonces Légales Obligatoires (BALO) [French gazette for mandatory legal notices].
Shareholders that own registered shares for at least one month prior to the date of these notices will receive a meeting notice by regular mail or by any electronic telecommunications method.
The meeting notice is preceded by a notice containing the wording required by law and inserted in the Bulletin des Annonces Légales Obligatoires at least thirty-five days before the meeting.(…)"

"Article 28 – Executive Committee – Attendance sheet – Voting – Absentee voting – Meeting minutes

III. Shareholders have as many votes as shares they own or represent, with no limits, except as provided by law or these by-laws;

However, a double voting right is granted on proof of the bearer's registration, to fully paid-up shares registered in the name of the same holder for at least two years, and, when capitalizing reserves, earnings or issue premiums, to each bonus share allotted to a shareholder based on existing shares eligible for this right.
The list of registered shares eligible for a double voting right is approved by the Board of Directors.
The shares are stripped of their double voting rights if they are converted into bearer shares or transferred to another person, except in the case of a transfer from one registered holder to another, in application of Article L 225-124 of the French Commercial Code.

Draft resolutions

For any shareholder holding a proxy instrument that does not indicate a proxy, the Chairman of the General Meeting of Shareholders will vote in favor of any draft resolution presented or approved by the Board of Directors and vote against all other draft resolutions. To vote in any other way, the shareholder must choose a proxy that agrees to vote as indicated by the principal.
Votes are expressed by a show of hands, electronically or by any other electronic means that identifies the shareholder under the conditions set forth in the regulations in effect. The General Meeting of Shareholders can also hold a secret ballot at the suggestion of the Executive Committee.
Shareholders can vote by absentee ballot under legal conditions.
Votes or powers issued by an intermediary who has either not been declared as a registered intermediary authorized to hold securities on behalf of third parties not residing in France, or who has not disclosed the identity of the shares' owners in whose name he is registered pursuant to the regulations in force, will not be counted. (…)"

■ Resolution Twenty-Five

(Delegation of authority granted to the Board of Directors to issue shares and securities entitling the owner to new or existing Company shares or existing shares of any company in which it directly or indirectly owns more than 50% of the capital, or debt securities that for new share issues include a preemptive right)

The Extraordinary General Meeting of Shareholders, after hearing the report of the Board of Directors and the special report of the statutory auditors, and on confirming that all share capital has been paid up pursuant to Articles L 225-127, L225-129, L 225-129-2, L 228-91, L 228-92, L 228-93 et seq. of the French Commercial Code, delegates its authority to the Board of Directors, which may in turn delegate it to the Chief Executive Officer, or, with his consent, to one or more deputy general managers, to issue stock options or any other security with preemptive rights in one or more installments, at its sole discretion, in the proportions and on the dates of its choosing, in France or abroad, that in any way entitle the owner to Company capital either immediately or in the future, by means of allocating either new shares or existing Company shares, or a combination of the two, at the Company's discretion, or options entitling their owner to Company debt securities, or existing shares of any company in which it directly or indirectly owns more than half of the capital, subject to the approval of the Extraordinary Meeting of Shareholders of the concerned company. Securities may be subscribed either in cash or by settling debt.

Securities entitling their owners to capital or to Company debt securities or existing shares of any company in which it directly or indirectly owns more than half of the capital, may consist of debt securities or be associated with the issue of such securities, or even be issued as intermediary securities. They may or may not take the form of fixed-term or open-ended subordinated securities denominated in euros or its equivalent in currency or composite currency units. Company share warrants can be subscribed or granted in the form of bonus shares to owners of existing shares, whereas the Board of Directors may decide that the allotment rights for fractional shares will not be negotiable and that the corresponding securities will be sold.

The total par value of the securities eligible for issue pursuant to this delegation may not exceed sixty-six (66) million euros, for securities representing a proportional share of the capital, and one (1) billion euros or the equivalent in currency or composite currency units for debt securities.

To allow holders of securities to exercise their allotment right to new Company shares, the General Meeting of Shareholders also authorizes of the Board of Directors to increase the share capital to a maximum par value of sixty-six (66) million euros, to which may be additional shares to protect the rights of individuals that hold securities entitling them to Company stock, as provided by law.

The total par value of debt securities that may be issued in the future may not exceed one (1) billion euros or the equivalent in currency or composite currency units, plus any call premium above par.

Under the law, if new shares are being issued or allotted, the Board of Directors can institute, if it deems necessary, a revocable subscription right whereby shares that were not subscribed irrevocably will be allocated to shareholders that have subscribed more than the number of shares they were allowed to subscribe irrevocably, in proportion to the subscription rights they hold, and in any event, up to the limit of their applications.

If irrevocable subscriptions and, if applicable, revocable subscriptions, do not absorb the entire issue, the Board can limit the issue to the number of subscriptions received, provided it is at least three-quarters of the issue decided.
Moreover, if irrevocable and, as applicable, revocable subscriptions do not absorb the entire issue of shares or securities, the General Meeting of Shareholders can authorize the Board of Directors to freely distribute some or all of the unsubscribed shares or securities and/or offer some or all of the unsubscribed securities to the public.

When allocating new Company shares to holders of securities to be issued, this delegation of authority implies an ipso facto waiver of preemptive subscription right by shareholders to shares to which these securities entitle them.

This delegation, which is granted for a period of twenty-six months beginning as of this Meeting, cancels all authorizations for the same purpose granted by previous General Meetings of Shareholders.

Within the limits set by the General Meeting and pursuant to the law, the Board of Directors shall have all powers to decide one or more share issues, set the conditions, type and characteristics for the issue, especially the issue price, (including or excluding a premium) for the other securities to be issued and the date, even retroactively, from which the new shares are entitled to dividends, determine the payment method for shares or securities entitling their holder to capital to be issued immediately or in the future in order to establish that the resulting capital increases have been completed, charge the issue fees to the premium, amend the by-laws and, if necessary, apply to have the shares and other securities admitted for trading on a regulated market.

The Board of Directors may specifically:

- when issuing debt securities immediately or in the future, set the amount, term, issue currency, subordinated or unsubordinated nature, interest rate (fixed, variable, zero-coupon, indexed, etc.), and the payment, interest capitalization conditions, fixed or variable redemption price terms, including or excluding premiums, amortization terms and conditions based on the conditions of the market, or one or more bond issues, as well as the conditions under which the debt securities entitle holders to Company shares, and other issue terms and conditions (including awarding guarantees or collateral);
- amend the terms and conditions for the securities issued, or to be issued during the lifetime of the securities concerned, in accordance with the applicable formalities;
- undertake all measures to protect holders of rights and securities entitling their holders to Company capital in the future;
- if necessary, suspend the exercising of rights associated with these securities for a period set pursuant to the laws and regulations;
- approve the terms of the securities entitling their holders to an allotment right of debt securities as well as the debt securities entitled to an allotment right from the securities, especially their par value and dated date, their issue price, including premium if necessary, their fixed and/or variable interest rate, and their payment date, or, for variable-rate securities, the methods according to which their interest rate or interest capitalization conditions can be determined;
- enter into any agreements, especially with any credit institutions, take all steps and undertake all formalities to ensure the successful completion of any security issue decided by this Meeting.

Resolution Twenty-Six

(Delegation of authority granted to the Board of Directors to issue shares or securities entitling the holder to new or existing Company shares or existing shares of any company in which it directly or indirectly owns more than 50% of the capital, or debt securities that for new share issues eliminate preemptive subscription rights when shares are publicly sold)

The Extraordinary General Meeting of Shareholders, after hearing the report of the Board of Directors and the special report of the statutory auditors, and on confirming that all share capital has been paid up pursuant to Articles L 225-127, L 225-129, L 225-129-2, L 225-135, L 225-136, L 228-91, L 228-92, L 228-93 *et seq.* of the French Commercial Code, delegates its authority to the Board of Directors, which may in turn delegate it to the Chief Executive Officer, or, with his consent, to one or more deputy general managers, to issue, by way of public offering, stock options or any other security with preemptive rights on one or more occasions, at its sole discretion, in the proportions and on the dates of its choosing, in France or abroad, that in any way give the owner access to Company capital either immediately or in the future, by allocating either new shares or existing Company shares, or a combination of the two, at the Company's discretion, or options entitling their owner to Company debt securities, or existing shares of any company in which it directly or indirectly owns more than half of the capital, subject to the approval of the Extraordinary Meeting of Shareholders of the concerned company. Securities may be subscribed either in cash or by the offsetting of debt.

Securities giving their owners access to capital or to Company debt securities or to existing shares of any company in which it directly or indirectly owns more than half of the capital may consist of debt securities or be associated with the issue of such securities, or even permit their issuance as intermediary securities. They may take the form of fixed-term or open-ended securities, either subordinated or not, denominated in euros or the equivalent in foreign currency or in composite currency units.

The total nominal value of the securities eligible to be issued pursuant to this delegation may not exceed thirty-three (33) million euros, for securities representing a proportional share of the capital, and one (1) billion euros or the equivalent in foreign currency or in composite currency units for debt securities.

Draft resolutions

To allow holders of securities to exercise their right of allotment to new Company shares, the General Meeting of Shareholders also authorizes of the Board of Directors to increase the share capital to a maximum nominal amount of thirty-three (33) million euros.

The total nominal amount of securities entitling their holders to have debt securities allotted to them may not exceed one (1) billion euros or the equivalent in foreign currency or in composite currency units, plus any call premium above par.

The General Meeting of Shareholders resolves to eliminate the preemptive subscription right of shareholders to shares and securities providing access to the capital to be issued; however, the General Meeting delegates to the Board of Directors the power to institute, if it sees fit, an irrevocable and/or revocable priority subscription deadline for shareholders for all or part of an issue, and to set the exercise terms and conditions, pursuant to applicable laws and regulations, with the understanding that shares not subscribed by virtue of this right may be publicly traded in France or abroad and/or on the international market.

For any public exchange offer decided on by the Company for its own shares, the General Meeting of Shareholders delegates to the Board of Directors the authority to exchange the securities set out in Article L 228-91 of the French Commercial Code, issued in connection with this securities issue.

When allocating new Company shares to holders of securities to be issued, this delegation of authority implies an automatic waiver by shareholders of their preemptive subscription right to shares to which these securities entitle them.

The share issue price to be set by the Board of Directors will be equal to at least the minimum provided for by regulations in effect on the issue date, which as of today is equal to the weighted average of prices on Euronext Paris for the three trading days preceding the day it was set, possibly less a maximum discount of 5%, and, where appropriate, after correcting for this average in the event of a difference from the vesting date.

The issue price for the securities providing access to capital and the number of shares to which these securities will entitle them, as set by the Board of Directors, will be such that the amount immediately collected by the Company, plus any amount likely to be collected in the future by the Company for each share issued as part of this securities issue, will be at least equal to the issue price set forth in the above paragraph.

This delegation, which is granted for a period of twenty-six months beginning as of this Meeting, cancels all authorizations for the same purpose granted by previous General Meetings of Shareholders.

Within the limits set by the General Meeting and in accordance with the law, the Board of Directors shall have all powers to decide on one or more share issues, set the conditions, type and characteristics for the issue, especially the issue price (including or excluding a premium) for the other securities to be issued and the date, even retroactively, from which the new shares are entitled to dividends, determine the payment method for shares or securities giving their holders access to capital to be issued immediately or in the future in order to register the resulting capital increases, charge the issue fees to the premium, amend the By-laws and, if necessary, apply to have the shares and other securities thus issued admitted for trading on a regulated market.

The Board of Directors may specifically:

- when issuing debt securities immediately or in the future, set the amount, term, currency of issue, subordinated or unsubordinated nature, interest rate (fixed, variable, zero-coupon, indexed, etc.), and the payment date, conditions for capitalization of the interest, fixed or variable redemption price terms, including or excluding premiums, amortization terms and conditions based on the market conditions, of one or more bond issues, as well as the conditions under which the debt securities entitle holders to Company shares, and the other issue terms and conditions (including providing them with guarantees or collateral);
- amend the terms and conditions for the securities issued or to be issued during the lifetime of the securities concerned, in accordance with the applicable formalities;
- take all measures to protect the holders of rights and securities providing access to Company capital in the future;
- if necessary, suspend the exercise of rights associated with these securities for a period set pursuant to laws and regulations;
- approve the terms of the securities entitling their holders to a right to have debt securities allotted to them as well as of the debt securities to which the securities provide a right of allocation, especially their par value and vesting date, their issue price, including premium if necessary, their fixed and/or variable interest rate, and their payment date, or, for variable-rate securities, the methods according to which their interest rate or interest capitalization conditions can be determined;
- enter into any agreements, especially with any credit institutions, take all steps and undertake all formalities to ensure the successful completion of any securities issue decided on by this Meeting.

