

OFFERING CIRCULAR
Dated October 11, 2004

RALLYE

(a French *société anonyme*)

€500,000,000 5.625% Bonds due October 2011

Issue Price: €996.61 per Bond, corresponding to 99.661 % of the principal amount

The € 500,000,000 aggregate principal amount of 5.625% Bonds due 2011 (the "**Bonds**") of Rallye ("**Rallye**" or the "**Issuer**") will be issued outside the Republic of France and will mature, unless previously redeemed or purchased and cancelled, on October 13, 2011 at their principal amount (subject to below), as set forth in "Terms and Conditions of the Bonds - Redemption and Purchase" and "Terms and Conditions of the Bonds - Events of Default; Illegality".

The Bonds will bear interest at the rate of 5.625% per annum from, and including, October 13, 2004 to, but excluding, October 13, 2011. Interest will be payable annually in arrears on October 13 of each year, commencing on October 13, 2005 (see "Terms and Conditions of the Bonds - Interest").

The Bonds may, and in certain circumstances shall, be redeemed at the option of the Issuer, in whole but not in part, at their principal amount (€1,000 per Bond) together with accrued interest up to the effective date of redemption in the event that certain French taxes are imposed (see "Terms and Conditions of the Bonds - Redemption and Purchase - Early Redemption at the Option of the Issuer for Taxation Reasons").

The Bonds may be redeemed at the option of the Bondholders at 102% of their principal amount (€1,020 per Bond) together with accrued interest up to the effective date of redemption in the event of a change of control of Casino Guichard-Perrachon ("**Casino**") (see "Terms and Conditions of the Bonds - Redemption and Purchase - Early Redemption at the Option of the Bondholders in the event of a change of control of Casino").

Payments in respect of the Bonds will be made subject to any applicable French taxes. On the basis of present French law, payments in respect of the Bonds may be made without deduction for, or on account of, French taxes (see "Terms and Conditions of the Bonds - Tax Status").

The Bonds will constitute direct, unconditional, unsecured and unsubordinated obligations of the Issuer and will rank *pari passu* and without any preference among themselves and, subject to mandatory statutory exceptions, equally and rateably with all other present or future unsecured and unsubordinated indebtedness and monetary obligations of the Issuer (see "Terms and Conditions of the Bonds - Status and Negative Pledge - Status of the Bonds").

Application has been made for the listing of the Bonds on the Luxembourg Stock Exchange.

The Bonds will be issued in the denomination of €1,000 each on October 13, 2004 and will at all times be represented in book-entry form (dématérialisé), in compliance with Article L.211-4 of the French Code monétaire et financier. No physical documents of title will be issued in respect of the Bonds. The Bonds will, upon issue, be inscribed in the books of Euroclear France ("**Euroclear France**"), which shall credit the accounts of the Euroclear France Account Holders, including Euroclear Bank S.A./N.V., as operator of the Euroclear System ("**Euroclear**"), and the depositary bank for Clearstream Banking *société anonyme* ("**Clearstream**"). The Bonds have been accepted for clearance through Euroclear France, Euroclear and Clearstream.

Joint Lead Managers and Joint Bookrunners

CALYON CORPORATE AND INVESTMENT BANK

DEUTSCHE BANK

DRESDNER KLEINWORT WASSERSTEIN

HSBC

NATEXIS BANQUES POPULAIRES

Subject as set forth below, the Issuer confirms that this document contains all information with respect to the Issuer and its consolidated subsidiaries taken as a whole (the "Group" or the "Rallye Group") and the Bonds which is material in the context of the issue and offering of the Bonds; the statements contained in it relating to the Issuer, the Group and the Bonds are in every material respect true and accurate and not misleading; the opinions and intentions expressed in this document with regard to the Issuer and the Group are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions; there are no other facts in relation to the Issuer, the Group or the Bonds the omission of which would, in the context of the issue and offering of the Bonds, make any statement in this document misleading in any material respect; and all reasonable inquiries have been made by the Issuer to ascertain such facts and to verify the accuracy of all such information and statements. The Issuer accepts responsibility accordingly.

In connection with the issue and offering of the Bonds, no person has been authorised to give any information or to make any representation other than those contained in this Offering Circular and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or the Managers. Neither the delivery of this Offering Circular, nor any sale made in connection with the issue of the Bonds shall, under any circumstances, create any implication that the information in this Offering Circular is correct or complete as of any time subsequent to its date.

The distribution of this Offering Circular and the offering of the Bonds in certain jurisdictions may be restricted by law (see "Transfer Restrictions" and "Subscription and Sale"). Persons into whose possession this Offering Circular comes are required by the Issuer and the Managers to inform themselves about and to observe any such restrictions.