Resolution Twenty-Seven

(Delegation of authority granted to the Board of Directors to issue shares or securities entitling the holder to new or existing Company shares or existing shares of any company in which it directly or indirectly owns more than 50% of the capital, or debt securities, while eliminating the preemptive subscription right, through an offer addressed to those individuals applicable under Article L 411-2, II of the French Monetary and Financial Code)

The Extraordinary General Meeting of Shareholders, after hearing the report of the Board of Directors and the special report of the statutory auditors, and on confirming that all share capital has been paid up pursuant to Articles L.225-129, L.225-135 and L.225-136, delegates its authority to the Board of Directors, which may in turn delegate it to the Chief Executive Officer, or, with his consent, to one or more deputy general managers, to issue at his sole discretion, stock options or any other security without preemptive rights, on one or more occasions, through an offer addressed to those individuals referred to in part II of Article L.411-2 of the French Monetary and Financial Code, in the proportions and on the dates of his choosing, in France or abroad, that in any way give the owner access to Company capital either immediately or in the future, by means of allocating either new shares or existing Company shares, or a combination of the two, at the Company's discretion, or options entitling their owner to Company debt securities, or existing shares of any company in which it directly or indirectly owns more than half of the capital, subject to the approval of the Extraordinary Meeting of Shareholders of the concerned company. Securities may be subscribed either in cash or by the offsetting of debt.

- resolves that:
  - securities giving their owners access to capital or to Company debt securities or to existing shares of a company in which it directly or indirectly owns more than half of the capital may consist of debt securities or be associated with the issuance of such securities, or may even permit their issuance as intermediary securities. They may or may not take the form of fixed-term or open-ended securities, either subordinated or not, denominated in euros or its equivalent in foreign currency or in composite currency units;
  - this delegation eliminates shareholders' preemptive subscription right to shares or any other securities that immediately or in the future in any way give the persons listed in part II of Article L.411-2 of the French Monetary and Financial Code access to the Company's capital;
  - when allocating new Company shares to the holders of securities to be issued, this delegation of authority implies an automatic waiver by shareholders of their preemptive subscription rights to shares to which these securities entitle them;
  - the maximum amount of capital increases that may be carried out immediately or in the future pursuant to this delegation shall not exceed 10% of the Company's capital per year, and this limit must be established on the issue date, and shall not take into account the increase in the par value of the share capital that may occur following the exercise of any rights, securities or warrants already issued and exercised at a later date;
  - the share issue price to be set by the Board of Directors will be at least equal to the minimum provided for by the regulations in effect on the issue date, which as of today is equal to the weighted average of prices on Euronext Paris for the three trading days preceding the day it was set, less a possible maximum discount of 5%;
  - the issue price for the securities giving access to capital and the number of shares to which these securities entitle them, as set by the Board of Directors, will be such that the amount collected by the Company, plus any amount likely to be collected in the future by the Company for each share issued as part of this securities issue, will be at least equal to the issue price set forth in the above paragraph.

This delegation, which is granted for a period of twenty-six months beginning as of this Meeting, cancels all authorizations for the same purpose granted by previous General Meetings of Shareholders.

- grants all powers to the Board of Directors. within the limits set by the General Meeting of Shareholders and the law, with the power to subdelegate them to the Chief Executive Officer, to implement this delegation, namely:
- to decide on one or more issues,
- set the conditions, type and characteristics, especially the issue price, (including or excluding a premium), for the shares and other securities to be issued and the date, even retroactively, from which the new shares are entitled to dividends;
- determine the individuals referenced by Article L. 411-2 of the French Monetary and Financial Code for the benefit of whom the issue(s) will be undertaken;
- register the resulting capital increases and amend the By-laws accordingly,
- charge the issue fees to the premium;

and, in general, grants the same powers as those set forth in the two last paragraphs of Resolution Twenty-Six.

Draft resolutions

Resolution Twenty-Eight

(Authorization granted to the Board of Directors to set the price of issues without preemptive subscription rights under the terms established by the General Meeting of Shareholders pursuant to Article L.225-136 of the French Commercial Code)

The Extraordinary General Meeting of Shareholders, after hearing the report of the Board of Directors and the special report of the statutory auditors, delegates its authority to the Board of Directors, which may in turn delegate it to the Chief Executive Officer, or, with his consent, to one or more deputy general managers, pursuant to Article L 225-136 of the French Commercial Code, to set the issue price for an issue undertaken pursuant to Resolution Twenty-Six and Twenty-Seven of this Meeting, notwithstanding Article L 225-136, Part 1 of the French Commercial Code, as follows:

- the issue price will be equal to the weighted average price of the share on Euronext Paris for the ten trading sessions preceding the day it was set, less a possible maximum discount of 5%;
- the issue price for the securities giving access to capital will be such that the amount immediately collected by the Company, plus any amount likely to be collected in the future by the Company, for each share issued as part of this securities issue will be at least equal to the issue price set forth in the above paragraph.

The maximum nominal amount of capital increases that may be made in application of this Resolution shall not exceed 10% of the Company's capital per year, and this limit must be established on the issue date, and shall not take into account the possible increase in par value of share capital that may occur, following exercise of any rights and securities already issued the exercise of which is postponed, over an adjusted capital affected by operations on a date following this General Meeting of Shareholders.

This delegation, which is granted for a period of twenty-six months beginning as of this Meeting, cancels all authorizations for the same purpose granted by previous General Meetings of Shareholders.

Resolution Twenty-Nine

(Authorization granted to the Board of Directors to increase the number of securities to be issued in connection with capital increases with or without preemptive subscription rights)

The Extraordinary General Meeting of Shareholders, after hearing the report of the Board of Directors and the special report of the statutory auditors, delegates its authority to the Board of Directors, which may in turn delegate it to the Chief Executive Officer, or, with his consent, to one or more deputy general managers, pursuant to Article L 225-135-1 of the French Commercial Code, when undertaking any securities issue pursuant to Resolutions Twenty-Five, Twenty-Six and Twenty-Seven of this General Meeting, and at its own discretion, to issue a number of shares or securities in excess of that initially set at the same price as that used for the initial issue, under the conditions of Article L 225-135-1 of the French Commercial Code, and up to the ceiling set out in Resolutions Twenty-Five, Twenty-Six and Twenty-Seven, and the overall ceiling set out in Resolution Thirty.-Three

This delegation, which is granted for a period of twenty-six months beginning as of this Meeting, cancels all authorizations for the same purpose granted by previous General Meetings of Shareholders.

Resolution Thirty

(Delegation of authority granted to the Board of Directors to increase the capital by the capitalization of reserves, income, premiums and other amounts eligible for capitalization)

The Extraordinary General Meeting of Shareholders, after hearing the report of the Board of Directors, deciding in accordance with Articles L 225-129 to L 225-130 of the French Commercial Code, delegates its authority to the Board of Directors, which may in turn delegate it to the Chief Executive Officer, or, with his consent, to one or more deputy general managers, to decide to increase the Company's share capital on one or more occasions, at the times and in the manner of its choosing, by capitalizing reserves, income, premiums or other amounts eligible for capitalization through the issuance and allocation of bonus shares or by raising the par value of existing shares, or a combination of these two methods.

The amount of the capital increase resulting from the issues under this Resolution may not exceed a nominal amount of sixty-six (66) million euros, and may not take into account the amount under the law needed to safeguard the rights of holders of securities entitling them to shares.

The General Shareholders Meeting grants the Board of Directors all powers to implement this Resolution, namely to:

- approve all the terms and conditions of the authorized transactions, specifically set the amount and type of reserves and premiums to be capitalized, set the number of new shares to be issued or the amount of the increase in the nominal amount of the existing shares comprising the share capital, approve the date, even retroactively, from which the new shares are entitled to dividends or the date on which the rise in the nominal amount will take effect;

- take all steps to safeguard the rights of bearers of securities giving access to capital as of the day of the capital increase;
- approve the conditions for making use of partial share rights and especially decide that these rights are non-negotiable and non-transferrable and that the corresponding shares will be sold and proceeds from the sale will be allocated to the holders of rights no later than 30 days after the date on which the total number of capital securities allocated is registered in their account;
- register the capital increase resulting from the share issue, modify the By-laws accordingly, apply to have the shares admitted to a regulated market and undertake all required publication formalities;
- and, in general, take all steps and undertake all formalities to successfully complete each capital increase.

This delegation, which is granted for a period of twenty-six months beginning as of this Meeting, cancels all authorizations for the same purpose granted by previous General Meetings of Shareholders.

Resolution Thirty-One

(Delegation of authority granted to the Board of Directors to issue shares or securities entitling their holders to capital, in the event Rallye launches a public offer on securities from another listed company, while eliminating the preemptive subscription right)

The Extraordinary General Meeting of Shareholders, after hearing the report of the Board of Directors and the special report of the statutory auditors, delegates its authority to the Board of Directors, which may in turn delegate it to the Chief Executive Officer, or, with his consent, to one or more deputy general managers, to issue shares or any other securities, at its sole discretion, that in any way give access to Company capital either immediately or in the future, in payment for shares or securities contributed to any combined or alternative public exchange offer initiated by the Company on the shares or securities of another company registered on one of the regulated markets set out in Article L 225-148 of the French Commercial Code.

The General Meeting of Shareholders expressly decides to eliminate as necessary the preemptive subscription right of shareholders to these shares or securities.

The total par value of the securities eligible for issue pursuant to this delegation may not exceed sixty-six (66) million euros, for securities representing a proportional share of the capital, and one (1) billion euros or the equivalent in foreign currency or in composite currency units for debt securities.

To allow the holders of securities to exercise their allotment right to new Company shares, the General Meeting of Shareholders also authorizes of the Board of Directors to increase the share capital by a maximum nominal amount of sixty-six (66) million euros.

The General Meeting also takes note of the fact that the issuance of securities giving access to capital entails a waiver by shareholders of their preemptive subscription right to the equity securities to which these securities may entitle them.

The Board of Directors will have all powers to launch public offers under this Resolution, namely to set the exchange ratio and, if necessary, the amount of the balances in cash to be paid, register the number of securities contributed on maturity, set the conditions, type, and characteristics of the shares and other securities turned in for exchange, enter under liabilities on the balance sheet the share premium against which all expenses and fees generated by the transaction, if any, will be charged, and undertake all formalities and declarations and require all authorizations that may be deemed necessary for the proper completion of the transactions authorized by this delegation and, in general, do all things required.

This delegation, which is granted for a period of twenty-six months beginning as of this Meeting, cancels all authorizations for the same purpose granted by previous General Meetings of Shareholders.

Draft resolutions

Resolution Thirty-Two

(Delegation of authority granted to the Board of Directors, up to a limit of 10% of the Company's capital, to issue shares or securities giving access to capital for the purpose of repaying contributions in kind granted to the Company and made up of equity capital or securities giving their holders access to capital)

The Extraordinary General Meeting of Shareholders, after hearing the report of the Board of Directors and the report of the statutory auditors, deciding pursuant to Article L 225-147 of the French Commercial Code, delegates its authority to the Board of Directors, which may in turn delegate it to the Chief Executive Officer, or, with his consent, to one or more deputy general managers, to decide, up to a limit of 10% of the Company's capital, citing the report by the Auditor(s) for the contributions mentioned in paragraphs one and two of Article L 225-147 above, to issue shares or securities giving access to the Company's capital for the purpose of repaying contributions in kind granted to the Company and made up of equity capital or securities providing their holders with access to capital, in the event that the provisions of Article L 225-148 of the French Commercial Code do not apply, and decides to eliminate, as necessary, the preemptive subscription right of shareholders to shares or securities to be issued, in favor of the bearers of these securities that are the purpose of said contributions in kind.

The General Meeting takes note of the fact that this delegation of authority implies an automatic waiver by shareholders of their preemptive subscription right to the equity securities of the Company to which the securities issued on the basis of this delegation may entitle them, in favor of the bearers of securities issued hereunder that provide access to the Company's.

The Board of Directors will have all powers to implement this resolution, namely, citing the report of the Auditor(s) of the contributions mentioned in paragraphs one and two of Article L 225-147 above, to decide to value contributions and grant special advantages and the values thereof (including, if contributors agree, to lower the valuation of the contributions or compensation for special advantages), set the conditions, type, and characteristics of the shares and other securities to be issued, register the final completion of capital increases carried out under this delegation, amend the By-laws accordingly, and undertake all formalities and declarations and require all authorizations that may be deemed necessary to complete these contributions and, generally, do all things necessary.

This delegation, which is granted for a period of twenty-six months beginning as of this Meeting, cancels all authorizations for the same purpose granted by previous General Meetings of Shareholders.

Resolution Thirty-Three

(Overall limit on financial authorizations granted to the Board of Directors)

The Extraordinary General Meeting of Shareholders, after hearing the report of the Board of Directors, and subject to the approval of Resolutions Twenty-Five through Thirty-Two above, resolves that:

- the total nominal amount of debt securities that may be issued immediately or in the future based on these Resolutions may not exceed one (1) billion euros or its equivalent in foreign currency or in composite currency units, plus any call premium above par;
- the total nominal amount of the capital increase that may be carried out immediately or in the future based on these Resolutions may not exceed sixty-six (66) million euros, and may not take into account the par value of additional shares to be issued to safeguard the holders of securities under the law.

The General Meeting records the fact that the total nominal amount of sixty-six (66) million euros does not include the nominal amount of the shares:

- to be issued upon the exercise of stock options reserved for employees and corporate officers;
- to be allocated to employees and corporate officers in the event bonus shares are issued in connection with a capital increase;
- to be issued, if necessary, to employees who are members of a company savings plan, pursuant to Resolutions Thirty-Eight;
- to be allocated to pay share dividends.

Resolution Thirty-Four

(Authorization to any company that holds more than 50% of Rallye's capital to issue securities of the issuing company providing an allotment right to existing Company shares)

The Extraordinary General Meeting of Shareholders, after hearing the report of the Board of Directors and the special report of the Statutory Auditors pursuant to Articles L 228-91 *et seq.* of the French Commercial Code, authorizes the Company or companies that directly or indirectly own more than half of Rallye's share capital, to issue securities providing a right of entitlement to any allotment right to existing Rallye shares, either immediately or in the future.

This delegation, which is granted for a period of twenty-six months beginning as of this Meeting, cancels all authorizations for the same purpose granted by previous General Meetings of Shareholders.

Resolution Thirty-Five

(Authorization granted to the Board of Directors to award bonus shares to company personnel and to personnel and corporate officers of affiliated companies).

The General Meeting of Shareholders, after hearing the special report of the statutory auditors,

- authorizes the Board of Directors under the conditions set out in Articles L 225-197-1 to L 225-197-5 of the French Commercial Code, to award existing or future shares of the Company as bonus shares to Company personnel or certain categories of personnel, and to personnel and corporate officers of companies or economic interest groups connected with the company, on one or more occasions, on the terms set out in Article L 225-197-2 of the French Commercial Code;
- resolves that the total number of shares that may be allocated may not exceed 2% of the Company's share capital.

The General Meeting of Shareholders authorizes the Board of Directors, within the limit set in the above paragraph, alternatively or cumulatively, to:

- allocate shares originating in buybacks the Company has carried out under the terms of Articles L 225-208 and L 225-209 of the French Commercial Code, and/or
- allocate shares to be issued by way of a capital increase; in this case, the General Meeting authorizes the Board of Directors to increase the share capital by the maximum nominal amount corresponding to the number of shares allocated, takes note and resolves, as necessary, that the allocation of shares to the beneficiaries designated by the Board of Directors entails an automatic express waiver by the shareholders, on behalf of said beneficiaries, of their preemptive subscription rights to the shares to be issued.

The General Meeting of Shareholders:

- sets the minimum vesting period during which beneficiaries will be fully vested with these rights at two years from the date on which the allotment rights are granted by the Board of Directors, with the understanding that these rights will not be available until the end of this period, pursuant to the provisions of Article L 225-197-3 of the French Commercial Code; however, in the event a beneficiary dies, heirs may request the shares within six months of his or her death;
- sets the minimum period a beneficiary must retain shares at two years from the definitive award;

The General Meeting of Shareholders grants all powers to the Board of Directors, within the limits defined above, to:

- determine the identity of beneficiaries or category(ies) of beneficiary of the share allotments, with the understanding that shares may not be allotted to employees or corporate officers holding more than 10% of the share capital each, and that allotments of bonus shares may not cause any of these beneficiaries to exceed the 10% threshold of share capital;
- distribute allotment rights on one or more occasions at the times of its choosing;
- set the conditions and criteria for allocating shares such as (by way of a non-exhaustive enumeration) the seniority conditions, conditions of continuing to have an employment contract or hold corporate office during the vesting period, and any other financial or individual or collective performance condition;
- determine the definitive durations of the vesting periods and the share retention period within the limits set forth by the General Meeting above;
- register the bonus shares allotted to personal accounts in the name of their holder, indicating the lock-up period and its duration;
- suspend lock-up during the retention period in the event an employee is dismissed, retires, is disabled as classified in the second and third categories set forth in Article L 341-4 of the French Social Security Code, or dies;
- fund a lock-up reserve for rights of allotees in an amount equal to the total nominal amount of shares eligible to be issued in connection with a capital increase, by withdrawing the necessary amounts from any reserves freely available to the Company;
- make necessary withdrawals from this lock-up reserve to pay up the par value of shares to be issued to their beneficiaries;
- amend the By-laws accordingly in the event of a capital increase, and perform all required formalities;
- if the financial transactions referred to in Article L 228-99, paragraph one, of the French Commercial Code, are carried out during the vesting period, undertake all appropriate measures to safeguard and adjust the rights of allotees in accordance with the terms and conditions set forth in part 3 of said Article.

Pursuant to the provisions of Articles L 225-197-4 and L 225-197-5 of the French Commercial Code, a special yearly report will provide information to the Ordinary General Meeting of Shareholders regarding the operations carried out pursuant to this authorization.

This delegation, which is granted for a period of twenty-six months beginning as of this Meeting, cancels the authorization granted by the Extraordinary General Meeting of Shareholders of June 4, 2008.

Draft resolutions

Resolution Thirty-Six

(Authorization granted to the Board of Directors to increase the capital or transfer treasury shares to employees)

The General Meeting of Shareholders, after hearing the report of the Board of Directors and the special report of the Auditors, and deciding pursuant to the provisions of Articles L 3332-18 *et seq.* of the French Labor Code and Article L 225-138-1 of the French Commercial Code, authorizes the Board of Directors, under the conditions set forth by law, which may subdelegate this authority pursuant to Articles L 225-129-2 and L 225-129-6 of the French Commercial Code, to increase the share capital on one or more occasions, at its sole discretion if it deems it necessary, by issuing shares,

- either when securities giving access to capital are issued in cash, or,
- to the extent that the report of the Board of Directors provided for in Article L 225-102 of the French Commercial Code determines that shares held collectively by Company employees or employees of companies affiliated with it as defined by Article L 225-180 of the French Commercial Code represent less than 3% of the share capital.

Only those employees who are members of a Rallye company savings plan or of those of companies affiliated with it under the conditions indicated in Article L 233-16 of the French Commercial Code and the terms established by Article L 3332-18 *et seq.* of the French Labor Code may subscribe shares in connection with this capital increase.

The General Meeting of Shareholders expressly resolves to eliminate the preemptive right of shareholders to the shares that will be issued, in favor of the beneficiaries of the capital increases that may be decided under this authorization.

The total number of shares that may be issued under this authorization may not exceed 4% of the total number of Company shares at the time of the issue, and this ceiling is independent of the ceiling set out in Resolution Twenty-Six and the overall ceiling set out in Resolution Thirty-Three.

The subscription price of the shares will be set pursuant to the provisions of Article L 3332-19 of the French Labor Code.

The General Meeting of Shareholders also resolves that the Board of Directors may decide to allocate bonus shares or other securities giving access to capital, and that the total benefit from this allocation and, if applicable, the company's contribution and subscription price discount may not exceed legal or regulatory limits.

The General Meeting of Shareholders authorizes the Board of Directors to transfer shares acquired by the Company pursuant to Articles L 225-206 *et seq.* of the French Commercial Code, on one or more occasions at its sole discretion, up to a limit of 4% of the securities issued by the Company to employees who are member of the Company's savings plan or of those of companies affiliated with it under the conditions set out in Article L 233-16 of the French Commercial Code and on the terms established by Articles L 3332-18 *et seq.* of the French Labor Code.

This delegation, which is granted for a period of twenty-six months beginning as of this Meeting, cancels all authorizations for the same purpose granted by previous General Meetings of Shareholders.

The capital increase(s) will be performed only up to the number of shares individually subscribed by employees or by the intermediary of a company mutual fund.

Pursuant to and under the conditions of Article L 225-135-1 of the French Commercial Code, the General Meeting of Shareholders authorizes the Board of Directors to issue a number of shares in excess of that initially set at the same price as the price of the initial issue, up to the ceiling set forth above.

The General Meeting of Shareholders grants all powers to the Board of Directors, with the power to subdelegate under the conditions set out by law, to implement this authorization and undertake this issue or issues up to the limits set above, on the dates, by the deadlines, and according to the methods which it shall set in accordance with statutory and legal requirements, and specifically to:

- approve the methods for one or more reserved issues, namely, to determine whether the issues may be made directly to beneficiaries or through collective bodies;
- set the amounts of capital increases, subscription dates and durations, methods and any time periods granted to subscribers to pay for their securities, seniority conditions that subscribers of new shares must meet;
- based on these decisions alone, following each capital increase, charge the fees for the capital increases against the resulting premiums and withdraw from this amount the sums necessary to bring the legal reserve up to one-tenth of the new capital;
- record the amount of the corresponding capital increases and amend the by-laws in accordance with the direct or differed capital increases;
- and, in general, take all steps and undertake all formalities required for the issue, listing and service of the securities the issuance of which has been authorized.

Resolution Thirty-Seven
(Kerrous merger)

The General Meeting of Shareholders, after reviewing the:
- report of the Board of Directors;
- on the merger agreement approved on March 10, 2011 by the chairman of the acquiring company and the Board of Directors of the company acquired, under the terms of which Kerrous, a simplified joint stock company with capital of €184,500,000 and registered office at 83 rue du Faubourg Saint-Honoré in Paris (75008), identified by number 349 920 454 and listed in the Paris Company and Trade Register, contributes all of its assets under the merger to Rallye in exchange for which Rallye will assume all of its liabilities as they appeared on December 31, 2010 and as described in the merger agreement, under the conditions and according to the methods set forth, with retroactive effect to January 1, 2011.

Approves all provisions of the merger agreement presented to it, and accordingly approves the merger of Kerrous into Rallye on the conditions set out in Article L.236-11 *et seq.* of the French Commercial Code.

The General Meeting of Shareholders approves, in particular, the valuation of the assets brought in under the merger in a net amount of €137,160,330.45.

The General Meeting takes note of the fact that Rallye, as the owner of all shares that comprise the Kerrous company, will not as a result issue shares in exchange for the contributed assets.

The General Meeting of Shareholders declares that the merger is classified under the tax system for mergers as defined by Articles 210 A, 210 C, 115, 54 *septies* I and II of the French General Tax Code. For this purpose, Rallye agrees to honor the limitations periods listed in said Articles.

The sole General Meeting of Shareholders approves the merger loss of €50,429,942.10, which will be recorded under liabilities on Rallye's balance sheet in the account "intangible assets."

The General Meeting of Shareholders takes note of the fact that all assets and liabilities of the acquired company as they appeared on its December 31, 2010 balance sheet, or as they will emerge from the transactions carried out up to the actual date of this merger, were contributed on the basis of the net carrying amount of the acquired company's assets and liabilities.

The General Meeting of Shareholders likewise takes note of the fact that because of the reference made to the accounts as of December 31, 2010, all asset and liability transactions occurring in the interim from January 1, 2011 to the final merger date, will be globally taken over by the acquiring company in its own financial statements for the fiscal year in progress on that date.

The General Meeting of Shareholders notes that Rallye's takeover of Kerrous by merger has become final and that Kerrous was dissolved without being liquidated.

The General Meeting of Shareholders grants all powers to the Board of Directors, with the power to subdelegate, to restate and confirm to the extent necessary the assets contributed by Kerrous by means of an authenticated instrument or otherwise, for the specific purpose of ensuring their transmission.

Resolution Thirty-Eight
(Powers)

The General Meeting of Shareholders grants all powers to the bearer of an original, extract, or copy of these minutes to fulfill all publication, filing or other formalities entrusted to him or her.

Additional information

GENERAL INFORMATION ABOUT RALLYE

GENERAL INFORMATION

Corporate name: RALLYE

Registered office: 83, rue du Faubourg St Honoré - 75008 Paris

Administrative headquarters: 32, rue de Ponthieu - 75008 Paris

■ Legal form:

RALLYE is a *Société Anonyme* (joint stock corporation) governed by Book II of the French Commercial Code.

Governing law: French law

Formation - life

Date of formation: January 20, 1925

Expiration date: December 31, 2064

Life: 90 years as from December 31, 1974, the date of its first extension.

■ Objet social

■ Corporate purpose

Article 3 of the by-laws:
"The company's purpose is:
- to take equity interests in any French or foreign business, whatever its legal form or purpose, and to manage these interests;
- to provide administrative, accounting, legal, financial, IT, commercial or other services to further the interests of any company, as well as public relations services;
- to acquire and manage all types of real property;
- to undertake any form of business, commission, or brokerage in its own name, or on behalf of others;
- and, in general, to undertake any commercial, industrial, real estate, personal property or financial transactions either directly or indirectly related, or likely to be of use, to the Company's purpose or to help in its attainment.

It may, in France or abroad, create, acquire, operate or cause to be operated any brand of manufacture, trade, or service, any model or design, any patent or manufacturing process related to the above purpose.
It may act in any country, either directly or indirectly, on its own account or on behalf of others, alone or in association, participation, grouping or company, in conjunction with any other person or company, and it may carry out the transactions necessary to its purpose, under any form."

■ Trade and Companies Register

Registered in the Paris (France) Trade and Companies Register (R.C.S.) under number 054 500 574.

■ Consultation of documents and information relating to the Company

Company documents relating to the last three fiscal years (annual financial statements, minutes of Shareholders' Meetings, Directors, statutory auditors' reports, by-laws, etc.) can be consulted at the Company's headquarters, 32, rue de Ponthieu - 75008 Paris, France.

Accounting year - Article 32 of the by-laws
The accounting year starts on January 1 and ends on December 31.

BY-LAWS RELATING TO THE MANAGEMENT AND GOVERNANCE BODIES – BOARD OF DIRECTORS' INTERNAL RULES OF PROCEDURE

■ Board of Directors

Composition of the Board of Directors (extract from Article 14 of the by-laws)

The company is administered by a Board with between three and eighteen members.

Directors' shares (extract from Article 15 of the by-laws)

"Each Director must own at least 1 (one) registered share.
In the event that a Director does not own the requisite share on the day of his or her appointment or ceases to own such shares while still in office, such director is deemed to have automatically left office unless he or she remedies the situation within six months."