This Offering Circular does not constitute, and may not be used for the purposes of, an offer to sell to, or solicitation of an offer to buy from, anyone in any country or jurisdiction in which it is unlawful to make such offer or solicitation. No action has been or will be taken by the Issuer, the Managers or any other person that would permit a public offering of the Bonds or the distribution of this Offering Circular or any other offering material relating to the Bonds, in any country or jurisdiction other than Luxembourg where regulatory action for that purpose is required. This Offering Circular shall only be used for the purpose of the issue and offering of the Bonds and shall not be used for any other purpose. Any distribution of this Offering Circular to any persons other than prospective investors and persons retained to advise such prospective investors is unauthorised.

The Bonds have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act") or the securities laws of any U.S. state, and the Bonds may not be offered or sold within the United States, or to, or for the

account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act ("Regulation S")) unless an exemption from such registration is available.

The Bonds are being offered and sold only outside the United States to non-U.S. persons, in reliance upon an exemption from registration under the Securities Act pursuant to Regulation S. Purchasers may not resell or otherwise transfer the Bonds in the United States except pursuant to registrations under or exemptions from the registration requirements of the Securities Act and applicable securities laws of states within the United States. For a description of this and certain further restrictions on offers, sales and transfers of the Bonds, and the distribution of this Offering Circular, see "Transfer Restrictions" and "Subscription and Sale".

THE BONDS HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION, ANY STATE SECURITIES COMMISSION IN THE UNITED STATES OR ANY OTHER U.S. REGULATORY AUTHORITY, NOR HAVE ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF THE OFFERING OF THE BONDS OR THE ACCURACY OR ADEQUACY OF THIS OFFERING CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES.

THIS OFFERING CIRCULAR HAS NOT BEEN APPROVED BY, OR REGISTERED OR FILED WITH, THE FRENCH AUTORITÉ DES MARCHÉS FINANCIERS. THE BONDS MAY NOT BE OFFERED OR SOLD TO THE PUBLIC IN FRANCE AND NEITHER THIS OFFERING CIRCULAR, NOR ANY OTHER OFFERING MATERIAL OR INFORMATION CONTAINED THEREIN, MAY BE RELEASED, ISSUED OR DISTRIBUTED OR CAUSED TO BE RELEASED, ISSUED OR DISTRIBUTED TO THE PUBLIC IN FRANCE, OR USED IN CONNECTION WITH ANY OFFER FOR SUBSCRIPTION OR SALE OF BONDS TO THE PUBLIC IN FRANCE. SUCH OFFERS, SALES AND DISTRIBUTIONS SHALL BE MADE IN FRANCE ONLY TO QUALIFIED INVESTORS (INVESTISSEURS QUALIFIES) ACTING FOR THEIR OWN ACCOUNT, AS DEFINED IN ARTICLE L.411-2 OF THE CODE MONÉTAIRE ET FINANCIER AND DÉCRET NO. 98-880 DATED OCTOBER 1, 1998. PERSONS INTO WHOSE POSSESSION THIS OFFERING CIRCULAR COMES MUST INFORM THEMSELVES ABOUT AND OBSERVE ANY SUCH RESTRICTIONS. THIS OFFERING CIRCULAR DOES NOT CONSTITUTE, AND MAY NOT BE USED FOR OR IN CONNECTION WITH, AN OFFER TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR A SOLICITATION BY ANYONE NOT AUTHORISED TO SO ACT.

IN CONNECTION WITH THIS ISSUE, NATEXIS BANQUES POPULAIRES MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILISE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL WHICH MIGHT NOT OTHERWISE PREVAIL. SUCH STABILISING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. SUCH STABILISING WILL BE CARRIED OUT IN ACCORDANCE WITH ALL APPLICABLE LAWS AND REGULATIONS.

PRESENTATION OF FINANCIAL INFORMATION

Unless otherwise specified or where the context requires, references herein to "€" and "Euro" are to the single currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty establishing the European Community. References to "\$" and "dollars" are to the lawful currency of the United States of America.

In this Offering Circular, any discrepancies in any table between totals and the sums of the amounts listed in such table are due to rounding. References to "billions" are to thousands of millions.

Unless otherwise indicated, statements in this Offering Circular relating to market share, ranking and data are derived from management estimates based on independent industry publications, reports by market research firms or other published independent sources.

Rallye prepares annual consolidated financial statements and semi-annual unaudited consolidated financial statements in accordance with French generally accepted accounting principles ("French GAAP"). The financial information for the Rallye Group included in this Offering Circular has been derived from the audited consolidated financial statements of the Rallye Group as at and for the years ended December 31, 2001, 2002 and 2003, the unaudited consolidated financial statements of the Rallye Group as at and for the period ended June 30, 2003 and, the provisional unaudited consolidated financial statements of the Rallye Group as at and for the period ended June 30, 2004.