Term of office - Age limit - Replacement (extract from Article 16 of the by-laws)

I - Members of the Board are appointed for a term of one year expiring after the Shareholders' Meeting called to approve the financial statements for the year ended and held during the year in which their term of office expires.
II - All Members of the Board who are natural persons and all Members that are permanent representatives of a legal entity are deemed to have automatically left office after the Ordinary Shareholders' Meeting held to approve the financial statements for the year during which they reach 75 years of age.
III - Members of the Board are appointed or re-reappointed by the Shareholders' Meeting.

In the event of a vacancy due to the death or resignation of one or several Members of the Board, the Board may, between two Shareholders' Meetings, appoint a temporary Member or Members. These appointments are subject to ratification at the subsequent Shareholders' Meeting.
Even if the appointment of a Member by the Board is not ratified by the Shareholders' Meeting, the actions performed by the Member and the proceedings undertaken by the Board during the temporary appointment period remain valid.
If the number of Members falls below three, the remaining Members (or the statutory auditors or a representative designated, at the request of any interested party, by the Presiding Judge of the Commercial Court) must immediately call an Ordinary Shareholders' Meeting to appoint one or several new Members in order to fill the vacancies and bring the number of Board Members up to the required legal minimum.
A Member appointed to replace another Member only fills the vacancy for the remainder of the unexpired term of his or her predecessor.
The appointment of a new Board Member in addition to serving Members may only be decided on by the Shareholders' Meeting.

Board of Directors' organization, meetings and proceedings

> Chairman - Board Committee (extracts from articles 17 and 20 of the by-laws)

The Board of Directors appoints a Chairman from among its Members who are natural persons.

The Chairman of the Board of Directors organizes and directs the activities of the Board and reports thereon to the Shareholders' Meeting. The Chairman ensures that the Company's management bodies function properly and that Board Members are able to fulfill their duties.
The Chairman may be appointed for the entire term of his or her office as a Board Member, subject to the right of the Board of Directors to remove him or her from office and to the Chairman's right to resign before the expiry of his or her tenure. The Chairman is eligible for reappointment.
The Chairman is deemed to have automatically resigned from office after the Shareholders' Meeting called to approve the financial statements for the year during which he or she reaches 75 years of age.
The Board of Directors may remove him or her from office at any time.
In the event of the temporary incapacity or death of the Chairman, the Board of Directors may delegate the powers and duties of the Chairman to another Member. In the event of temporary incapacity, the delegation of the powers and duties shall be given for a limited period, which may be renewed. In the event of death, the delegation shall be valid until the appointment of a new Chairman.

Additional information

GENERAL INFORMATION ABOUT RALLYE

> Non-voting observers (extract from Article 23 of the by-laws)

The Shareholders' Meeting may appoint non-voting observers, which may be either legal entities or natural persons, from among the shareholders. Between two Ordinary Shareholders' Meetings, the Board of Directors may appoint non-voting observers subject to the ratification of the appointment by the subsequent Shareholders' Meeting. There may not be more than five such observers in total.
Non-voting observers are appointed for a term of office of one year. Their appointment expires after the Shareholders' Meeting called to approve the financial statements for the previous year and held in the year during which their term of office expires. Observers are eligible for reappointment at any time, and may be removed from office at any time by decision of the Shareholders' Meeting.
The observers participate in the Board of Directors' meetings. At such meetings, they give their opinion and comments and have an advisory role in the Board's proceedings.
They may receive compensation. The aggregate amount of compensation is set by the Shareholders' Meeting and maintained until a new decision is made at another Shareholders' Meeting. The compensation is divided between or among the observers by the Board of Directors, as it sees fit.

Délibération du conseil (extrait de l'article 18 des statuts)

I. The Board of Directors meets as often as required by the interests of the company and whenever it sees fit, at a place indicated in the notice of meeting.
   Notices of meetings are issued by the Chairman or on his or her behalf by a person designated by the latter. When a meeting has not been held for more than two months, one third of the serving Members may ask the Chairman to call a meeting with a specific agenda. The Chief Executive Officer may also ask the Chairman to call a Board meeting with a specific agenda.
II. The proceedings of the Board of Directors are valid if at least half the serving Members are effectively present. A register of attendance is maintained, signed by the Members attending the meetings.

Decisions are taken by a majority vote of the Members present or represented. In the event of a tied vote, the Chairman's vote is casting. However, if the Board consists of fewer than five Members, decisions may be made by two Members in attendance, who are in agreement.
The Members may participate in proceedings by means of video conference or a similar communications system under the conditions set out and in the manner governed by current regulations and the Board's internal rules of procedure.

Board's powers (extract from Article 19 of the by-laws)

I. The Board of Directors determines the strategic orientations of the company's business and ensures 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 that concern the Company's operations. Through its proceedings, it resolves the issues confronting the Company.
II. When the Chairman is appointed or re-appointed, the Board of Directors sets out the arrangements governing the executive management of the Company, which is performed either by the Chairman or by another natural person appointed for that purpose.
   However, the Board of Directors may, by Board decision and at any time, modify the arrangements governing the executive management of the Company, without requiring any amendment to the Company's by-laws.
III. The Board may appoint committees and determine their composition and powers. The Members of these committees are responsible for examining issues referred to them by the Chairman or the Board.
IV. The Board authorizes, in compliance with legal provisions, the agreements other than those relating to ordinary business operations concluded under normal conditions, pursuant to Article L.225-38 of the Commercial Code. However, the Company may not grant loans, overdrafts, sureties or guarantees to the persons mentioned in Article L.225-43 of the Commercial Code or for the purposes provided for in Article L.225-219 of the Commercial Code.
V. Except where prohibited by law, all powers, offices and duties limited to one or several operations or types of operation may be delegated to any persons, whether Board Members or not.
   Furthermore, the Board of Directors of the Company has set up a number of mechanisms in its internal rules of procedure to ensure oversight of the executive management of the Company (see the section on "Corporate Governance").

■ Executive Management System

The powers and duties of the Chairman of the Board of Directors and the Chief Executive Officer may be entrusted to the same person (extract from Article 21 of the by-laws)

Executive management

The executive management of the Company may be carried out either under the responsibility of the Chairman of the Board of Directors or by a Chief Executive Officer appointed by the Board of Directors.
Although the Company's by-laws provide for the separation of these powers, the Chairman of the Board of Directors holds the office of Chief Executive Officer.

If the executive management of the Company is conducted by the Chairman, the provisions of this Article apply to him. He or she then takes the title of Chairman/Chief Executive Officer.

The Chief Executive Officer has the broadest powers to act in all circumstances on behalf of the Company. He or she exercises these powers within the limits of the Company's corporate purpose and subject to the powers expressly attributed by law to Shareholders' Meetings and to the Board of Directors.

He or she represents the Company in its dealings with third parties.

The term of office of the Chief Executive Officer is freely set by the Board of Directors. It may not exceed the Members' term of office as set forth in Article 16 above.
The Chief Executive Officer shall be deemed to have automatically resigned from office after the Shareholders' Meeting called to approve the financial statements for the year during which he or she reaches 75 years of age.
The Chief Executive Officer may be removed from office at any time by the Board of Directors. If the Chief Executive Officer is removed without just cause, he or she may seek damages, unless he or she is also Chairman of the Board of Directors.

Deputy Managing Directors

Upon a proposal by the Chief Executive Officer, the Board of Directors may appoint one or more natural persons to assist the Chief Executive Officer, with the title of Deputy Managing Director.
The maximum number of Deputy Managing Directors is five.
By agreement with the Chief Executive Officer, the Board of Directors determines the scope and duration of the powers granted to the Deputy Managing Directors. In dealings with third parties, the Deputy Managing Directors have the same powers as the Chief Executive Officer.
Deputy Managing Directors may be removed from office at any time by the Board of Directors upon a proposal by the Chief Executive Officer. If they are removed without just cause, they may seek damages.
The Chairman, if he or she also acts as Chief Executive Officer, the Chief Executive Officer or any of the Deputy Managing Directors are authorized to delegate or substitute powers to carry out one or several operations or types of operation.

■ Board of Directors' Internal Rules of Procedure

The Board of Directors of the Company has adopted internal rules of procedure for its operations, in addition to the laws, regulations and by-laws governing the Company.
These internal rules of procedure specify how the Board is organized and operates and set out the powers and duties of the Board of Directors and of the Board committees that it has established. They also set out the arrangements for monitoring and assessing its performance (see the section on "Corporate governance", which describes the various Board committees, the limits placed on executive management and the system for control and evaluation of the Board of Directors).

■ Appropriation of income

Article 33 of the by-laws:

"I. The income statement shows the income or loss for the period, after the deduction of amortization and provisions.

From this income, less losses carried forward from previous periods, if any, the following must be paid in priority:
- at least five percent to constitute the legal reserve fund. This ceases to be mandatory once said fund has reached one-tenth of the capital, but becomes mandatory again if, for whatever reason, this requirement is no longer met;
- and any amounts to be set aside as reserves in compliance with the law.

The balance, together with any profit carried forward, constitutes the earnings available for distribution. It is at the disposal of the shareholders at the general meeting to be, if proposed by the Board of Directors, either totally or in part, distributed to the shares as a dividend, appropriated to any reserve or capital amortization accounts, or to retained earnings.
The Shareholders' Meeting voting on the accounts for the period may grant each shareholder, for all or part of the dividend to be distributed, the option to choose between receiving the dividend in cash or in shares.

II. The shareholders at the general meeting may choose to use the reserves at their disposal to pay a dividend on shares. Should this be decided, the decision must expressly indicate the line items from which the amounts are taken."

■ Information regarding Shareholders' Meetings:

The amendments to Articles 25-II, 25-IV, 27-1 and 28-III of the by-laws regarding the representation and calling of shareholders' meeting are subject to the approval of the Extraordinary Shareholders' Meeting of May 4, 2011.

Additional information

GENERAL INFORMATION ABOUT RALLYE

■ Shareholders' meetings are convened as follows:

Article 27, paragraphs I and II of the by-laws

"I. The Shareholders' Meeting is called by the Board of Directors, or, failing that, by the statutory auditors or by an agent appointed by the presiding judge of the Commercial Court ruling in summary proceedings at the request of one or more shareholders representing at least one fifth of the share capital, or of a shareholders' association under the conditions set out in Article L. 225-120 of the Commercial Code.

The meeting is called at least fifteen days ahead of time on first calling and at least ten days earlier for subsequent callings, by means of a notice published in a publication authorized to receive legal notices in the geographic department of the company's registered office and in the mandatory announcements bulletin *Bulletin des Annonces Légales Obligatoires*
Shareholders holding registered shares for at least a month as of the date of such notices are convened by regular mail or by any means of electronic telecommunication.
The invitation is preceded by a notice containing the disclaimers provided for by law and published in the *Bulletin des Annonces Légales Obligatoires at least thirty five days prior to the meeting (…)"*
Meetings are held in the city or town in which the Company has its registered office, or in any other town in France, depending on what has been decided by the person convening the meeting, and at the location indicated therein.
The agenda for each general meeting is established by the person convening the meeting. If applicable, it contains proposals made by one or more shareholders, under the conditions provided by law.

■ Conditions of admission:

Article 25, paragraphs I, II and III of the by-laws states:

"I. Subject to forfeiture due to the failure to make full payment for shares within the prescribed deadlines, the shareholders' meeting consists of all shareholders regardless of the number of shares held.
The shareholders' meeting, duly convened and constituted, represents all the shareholders; its decisions are binding on all, even for dissenters, those lacking capacity or absent.

II. Any shareholder may have himself or herself represented in accordance with the law.
Minors and those lacking capacity are represented by their guardians and administrators, who need not personally be shareholders.
Legal entities are validly represented by any legal representative having that capacity or by a person specifically authorized for that purpose.
Shareholders not domiciled in France may be represented through an agent duly registered as a holder of such shares for the account of the former.

Any shareholder may also vote by mail in the manner and in accordance with the time periods prescribed by law.

A postal ballot and ballot by proxy may be cast using one and the same document as defined by the author of the notice.

In accordance with the provisions of Articles L225-107 and L 228-1 of the Commercial Code, an owner of shares of the company who is not domiciled in France may have an agent duly registered as the holder of his or her shares representing such shareholder.

III. Whatever number of shares they hold, all shareholders have the right, upon providing proof of their identity and capacity, to participate in shareholders' meetings, provided that their shares were recorded at midnight (Paris time) on the third business day preceding the shareholders' meeting:

- for holders of registered shares: in the name of the shareholder in the registered accounts held by the Company;
- for holders of bearer shares: in the name of the intermediary registered on the shareholder's behalf in the bearer share accounts held by the authorized intermediary;

and, if necessary, subject to providing the Company with any necessary proof of identification, in compliance with applicable rules and regulations.

Accounting entries or registration of shares in bearer share accounts held by the authorized intermediary will be confirmed by a participation certificate issued by the latter, in compliance with legal and regulatory provisions.

Beneficial owners, bare owners, joint owners of shares may attend meetings under the conditions provided by law (Article 12 of the by-laws)."

■ Composition of the Shareholders' Meeting:

Article 25, paragraph IV of the by-laws:

"IV. Shareholders may, if the Board so decides, attend shareholders' meeting and vote remotely by videoconference or by any means of telecommunication and teletransmission, including the Internet, that allows for their identification under the conditions prescribed by applicable regulations and those decided on by the Board.
On a decision of the Board of Directors, the shareholders may define the forms for remote voting or voting by proxy using an electronic medium, under the conditions set by the regulation then in effect. These forms may be filled out and signed directly on the internet site created by the centralized institution in charge of the shareholders' meetings. Electronic signature of the form may be done by any means corresponding to the provisions of the first phrase of paragraph two of article 1316-4 of the Civil Code or any other subsequent legal provision that may replace it, such as the use of an identifier code and password.
Votes cast by electronic means, as well as any acknowledgment of receipt that is provided for it, shall be deemed an irrevocable writing and enforceable against all, except for a disposal of shares of which notice is given under the conditions stipulated in the second paragraph of article R 225-85 IV of the Commercial Code or by any other subsequent legal or regulatory provision that may replace it.
A proxy cast by electronic means, as well as an acknowledgment of receipt provided thereto, shall be deemed an irrevocable writing enforceable against all under the conditions defined by law."

■ Conditions for exercise of voting rights:

Article 28, paragraph III and IV of the by-laws

Shareholders have as many votes as the shares they own or represent, with no limits, except as provided by law or these by-laws.
Votes are cast by a show of hands, or electronically, unless a secret ballot is requested by one or more shareholders who together represent one tenth of the capital represented at the meeting, under the option provided for in Article 25-IV;
Shareholders may vote by mail under the conditions provided by law. They may also vote electronically on a website created by the Company exclusively for this purpose. In this case, they may not access this website unless they identify themselves by means of a code in advance of the meeting.

■ Conditions for acquiring double voting rights:

Article 28, paragraph III of the by-laws

However, under the circumstances provided by law, fully paid-up shares which have demonstrably been registered for at least two years in the name of the same shareholder are granted double voting rights, as are registered bonus shares that were allotted to a shareholder on the basis of existing shares entitled to such right, upon a capital increase through capitalization of reserves, earnings, or issue premiums. (Extraordinary Shareholders' Meeting of October 25, 1993).
The list of registered shares entitling their holders to double voting rights is decided on by the Board of Directors.
The double voting rights thus granted to registered shares fully paid up ceases as a matter of law for any shares that are converted into bearer shares or transferred to a different owner, except in the event of a registered-to-registered transfer, in application of the provisions of Article L225-124 of the Commercial Code.
For any proxy by a shareholder which does not indicate the agent, the person presiding over the shareholders' meeting casts a vote for the adoption of draft resolutions presented or approved on by the board of directors and a vote against the adoption of any other draft resolutions. To cast any other vote, the shareholder must select an agent who agrees to vote as indicated by the principal.
Votes are cast by a show of hands, electronically or by any means of telecommunication that enables identification of the shareholders under regulatory conditions in effect. The shareholders' meeting may also decide to vote by secret ballot on a proposal of the meeting committee.
Shareholders may also vote by absentee ballot under the conditions prescribed by law.

Additional information

GENERAL INFORMATION ABOUT COMPANY CAPITAL

A vote cast or power issued by an agent who either did not declare being an agent registered as the holder of shares on behalf of third parties not domiciled in France, or did not reveal the identity of the owners of the shares on whose behalf he or she is registered, in accordance with regulations in effect, will not be taken into account.

If capital is increased through capitalization of reserves, earnings, or issue premiums, double voting rights are granted, upon issue, to the registered shares allocated to each shareholder on the basis of pre-existing shares entitled to this right. Double voting rights are canceled upon conversion of shares into bearer shares or identifiable bearer shares, or upon a sale or transfer of shares, except for a transfer to an heir or upon the termination of a community-property regime between spouses, or *inter vivos* bequests to a spouse or a relative in a degree of kinship giving entitlement to inherit, which does not interrupt the time period necessary for the acquisition of a double voting right.

■ Share ownership thresholds required to be declared to the Company:

Article 10, paragraph II of the by-laws

Apart from being required to fulfill the legal obligation of informing the Company of the ownership of certain percentages of company capital and the attached voting rights, any person or legal entity who, alone or indirectly, under the terms of Article L 233-9 of the Commercial Code, or acting in concert with other natural or legal persons as defined by Article L 233-10 of the Commercial Code, should come to hold, or should cease to hold, in whatever manner, a percentage equal to 1% of the voting rights or any multiple thereof, up to 50%, must send a registered letter, return receipt requested, to the Company's registered office within five days of crossing one of these thresholds, informing the Company of the total number of shares and voting rights thus owned and providing future access to its capital, as well as of the number of voting rights attached thereto.
Should this reporting obligation not be respected, and upon the request, as recorded in the minutes of the general meeting, of one or more shareholders holding at least 5% of the company's capital, the voting rights in excess of the percentage which should have been declared may not be exercised at any meeting held, for a period of two years following the date of correct compliance with the reporting requirement.

■ Shareholder identification

Article 10, paragraph III of the by-laws

In order to identify the holders of bearer securities, and in accordance with Article L 228-2 of the Commercial Code, the Company has the right, at any time and at its expense, to obtain certain information from the securities clearing agency. The information it may request is the names (or company name, in the case of a legal entity), nationality and address of the holders of securities conferring either present or future rights to vote at its shareholders' meetings, as well as the number of shares held by each holder, and any restrictions which may apply to the shares in question.
The company may also, under the terms of Articles L 228-2-II and L 228-3 *et seq.* of the Commercial Code, ask holders of the Company's shares whether they hold the shares on their own behalf, or on behalf of a third party. Should the latter be the case, it may ask them to provide information serving to identify such third party or parties.
Should the identity of the owners of the shares not be revealed, a vote or proxy authorization issued by the intermediary will be discarded.

In addition, by virtue of Article L 228-3-I of the Commercial Code, any legal entity owning shares in excess of 2.5% of the capital or of the voting rights, must, when so requested by the Company, reveal the identity of the individuals and/or legal entities which own, either directly or indirectly, more than one third of its own capital or voting rights.

In application of Articles L 228-3-2 and L 228-3-3 of the Commercial Code, failure to provide the information requested under Articles L 228-2-II or L 228-I of the Commercial Code, or the provision of incomplete or erroneous information, will be punishable by the loss of voting and dividend rights attaching to the shares held by the person who received the request for information, until such date as the correct information is supplied.

AMOUNT OF CAPITAL

- Amount of capital at December 31, 2010: €132,900,009
- Amount of capital at February 28, 2011: €132,900,009
- Number of shares at December 31, 2010: 44,300,003
- Number of shares at February 28, 2011: 44,300,003

The shares have a par value of €3 each, are paid in full and belong to the same class.
Shares may be either in registered or bearer form, at the option of the shareholder.
The company keeps track of its shareholder structure as provided by law.
The shares are freely negotiable, except as otherwise indicated by law or regulations.

Double voting rights are granted to shares that have been held as registered shares by the same person for over two years. At February 28, 2011, double voting rights having been granted to 24,832,061 shares, the total number of voting rights amounted to 68,450,203 for 44,300,003 shares.

Additional information

DISTRIBUTION OF THE CAPITAL AND VOTING RIGHTS

FINANCIAL AUTHORIZATIONS

Shareholders at the General Meeting of June 3, 2009 delegated certain powers to the Board of Directors which would allow the company to raise funds on financial markets for the purpose of continuing the Group's development and strengthening its financial position. All powers granted or delegated to the Board allowing it to issue securities providing access to the Company's capital are as follows:

Type of issue	Extraordinary shareholders' meeting	Term of authorization	End date of authorization	Amounts authorized in nominal[1]
Authority to increase the share capital through capitalization of reserves, earnings, premiums or other sums whose capitalization is allowed	06/03/2009	26 months	08/03/2011	€200m
Authority to issue shares or securities entitling their holders to the allocation of new or existing shares or to existing shares of any company in which it holds, directly or indirectly, over 50% of the capital or debt securities with preservation of preemptive subscription rights upon the issuance of new shares[2]	06/03/2009	26 months	08/03/2011	€200m[3] €1bn[4] and [5]
Authority to issue shares or securities entitling their holders to the allocation of new or existing shares or to existing shares of any company in which it holds, directly or indirectly, over 50% of capital or debt securities with preservation of preemptive subscription rights upon the issuance of new shares[2]	06/03/2009	26 months	08/03/2011	€200m[3] €1bn[4] and [5]
Authority to issue securities giving access to the capital in the event of a public offering by Rallye for the shares of another company	06/03/2009	26 months	08/03/2011	€200m[3] €1bn[4]
Authority granted to the Board of Directors to issue shares or securities granting a right to the allocation of new or existing shares of the Company or to existing shares of any company in which it holds, directly or indirectly, more than 50% of the capital or debt securities with elimination of preemptive subscription rights by offer sent to the persons referred to in Article L 411-2, II of the French Monetary and Financial Code	05/19/2010	15 months	08/03/2011	€200m[3] €1bn[4]
New or existing bonus share allotment to staff or corporate officers of the Company or affiliates	06/04/2008	38 months	08/04/2011	2% of total shares of the company at the time of issuance
Capital increase in favor of employees participating in the Company Savings Plan PEE of the Company or affiliates	05/19/2010	15 months	08/03/2011	5% of total shares of the company at the time of issuance

(1) Amounts authorized equal to residual amounts if unused
(2) The board of directors may increase the number of shares to be issued up to 15% of those originally issued and at the same price as the latter
(3) For issuance of securities giving access to capital
(4) Under the loan
(5) For debt securities

Additional information

DISTRIBUTION OF THE CAPITAL AND VOTING RIGHTS

The extraordinary shareholders' meeting of May 4, 2011 will be called upon to renew the authorizations and authorities to be granted to the Board of Directors for the purpose of issuing shares or securities with rights to the capital or debt securities.

The Extraordinary Shareholders' Meeting of May 19, 2010 renewed the Board's authorization to grant stock options to employees and corporate officers of the Group for thirty-eight (38) months from the date of the meeting.

The total number of options granted may not confer rights to a number of shares representing more than 5% of share capital at the grant date, without taking into account the options granted under previous authorizations that have not yet been exercised.

The total number of options granted and unexercised may not be more than 5% of the number of shares of the company at the grant date, without taking into account those already granted under previous authorizations.

The Board of Directors is also authorized to issue shares or securities providing access to capital corresponding to a maximum of 10% of the Company's share capital, as consideration for contributions in kind made to the Company in shares or securities providing access to capital.

The extraordinary shareholders' meeting of June 4, 2008 authorized the board of directors to grant new or existing bonus shares to staff or corporate officers of the company or its affiliates over a period of 38 months. The extraordinary shareholders' meeting of May 4, 2011 will likewise be called upon to renew this authorization.

POTENTIAL CAPITAL STOCK AS OF FEBRUARY 28, 2011

The potential capital stock as of February 28, 2011 can be broken down as follows:

Number of shares as of February 28, 2011:	44,300,003
Exercise of stock subscription options	920,232
Number of potential shares	45,220,235

The dilutive effect in the event of exercise of subscription options totals 2% for a shareholder holding 1% of the capital as of February 28, 2011.

CHANGES IN CAPITAL OVER THE LAST TEN YEARS

Date	Change in capital	Changes			New capital (in €)	Aggregate number of shares
		Number of shares	Capital (€)	Additional paid-in capital (€)		
2000	Exercise of warrants and convertible bonds	1,488,691	4,538,989.60	64,990,279.85	89,501,814.91	29,354,671
12/31/2000						
2001	Conversion of capital to euros		(1,437,835.66)			
	Exercise of warrants and convertible bonds	9,580,561	28,741,716.75	392,598,277.71		
12/31/2001					116,805,696.00	38,935,232
2002	Cancellation of shares	(5,000,000)	(15,000,000.00)	(285,000,000.00)		
	Exercise of warrants and convertible bonds	3,265,992	9,797,976.00	134,666,646.93		
12/31/2002					111,603,672.00	37,201,224
2003	Exercise of warrants and convertible bonds	206,620	619,860.00	8,057,485.58		
12/31/2003					112,223,532.00	37,407,844
2004	Exercise of warrants	5	15	275		
12/31/2004					112,223,547.00	37,407,849
2005	Payment of balance of the 2004 dividend in shares	438,907	1,316,721.00	14,361,037.04		
	Exercise of stock warrant B	2,424	7,272	103,020.00		
	Payment of interim 2005 dividend in shares	958,407	2,875,221.00	30,055,643.52		
12/31/2005					116,422,761.00	38,807,587
2006	Payment of the balance of the 2005 dividend in shares	403,255	1,209,765.00	11,984,738.60		
	Exercise of stock warrant C	186	558.00	8,370.00		
12/31/2006					117,633,084.00	39,211,028
2007	Exercise of options	314,300	942,900.00	8,450,793.00		
	Conversion of bonds convertible into new or existing shares (OCEANEs)	3,127,264	9,381,792.00	125,519,779.47		
12/31/2007					127,957,776.00	42,652,592
2008	Exercise of options	24,000	72,000.00	725,265.00		
	Cancellation of shares	(316,452)	(949,356)	(13,632,380.88)		
12/31/2008					127,080,420.00	42,360,140
12/31/2009					127,080,420.00	42,360,140
2010	Payment of balance of the 2009 dividend in shares	688,754	2,066,262.00	14,098,794.38		
	Payment of 2010 interim dividend in shares	1,251,109	3,753,327.00	25,122,268.72		
12/31/2010					132,900,009.00	44,300,003
02/28/2011					132,900,009.00	44,300,003

Additional information

DISTRIBUTION OF THE CAPITAL AND VOTING RIGHTS

STATUS AS OF FEBRUARY 28, 2011

Total number of voting rights at February 28, 2011: 68,450,203
Number of shareholders: Over 16,000, based on the identifiable bearer securities research carried out in January 2011.

To the Company's knowledge, the main shareholders at that time were as follows:

SHAREHOLDERS	SHARES	% CAPITAL	VOTING RIGHTS	% RIGHTS VOTING
Foncière Euris	25,210,459	56.91%	49,641,317	72.52%
Other companies of the Euris Group	1,112	-	2,169	-
Other members of the Board of Directors and management*	35,313	0.08%	68,243	0.10%
Sub-total	**25,246,884**	**56.99%**	**49,711,729**	**72.62%**
Treasury shares held*(1)	681,861	1.54%	-	-
Other shareholders(2)	18,371,258	41.47%	18,738,474	27.38%
- Of which registered:	*480,084*	*1.08%*	*847,300*	*1.24%*
- Of which bearer:	*17,891,174*	*40.39%*	*17,891,174*	*26.14%*
Total	**44,300,003**	**100.00%**	**68,450,203**	**100.00%**

* Registered shareholders

(1) Including 42,500 allocated to the liquidity agreement, the balance being allocated to the coverage of bonus share plans and subscription plans.

(2) To the Company's knowledge, none of the "Other shareholders" holds directly, indirectly or in concert with others more than 5% of the share capital or voting rights.

■ Threshold crossing disclosures between January 1, 2010 and February 28, 2011.

In accordance with Article 10.II of the Company by-laws and based on the number of shares and voting rights declared by Rallye and published on the Company's website, the following companies disclosed threshold crossings:

Threshold crossing disclosures between January 1, 2010 and February 28, 2011 were as follows:

Person disclosing the information	Date of exceeding the threshold	Type of threshold crossed	Number of shares declared	Number of voting rights declared	% of capital	% of voting rights
UBS	05/13/2010	up	961,560	961,560	2.27	1.43
UBS	05/18/2010	down	804,662	804,662	1.90	1.20
UBS	05/27/2010	up	1,024,409	1,024,409	2.42	1.53
UBS	06/02/2010	down	547,537	547,537	1.29	0.82
UBS	06/03/2010	down	155,366	155,366	0.37	0.23
Tocqueville Finance	06/25/2010	down	829,141	829,141	1.96	1.25

CHANGE IN DISTRIBUTION OF THE CAPITAL OVER THE PRECEDING THREE YEARS:

The distribution of capital and voting rights has changed as follows over the preceding three years:

	Situation as of 12/31/2010			Situation as of 12/31/2009			Situation as of 12/31/2008		
Shareholders	Number Of shares	% of capital	% of voting rights	Number of shares	% of capital	% of voting rights	Number of shares	% of capital	% of voting rights
Foncière Euris*	25,210,459	56.91%	72.49%	24,430,858	57.67%	72.92%	24,430,858	57.67%	71.83%
Own shares held	649,930	1.47%	-	891,789	2.11%	-	1,234,945	2.92%	-
Other shareholders	18,439,614	41.62%	27.51%	17,037,493	40.22%	27.08%	16,694,337	39.41%	28.17%
Total	**44,300,003**	**100%**	**100%**	**42,360,140**	**100%**	**100%**	**42,360,140**	**100%**	**100%**

* Directly and indirectly

The percentages shown are as of December 31 of each year.

DESCRIPTION OF THE COMPANY'S SHARE BUYBACK PLAN

Since the authorization granted by the Shareholders' Meeting on May 19, 2010 remains in force until November 19, 2011, the Shareholders' Meeting convened for May 4, 2011 will be requested to extend the duration of the share buyback plan.

■ Portion of capital owned by the Company and breakdown of treasury stock holdings by purpose:

As of February 28, 2011, the Company owned 681,861 shares, i.e., 1.54% of its capital, as follows:
- 639,361 set aside to cover bonus share and subscription plans;
- 42,500 shares within the framework of the AMAFI (French Financial Markets Association) liquidity agreement concluded with Rothschild et Cie Banque.

■ Objectives of the share buyback plan

The objectives of the share buyback plan are, in decreasing order of priority, the following:
- to cover the stock option plans issued to employees and corporate officers in accordance with Articles L 225-177 *et seq.* of the Commercial Code, as well as Company savings plans or any shareholding plans;
- 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 in the market for the Company's securities under the framework of a liquidity agreement entered into with an investment services provider, in compliance with the code of conduct prepared by the AMAFI and recognized by the AMF;
- to issue shares upon the exercise of rights attached to securities issued by the Company granting the right to receive existing company shares through redemption, conversion, exchange, presentation of a warrant, or in any other way;
- to hold shares for subsequent use as exchange or payment in a transaction for the purposes of external expansion, in compliance with market practice as permitted by the French Financial Markets Authority (AMF);
- 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.

■ Maximum share ownership, maximum number of shares and nature of the shares which the Company plans to purchase, and maximum purchase price

Rallye will be able to acquire 10 % of its capital; that is, as of February 28, 2011, 4,430,000 shares with a par value of €3 each. Given that the Company already owned 681,861 treasury shares at February 28, 2011, the maximum number of shares that can be bought under the share buyback plan is thus 3,748,139. This corresponds to a maximum theoretical investment of €281,110,425 based on a maximum purchase price of €75 as laid down in the twenty-first resolution submitted to the Shareholders at the Meeting of May 4, 2011.

Additional information

DISTRIBUTION OF THE CAPITAL AND VOTING RIGHTS

■ Duration of the share buyback plan

The share buyback plan has been extended for a period which will end at the Shareholders' Meeting called to approve the management and the financial statements for 2011, or, at the latest, on November 4, 2012.

PLEDGED SECURITIES

Under the terms of the credit facilities it has arranged, Foncière Euris has pledged Rallye shares as collateral for its borrowing capacity or amounts drawn and outstanding. Shares pledged as collateral by beneficiary at December 31, 2010, were as follows:

	Pledge start date[1]	Pledge end date[1]	Condition for ending the pledge	Number of shares pledged by the issuer	% capital pledged by the issuer[2]
BNP	June 2008	June 2013	(3)	2,501,749	5.65%
Calyon	July 2006	May 2014	(3)	2,534,674	5.72%
Groupe CM - CIC	October 2010	April 2014	(3)	3,612,358	8.15%
HSBC	May 2010	June 2011	(3)	2,518,552	5.69%
Natixis	December 2004	June 2013	(3)	3,055,992	6.90%
RBS	August 2006	December 2011	(3)	907,504	2.05%
Société Générale	July 2006	December 2011	(3)	1,472,492	3.32%
Total				**16,603,321**	**37.48%**

(1) the start and end dates are the dates at both ends recorded for the credit facilities currently valid
(2) As of December 31, 2010
(3) Repayment or maturity of the facility

SHAREHOLDERS' AGREEMENT AND CONCERTED ACTIONS

To the Company's knowledge, there are no shareholders' agreements, or persons or group of persons who exercise or may exercise control over the Company.

MATERIAL AGREEMENTS

During the course of the last three years, to the date of this reference document, the Group has not entered into any material agreements other than in the normal course of its business that might create a significant obligation or commitment for the Group as a whole. Off-balance-sheet commitments are explained in Note 34 to the consolidated financial statements.

RELATED PARTY TRANSACTIONS:

Rallye has entered into a strategic consulting and assistance agreement with Euris.

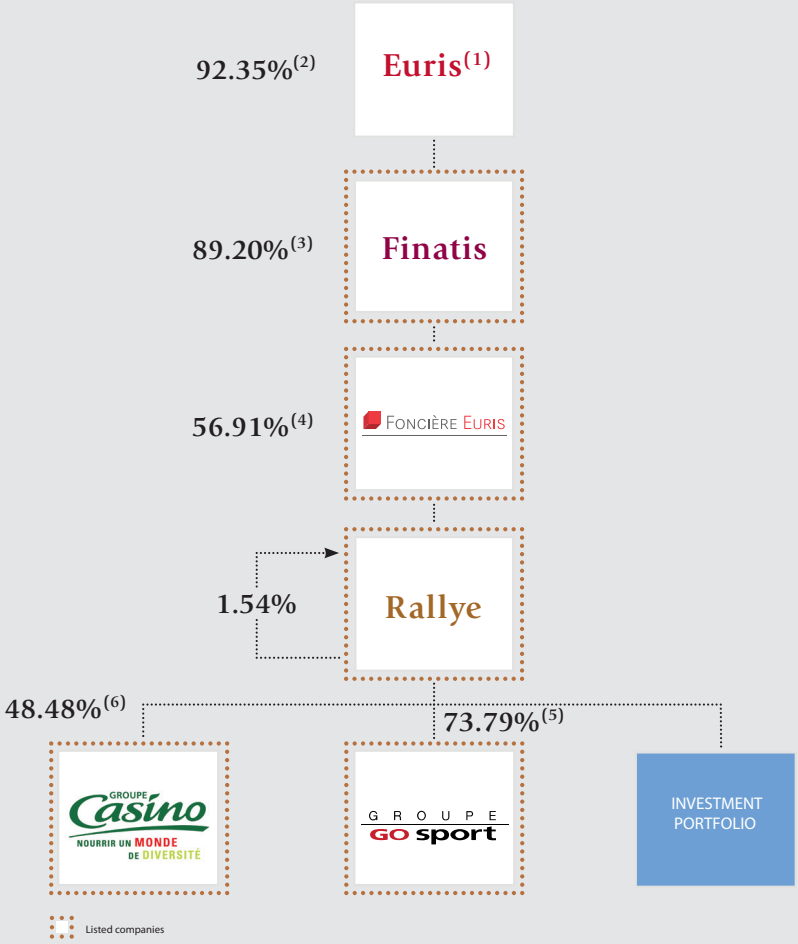
Under the agreement, Euris draws on its structures and resources to provide Rallye with continuous support in determining its strategy and in managing and developing its business. It also provides technical assistance on legal and administrative matters.

No loans or guarantees have been granted or put in place by the Company to Members of the Board of Directors.

Corporate officers or members of their family own none of the assets required for operations.

Additional information

ORGANIZATIONAL CHART OF THE GROUP AS OF FEBRUARY 28, 2011



(1) Euris is controlled by Mr. Jean-Charles Naouri
(2) 92.55% of voting rights
(3) 91.99% of voting rights
(4) 72.52% of voting rights
(5) 78.32% of voting rights
(6) Shares held directly or indirectly, excluding treasury stock, by Rallye and its subsidiaries, representing 60.41% of voting rights.

The Rallye Group's current structure is the result of the reorganization undertaken in 1992 and 1993, which notably involved:

- the transfer to the Casino group of all hypermarket, supermarket and cafeteria divisions;
- the merger and absorption of parent companies Rallye SA and Coficam and of SMPO and Record Carburants. After the mergers, the acquiring company, Genty-Cathiard, changed its name to Rallye;
- a transfer of real property assets by Foncière Euris.

The latest changes in the structure result from the share exchange offer on Casino shares, launched in September 1997, the merger-absorption of Go Sport by Courir, now known as Groupe Go Sport, on December 27, 2000, and the Athlete's Foot management buy-out on December 27, 2003.

Rallye provides no management services to its operating subsidiaries. However, it receives technical and strategic support from Euris, the Group's parent company.

Additional information

LISTING OF COMPANY SECURITIES

SECURITIES LISTED ON THE EURONEXT PARIS STOCK EXCHANGE (COMPARTMENT A)

- Rallye share (ISIN: FR0000060618) [1],

SECURITIES LISTED ON THE LUXEMBOURG STOCK EXCHANGE

- Rallye 3.25% April 2013 bonds exchangeable for Casino common shares issued April 30, 2003 (ISIN: FR0000473985) [1].
- Rallye 5.625% October 2011 bond (ISIN: FR0010117325) issued October 13, 2004 [1].
- Rallye 8.375% September 2015 bond (ISIN: FR0010806745) issued September 20, 2009 [1].
- Rallye 7.625% November 2016 bond (ISIN: FR0010815472) issued November 4, 2009 [1].
- Rallye 5.875% March 2014 bond (ISIN: FR0010874115) issued March 15, 2010 [1].

Institutions responsible for servicing the securities:

(1) BNP Paribas Securities Services - Grands Moulins de Pantin 9, rue du Débarcadère - 93761 PANTIN Cedex

SUMMARY OF THE RALLYE SHARE PRICE OVER 18 MONTHS [1]

Years/ months	Number of shares exchanged	High for the period (€)	Low for the period (€)	Capital exchanged (€ million)
2009				
September	1,488,283	26.20	20.90	35.61
October	1,300,847	25.65	22.50	31.69
November	875,433	25.47	22.92	21.41
December	816,121	24.93	23.62	19.93
2010				
January	1,003,444	26.70	24.65	25.94
February	886,908	25.55	22.59	21.07
March	1,326,218	27.89	23.76	34.33
April	1,251,380	29.29	26.80	35.24
May	1,300,270	28.03	23.65	32.96
June	1,233,508	25.89	23.01	30.63
July	821,890	27.80	24.90	21.74
August	556,528	27.20	26.00	14.68
September	855,302	28.00	26.10	23.16
October	871,061	28.67	26.91	24.38
November	865,940	29.49	27.53	24.77
December	1,399,284	32.24	27.18	41.91
2011				
January	1,180,517	34.66	31.10	38.87
February	665,557	34.63	31.60	21.99

(1) Source: Euronext

As of February 28, 2011, the Rallye share price stood at €32.02 and its market capitalization was €1.4 billion.

DIVIDEND DISTRIBUTION POLICY OVER THE PAST FIVE YEARS - LIMITATIONS PERIOD FOR DIVIDENDS

Rallye has paid the following dividends over the past five years:

	12/31/2006	12/31/2007	12/31/2008	12/31/2009	12/31/2010(1)
Net dividend (in €/share)	1.74	1.83	1.83	1.83	1.83(2)
Number of shares	39,211,028	42,336,140	42,360,140	42,360,140	44,300,003
Total distribution (in €)	68,227,189	77,728,298	77,519,056	77,519,056	80,068,118

(1) In accordance with the resolutions proposed to the Shareholders' Meeting of May 4, 2011
(2) Interim 2010 dividend in the amount of €0.80 per share was paid on October 7, 2010

The dividend distribution policy of Rallye depends on its financial position as well as its projected financial requirements. No guarantees can be made as to the amount of dividends that will be paid out in respect of a given year.

The dividend per share was stable at €1.83 over the last four years, representing a return for the shareholder based on the stock market price at December 31, of respectively 3.8%, 11.4%, 7.5% and 5.7% for the years 2007 to 2010.

Moreover, as from the balance of the 2009 dividend, the option to receive dividend payments in shares has been offered to shareholders. This option offers to the shareholder the ability to acquire Rallye shares at a 10% discount to the stock market price. In fact, the issue price of the new shares corresponds to 90% of the average of the opening price at the twenty trading days prior to the decision to pay out a dividend less the amount of the dividend.

At the Shareholders' Meeting on May 4, 2011, shareholders will be asked to approve the distribution of a dividend of €1.83 per share.

An interim dividend of €0.80 per share, was paid on October 7, 2010. The balance of €1.03 per share will be paid on June 6, 2011. Shareholders may opt to take the entire balance of the dividend in new shares as they did for the interim dividend.

In accordance with Articles L.27 and R 46 of the French Code on Government Property (Code du Domaine de l'Etat), dividends which remain unclaimed five years after they became payable escheat to the Treasury.

EMPLOYEE INCENTIVES AND PROFIT-SHARING AGREEMENTS

As required by current regulations, most Rallye subsidiaries have employee profit-sharing incentive agreements. Rallye itself does not, because of the small number of its staff.

Additional information

STOCK OPTIONS AND BONUS SHARES

Stock option plans and bonus share plans for employees and executive officers have the following characteristics:

Date of Shareholders' Meeting	Extraordinary shareholders' meeting of 06/09/2004	Extraordinary shareholders' meeting of 06/06/2007	Extraordinary shareholders' meeting of 06/06/2007	Extraordinary shareholders' meeting of 06/08/2005
Date of Board meeting	06/07/06	10/01/07	04/23/08	04/23/08
Type of plan (Subscription/Bonus shares)	Subscription	Subscription	Subscription	Bonus shares
Number of beneficiaries on initial grant	61	60	66	66
Total number of options/ shares initially allotted	**254,120**	**181,127**	**258,091**	**44,161**
o/w total options/shares allotted to corporate officers	*84,250*	*50,866*	*80,234*	*10,029*
o/w total options/shares allotted to the top 10 employees	*74,190*		*72,624*	*12,159*
Start of exercise period for the options	06/07/09	01/01/11	07/23/11	na
Expiration date of the options/ shares	12/06/11	03/31/13	10/22/13	07/23/11
Exercise price in euros	36.84	48.73	43.15	na
Number of options exercised at February 28, 2011	-	-	-	-
o/w since January 1, 2010	-	-	-	-
Options/shares cancelled as of February 28, 2011 (1)	63,143	33,440	44,492	6,678
o/w since January 1, 2010	*47,830*	*32,120*	*40,967*	*5,742*
Options/shares remaining as of February 28, 2011	190,977	147,687	213,599	37,483
Remaining number of shares that may be purchased or subscribed as of February 28, 2011	**190,977**	**147,687**	**213,599**	**37,483**

(1) Following the departure of beneficiaries

Extraordinary shareholders' meeting of 06/06/2007	Extraordinary shareholders' meeting of 06/04/2008	Extraordinary shareholders' meeting of 06/06/2007	Extraordinary shareholders' meeting of 05/19/2010	Extraordinary shareholders' meeting of 060/4/2008	Total
04/27/09	04/27/09	12/09/09	09/06/10	09/06/10	
Subscription	Bonus shares	Subscription	Subscription	Bonus shares	
13	64	1	12	61	
310,521	**199,768**	**12,000**	**124,485**	**143,195**	**1,527,468**
151,852	*37,963*	-	*42,263*	*21,132*	*478,589*
62,937	*60,633*	-	*37,439*	*42,675*	*362,657*
10/27/11	na	06/09/12	03/06/13	na	
10/26/14	10/27/11	06/08/15	03/05/16	03/06/13	
14.24	na	24.62	26.44	na	
-	**-**	**-**	**-**	**-**	**0**
-	-	-	-	-	*0*
79,037	28,354	0	0	4,323	259,467
79,037	*24,761*	*0*	*0*	*4,323*	*234,780*
231,484	171,414	12,000	124,485	138,872	1,268,001
231,484	**171,414**	**12,000**	**124,485**	**138,872**	**1,268,001**

Additional information

STOCK OPTIONS AND BONUS SHARES

STOCK OPTIONS AND BONUS SHARES GRANTED DURING THE YEAR BY THE ISSUER OR ANY COMPANY OF THE GROUP TO THE TEN EMPLOYEES OF THE ISSUER WITH THE HIGHEST NUMBER OF OPTIONS GRANTED

Granting company	Grant date	Expiration date	Type	Number of options granted	Number of corresponding shares	Exercise price in euros
Rallye	09/06/2010	03/05/2016	Subscription options	37,439	37,439	26.44
Rallye	09/06/2010	03/06/2013	Bonus shares	42,675	42,675	n.a.
Groupe Go Sport	04/30/2010	10/29/2015	Subscription options	6,450	6,450	18.85

OPTIONS HELD ON THE ISSUER AND ANY COMPANY OF THE GROUP, EXERCISED OVER THE YEAR BY THE TEN EMPLOYEES HAVING EXERCISED THE HIGHEST NUMBER OF OPTIONS

None.

Additional information

INFORMATION ABOUT RALLYE'S BUSINESS - RISK MANAGEMENT

Information about Rallye's business

Investment policy

The investment portfolio is explained in greater detail on page 15 of the management report.

Annual investments by operating subsidiaries for the past two years were as follows:

(In € millions)	2010	2009
	979	832

Investments by operating companies are detailed in the "Business review" section of the management report. For more information on the strategy of the Group's operating subsidiaries, see "Recent trend and outlook" on page 21 of this report.

Rallye is the holding company for two operating companies: Casino, in the sector based on food retail, and Groupe Go Sport, in sporting goods retail. As such it does not have any competitor to which it can be compared. Casino and Groupe Go Sport's competitive positions are described in detail in their respective 2010 reference documents.

Significant changes in the Group's financial or commercial position

There have been no significant changes in the Group's financial or commercial position since the end of the period for which audited financial statements or interim financial statements have been published.

■ Risk management

Market risk

Rallye as a parent company and its two main operating subsidiaries, Casino and Groupe Go Sport, manage market risks separately.

Within each company, cash, currency and interest rate risks are managed centrally, under the responsibility of the finance department, which has the necessary tools and expertise and reports to senior management.

These risks, as well as the tools used to manage them, are described in further detail in Note 33, "Financial risk management policies and objectives," to the consolidated financial statements closed on December 31, 2010.
In addition, in the event of a change of control over Rallye, certain credit documents include change of control clauses enabling creditors to demand immediate repayment of the outstanding amounts due, as each one sees fit and, where appropriate, cancellation of the credit commitments entered into with the Company.

Operating risk

As a holding company, this type of risk does not apply directly to Rallye. It does however apply to Casino and Groupe Go Sport, which are subject to a number of business risks, including mainly:

Supply risk

Casino lists over 35,540 suppliers and is not dependent on any single supplier in any way. Through specialized subsidiary Easydis, Casino has its own logistics network in France, with around 970,000 square meters at 20 sites throughout France. This enables the group to supply its different networks.
The five main suppliers of Groupe Go Sport (Nike, Adidas, Puma, Le Coq Sportif, and Planet Fun) together account for 43% of the purchases delivered in 2010, unchanged compared to 2009.
However, the Company's risk of being dependent on its major suppliers is limited, since Groupe Go Sport has developed a close partnership with its suppliers, who can take advantage of the positioning and the concept of the Go Sport and Courir networks to promote their own brands.

Additional information

INFORMATION ABOUT RALLYE'S BUSINESS - RISK MANAGEMENT

Store network risk

The Group's various chains operate in France through affiliated or franchised networks. These networks accounted for 55% of Casino's outlets at December 31, 2010. These are mainly supermarket (including Leader Price) and convenience store networks. The credit risk related to the affiliate/franchise networks is factored into the Group's credit management.
The risk associated with the mode in which products are sold is considered to be very limited at Groupe Go Sport, which markets its products through a network of wholly-owned stores for the two brands it operates in France and Poland, and through franchise agreements in the rest of the world.

Risk linked to brands and chains

The Group owns almost all of its brands and is not particularly dependent on patents and licenses, with the exception of the "Spar" brand, for which it holds an operating license in France.

Competition risks

Because of risks related to competition, Groupe Go Sport has to pay particular attention to changes in the market and its players. Décathlon, Intersport, Sport 2000 and Foot Locker are the principal competitors of Groupe GO Sport. In this competitive context, Groupe GO Sport tries to adapt the concepts of the GO Sport and Courir stores and to differentiate its store offerings.

IT risk

The Group is increasingly dependent on standard IT applications for the data it needs to make operating decisions. IT security is taken into account from the design stage of any project and is monitored continuously.

Geographical risk

Some of the Casino's businesses are subject to risk and uncertainty linked to business activities in countries that may experience or have recently experienced, a period of economic or political instability (e.g., South America and Asia). Events that took place in Venezuela and Thailand are thus referred to in Notes 2.2 and 3.3 to Casino's consolidated financial statements. In 2010, international activities accounted for 38% of the Group's consolidated sales and 41% of consolidated current operating income.
The risks related to the international nature of the business of Groupe GO Sport are considered as non-material to the extent that the Group has direct operations only in Poland. Establishments in Saudi Arabia, the Arab Emirates, Kuwait, Qatar and in Belgium are conducted through franchises, with the specific risk for each country therefore not being borne by the Group.

Industrial and environmental risk

See pages 25 to 28 ("Social and environmental information") of this annual report for a description of environmental risk and how it is managed.

■ Legal risk

Risks linked to regulations

Casino and Groupe Go Sport are mainly subject to all laws and regulations governing facilities classified as establishments open to the public or falling under administrative classifications. Some businesses are also subject to specific regulations (e.g., Casino Vacances, Banque du Groupe Casino, Mercialys, etc.). Furthermore, new store openings and store expansion projects are subject to administrative authorization procedures.

Tax and customs risks

Periodically, the Group is subject to tax audits both in France and in the various countries where it is established. A provision is made for uncontested claims for taxes due, and claims that are contested are dealt with on a case-by-case basis, using estimates of the likelihood that the actions and proceedings pursued may not be successful.

Legal disputes

As part of its normal operations, the Group is involved in various legal and administrative proceedings and may be the subject of various government inspections. Provisions are formed for these disputes and arbitrations if there is a legal, contractual or constructive obligation to a third party at the date of the financial statements, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

To the knowledge of Groupe GO Sport, at the filing date of the reference document no special circumstances existed nor was there any administrative, judicial or arbitration proceeding that may have or has recently had, a significant and highly probably effect on the financial position, assets or profitability of the Company and the Group.

For Casino, information on the legal disputes is provided in Notes 26.1 and 33 to the consolidated financial statements.
At the filing date of the reference document, there was no other administrative, judicial or arbitration proceeding, including all proceedings of which the Company is aware, either unresolved or pending, that is likely to have, or has in the past 12 months had, a significant effect on the financial position or profitability of the Company and/or Group.

It should be noted, however, in connection with the litigation with the Baud family, that a matter was still pending before the arbitration panel regarding the interest on the price of Franprix and Leader Price shares paid by Casino, as well as the matter of any dividend rights for 2007 and 2008. The Baud family's claim of entitlement to the payment of Franprix and Leader Price dividends for 2006 and 2007 was rejected in its entirety by a February 4, 2011decision of the arbitration panel. Thus Casino, in accordance with this decision, will only have to pay 34 million euros corresponding to the dividends of Franprix and Leader Price for 2008, [and] to a supplement to the sales price of the securities of those same companies. The amount of €34 million is significantly lower than the €67 million previously provisioned in the accounts of the Casino Group.

■ Insurance

Coverage of possible risks which the Company may incur

The Rallye Group manages its insurance and random risks as part of a wider policy framework designed to protect the Group's balance sheet while monitoring certain objectives, including the following:
- to protect the assets and liabilities incurred by the Group;
- to defend shareholders' interests;
- to take account of regulations applying to establishments open to the public (known as the ERP rules).

The analysis of random insurable risks, as well as the taking out and management of insurance policies and claims, are handled independently by each of the operating subsidiaries (essentially Casino and Groupe GO Sport) and by the parent company Rallye.

Insurance taken out

The main insurance policies taken out by the Rallye Group are for:
- Property damage and consequential business interruption;
- Third-party liability.

For risks other than those mentioned above, the Group has taken out insurance coverage whenever required by law. It has also done so whenever the nature of the risks in question makes insurance coverage useful and necessary and where the policies available on the market provide the degree of coverage sought.

Level of coverage

> Property damage and business interruption

The purpose of this insurance is to protect the Group's assets.
Casino's current policy is still an "All risks" policy (where the risks excluded define the scope of coverage provided by the insurers) in accordance with the coverage available on the insurance market. This covers the usual risks for such policies, including fire, explosion, natural catastrophes, structural failure, etc. Maximum coverage corresponds to the maximum possible claim for both direct damage and loss of business without distinction, i.e., €220 million for major events (fire, explosion, etc.) with lower sub-limits of coverage for certain specific risks (including natural events, structural failure, theft)
At Groupe Go Sport, capital insured with the AFM insurance company amounts to €305 million per year, against damage to property, and €310 million to cover operating losses.

Additional information

INFORMATION ABOUT RALLYE'S BUSINESS - RISK MANAGEMENT

> Third-party liability insurance

The aim of this insurance is to cover the financial consequences of the Group's civil liability for physical, material and/or financial damage to third parties arising from its goods delivered or sold, installations and equipment, buildings, store operations and services provided on behalf of third parties. The current insurance policy, also an "All risks" policy, also covers the costs of recalling goods and the financial warranty for accidents in the workplace and work-related illnesses within a sub-limit comprised in the general aggregate limit of insurance (€76 million).

> Mandatory insurance

Considering the business activities performed, the Group continues to take out mandatory insurance policies, notably, automotive insurance, building/structural damage insurance, ten year builder's warranty and professional liability insurance (real estate manager, tour operator, bank).

> Other insurance

Taking into account the size of the flow of funds and the risks attached thereto, the Group has taken out various insurance policies, including a transportation policy (coverage for domestic transport and worldwide imports) and a "all risks construction" policy (coverage of real estate assets).

> Crisis prevention and management

Loss-prevention and business continuity measures after an incident are an integral part of the Group's insurance policy.

In line with the Group's long-standing loss-prevention policy, aimed particularly at minimizing the risk of damage to property, in 2010 Casino continued to regularly visit sites with high levels of insured capital, to carry out technical loss-prevention and asset safeguard audits, and to monitor the process for mapping the risk of damages, including with regard to natural disasters and other incidents, both in France and abroad.

Casino also continued its proactive work on safeguarding against "product" risk to retailers' own brands and to other brands. In the event of a serious crisis or grave incident, the Group has the technical resources and the appropriate advice to enable it to promptly intervene for the protection of persons, preservation of property and maintenance of operating continuity and customer service.

Rallye and its subsidiaries also have access to the support necessary to manage any crisis situation or serious disaster in the most appropriate way.

Rallye has conducted a review and believes that there are no significant risks other than those presented here.

Additional information

PERSON RESPONSIBLE FOR PREPARING THE REFERENCE DOCUMENT AND ACCOUNTS

PERSON RESPONSIBLE FOR PREPARING THE REFERENCE DOCUMENT

Jean-Charles Naouri, Chairman/Chief Executive Officer.

The information reported in this document is the sole responsibility of the company's managers.

DECLARATION BY THE PERSON RESPONSIBLE FOR THE REFERENCE DOCUMENT

"I declare, having taken all reasonable care for this purpose, that the information contained in the reference document is, to the best of my knowledge, in accord with the facts and contains no omission likely to affect its import.

To the best of my knowledge, the financial statements have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets, financial position and results of operations of the Company and all subsidiaries included within the scope of consolidation. I further declare that the management report on pages 6 *et seq.* gives a true and fair view of the business performance, the results of operations and the financial position of the company and all subsidiaries included within the scope of consolidation and also describes the main risks and uncertainties to which they are exposed.

I have received from the statutory auditors a completion-of-audit letter, in which they state that they have verified the information bearing on the financial position and the financial statements in this reference document and have read the document as a whole.

The historical financial information contained in this document were discussed in reports by the statutory auditors, appearing on page 160 of said document for the year ended December 31, 2010 and on page 225, incorporated by reference, for the years ended December 31, 2009 and December 31, 2008, which contain observations."

Chairman and Chief Executive Officer - Jean-Charles Naouri

INFORMATION INCORPORATED BY REFERENCE IN THE REFERENCE DOCUMENT

In accordance with Article 28 of European Commission Regulation 809-2004 of April 29, 2004, the following information has been incorporated by reference in this reference document:

- the consolidated financial statements prepared in accordance with IFRS and the Company's financial statements as at December 31, 2009, the corresponding statutory auditors' reports and the Group's management report on pages 51 to 148, 151 to 171, 149, 172 and 6 to 41 of the reference document filed with the Financial Markets Authority on April 28, 2010 under number D 10-339;
- the consolidated financial statements prepared in accordance with IFRS and the Company's financial statements as at December 31, 2008, the corresponding statutory auditors' reports and the Group's management report on pages 52 to 139, 142 to 161, 140, 162 and 6 to 42 of the reference document filed with the Financial Markets Authority on April 29, 2009 under number D 09-337;

The chapters of the reference documents numbers D 10-339 and D 09-337 that are not referred to above are either of no interest to investors or covered elsewhere in this reference document.

PERSON RESPONSIBLE FOR AUDITING THE FINANCIAL STATEMENTS

Regular Statutory Auditors

- KPMG Audit Department of KPMG SA, 1 Cours Valmy - 92923 Paris La Défense CEDEX, represented by Patrick-Hubert Petit, appointed by the Ordinary Shareholders' Meeting of June 29, 1993 and subsequently reappointed at the Ordinary Shareholders' Meetings of June 6, 2001 and 2007 for a term of six years, i.e., until the Ordinary Shareholders' Meeting called to approve the financial statements for the year ended December 31, 2012.

- Ernst et Young et Autres, 41 rue Ybry - 92576 Neuilly sur Seine CEDEX, represented by Pierre Bourgeois, appointed by the Ordinary Shareholders' Meeting of June 1, 1999 and reappointed by the Ordinary Shareholders' Meeting of June 8, 2005 for a term of six years, i.e., until the Ordinary Shareholders' Meeting called to approve the financial statements for the year ended December 31, 2010.

Additional information

PERSON RESPONSIBLE FOR PREPARING THE REFERENCE DOCUMENT AND ACCOUNTS

■ Alternate Statutory Auditors

- KPMG AUDIT ID, alternate for KPMG with registered offices at 3, cours du Triangle, Immeuble « Le Palatin » Puteaux - 92939 Paris La Défense cedex, appointed by the Ordinary Shareholders' Meeting of May 19, 2010 for the remaining term of office of its predecessor, i.e., until the Ordinary Shareholders' Meeting called to approve the financial statements for the year ended December 31, 2012.

- Philippe Peuch-Lestrade, alternate for ERNST ET YOUNG ET AUTRES, 41 rue Ybry - 92576 Neuilly sur Seine CEDEX, appointed at the Ordinary Shareholders' Meeting of June 12, 1996 and reappointed at the Ordinary Shareholders' Meetings of June 1, 1999 and June 8, 2005 for terms of six years, until the Ordinary Shareholders' Meeting called to approve the financial statements for the year ended December 31, 2010.

■ Person responsible for financial communications

Didier Carlier - Deputy Managing Director

Phone: 01.44.71.13.73
Fax: 01.44.71.13.70
E-mail: info@rallye.fr

PUBLIC DOCUMENTS - SHAREHOLDER INFORMATION

The following documents can be consulted at Rallye's registered office: corporate documents for the last three years (financial statements, minutes of Shareholders' Meetings, Shareholders' Meeting attendance records, auditors' reports, by-laws, etc.) and any reports, mailings, valuations and special reports prepared by expert assessors at the Company's request, historical financial information on the Company and its subsidiaries Casino and Groupe Go Sport for the last two years, including the consolidated financial statements prepared in accordance with French GAAP.
Once a year, analysts and journalists are invited to a meeting at which the Company comments on the previous year's results. Company press releases, annual reference documents including historical financial information on the company filed with the regulatory agency the French Financial Markets Authority (www.amf-france.org), are available on the Company's website: www.rallye.fr. A printed copy of the reference document may be obtained at the Company's registered office located at 32, rue de Ponthieu, Paris 75008.
The document annually listing all information published or made available to the public over the preceding 12 months, required by European Directive 2003/71/EC is available on the Company's website.
All regulatory disclosures made by the Company under Articles 221-1 et seq. of the Financial Market Authority's general regulations are available on the Company's website: http://www.rallye.fr/fr/investisseurs/information-reglementee, and in digital format via Business Wire.

Additional information

CROSS-REFERENCE TABLE FOR THE REFERENCE DOCUMENT

To facilitate the reading of this document, the topical table below can be used to identify the minimum information required by Annexe 1 to Regulation (EC) No. 809/2004 of the European Commission of April 29, 2004. Information not applicable to Rallye is marked "n/a"

Sections in annexe 1 to the european regulation no. 809/2004	Pages
1. Persons responsible	
· 1.1 Person responsible for preparing the reference document	225
· 1.2 Declaration by the person responsible for the reference document	225
2. Statutory auditors	225-226
3. Selected financial information	4-5
4. Risk factors	221 to 224
5. Information about the issuer	
· 5.1 History and development of the company	227
· 5.2 Investments	15-221
6. Business overview	
· 6.1. Principal activities	11
· 6.2 Main markets	11 to 16
· 6.3 Extraordinary events	n/a
· 6.4 Dependencies, if any	n/a
· 6.5 Competitive position (p. 6)	221
7. Organizational structure	
· 7.1 Description of the Group	4-215
· 7.2 List of subsidiaries	12 à 15 - 154 to 159
8. Property, plant and equipment	
· 8.1 Material fixed assets	75
· 8.2 Environmental aspects related to the holding of real assets by the company	25 to 28
9. Examination of the financial position and results	
· 9.1 Financial position	6 to 16 - 18
· 9.2 Operating income	168-169
10. Cash and capital resources	
· 10.1 Information about the capital	68 - 117 to 123 - 174 to 175
· 10.2 Cash flows	66-67 - 164
· 10.3 Borrowing requirements and financial structure	129 to 133
11. Research and development, patents and licenses	n/a
12. Trend information	6 to 11 - 21
13. Profit forecasts or estimates	n/a
14. Management and governance bodies	
· 14.1 Members of the management bodies	29
· 14.2 Amounts provisioned for the payment of pension, retirement and other benefits	49
15. Remuneration and benefits	
· 15.1 Amount of remuneration paid and benefits in kind granted	46 to 47 - 54 - 153 - 168
· 15.2 Conflicts of interest in the corporate bodies and executive management	n/a
16. Management and governance bodies operations	
· 16.1 Date of expiration of the current terms of office	29 to 45
· 16.3 Information about the audit committee and the compensation committee	53 to 55
· 16.4 Corporate governance in effect in the country of origin of the issuer	52

Additional information

CROSS-REFERENCE TABLE FOR THE REFERENCE DOCUMENT

Additional information

CROSS-REFERENCE TABLE FOR THE ANNUAL FINANCIAL REPORT

To facilitate the reading of this document, the cross-reference table below may be used to identify in this reference document the information that constitutes the annual financial report which must be published by listed companies in accordance with Articles L. 451-1-2 of the French Monetary and Financial Code and 222-3 of the General Regulations of the Financial Markets Authority.

Sections in annexe 1 to european regulation no. 809/2004	Pages
1. Individual company statements	162
2. Consolidated financial statements	62
3. Management report	06
• 3.1 Information mentioned in articles L. 225-100 and L. 225-100-2 of the Commercial Code	
• Analysis of business development	6 to 11
• Analysis of the results	12 to 16
• Analysis of financial position	17 to 19
• Principal risks and uncertainties	221 to 224
• Summary table of authorizations currently in force granted by the Shareholders' Meeting to the Board of Directors relating to an increase in capital	209
• 3.2 Information mentioned in Article L. 225-100-3 of the Commercial Code	
• Issues which may have an impact in the event of a public offer	56
• 3.3. Information mentioned in Article L. 225-111-3 of the Commercial Code	
• Company repurchases of treasury stock	24
4. Certification by responsible party	225
5. Report of the statutory auditors on the individual company and consolidated financial statements	185-160
6. Information regarding the fees paid to the statutory auditors	51
7. Report of the chairman of the internal control procedures	56 to 59
8. Report of the statutory auditors on the report by the chairman of the internal control and risk management procedures	60

This reference document has been filed with the Financial Markets Authority on April 11, 2011, in accordance with Article 212-13 of its General Regulations. It may be used as the basis for a financial transaction if supplemented by a short-form prospectus registered with the Financial Markets Authority. This document has been prepared by the issuer and is binding on the signatories.

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