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TERMS AND CONDITIONS OF THE BONDS

The terms and conditions of the Bonds will be as follows:

The issue outside the Republic of France of €500,000,000 5.625% Bonds due 2011 of €1,000 principal amount per Bond (the "**Bonds**") of Rallye, a French *société anonyme* (the "**Issuer**"), was authorised by the *Président Directeur Général* of the Issuer on September 22, 2004, pursuant to a resolution of the *Conseil d'Administration* adopted on June 9, 2004 and a resolution of the *Assemblée Générale Ordinaire* of the shareholders of the Issuer adopted on June 9, 2004.

The Bonds are issued with the benefit of an agency agreement entered into between the Issuer, BNP Paribas Securities Services as fiscal agent and principal paying agent, and BNP Paribas Securities Services, Luxembourg Branch as paying agent on October 11, 2004 (the "**Agency Agreement**"). The fiscal agent and principal paying agent and the paying agent for the time being are referred to in these Conditions as the "**Fiscal Agent**", the "**Principal Paying Agent**" and the "**Paying Agents**" (which expression shall include the Principal Paying Agent), respectively. Each of such expressions shall include the successors from time to time of the relevant persons, in such capacities, under the Agency Agreement, and are collectively referred to as the "**Agents**". Certain statements in these terms and conditions are summaries of, and are subject to, the detailed provisions of the Agency Agreement, copies of which are available without charge at the specified offices of the Paying Agents. Holders of the Bonds (the "**Bondholders**") are deemed to have notice of the provisions of the Agency Agreement and are entitled to the benefit of those provisions which relate to their rights under the Bonds. References below to "**Conditions**" are, unless the context otherwise requires, to the numbered paragraphs contained in the terms and conditions set forth herein.

1. Form, Denomination and Title

The Bonds will be issued in dematerialised (*dématérialisé*) bearer form (*au porteur*) in the denomination of €1,000 per Bond. Title to the Bonds will be established and evidenced in accordance with Article L.211-4 of the French *Code monétaire et financier* by book-entries (*inscription en compte*). No physical document of title (including *certificats représentatifs* pursuant to Article 7 of decree no. 83-359 of May 2, 1983) will be issued in respect of the Bonds.

The Bonds will, upon issue, be inscribed in the books of Euroclear France ("**Euroclear France**"), which shall credit the accounts of the Euroclear France Account Holders. For the purpose of these Conditions, "**Account Holder**" shall mean any authorised financial intermediary institution entitled to hold accounts on behalf of its customers with Euroclear France, and includes the depository banks for Clearstream Banking *société anonyme* ("**Clearstream**") and Euroclear Bank S.A./N.V., as operator of the Euroclear System ("**Euroclear**").

Title to the Bonds shall be evidenced by entries in the books of the Euroclear France Account Holders, and transfer of Bonds may only be effected through registration of the transfer in the books of Account Holders.

2. Status and Negative Pledge

(a) Status of the Bonds

The obligations of the Issuer in respect of the Bonds constitute direct, unconditional, (subject as provided below) unsecured and unsubordinated obligations of the Issuer and rank and will rank *pari passu* and without any preference among themselves and (subject to such exceptions as are from time to time mandatory under French law) equally and rateably with all other present or future unsecured and unsubordinated indebtedness and monetary obligations of the Issuer.

(b) Negative Pledge

So long as any of the Bonds remains outstanding, the Issuer will not create or permit to subsist any mortgage, charge, pledge, lien (other than a lien arising by operation of law) or other form of encumbrance or security interest (*sûreté réelle*) ("**Security**"), except for any Security securing an amount up to €160 million in respect of the Issuer's assets other than the ordinary shares issued by Casino or other securities giving right to receive (through conversion, exchange, subscription or otherwise) equity securities issued by Casino (it being understood that an escrow arrangement (*séquestre*) is not a Security for the purposes hereof), upon the whole or any part of its undertaking, assets or revenues, present or future (including any uncalled capital), to secure any Capital Market Indebtedness, or any guarantee of or indemnity in respect of any Capital Market Indebtedness (as defined below) unless, at the same time or prior thereto, its obligations under the Bonds (A) are secured equally and rateably therewith or (B) have the benefit of such other security or other arrangement as shall be approved by the *Masse* (as defined in Condition 9) pursuant to Condition 9.

For the purposes of this Condition, "**Capital Market Indebtedness**" means any present or future indebtedness for borrowed money in the form of, or represented by, bonds (*obligations*) or other securities (including *titres de créances négociables*) which are for the time being, or are capable of being, quoted, listed or ordinarily dealt in on any stock exchange, over-the-counter market or other securities market.

3. Interest

The Bonds will bear interest from, and including, October 13, 2004 at the rate of 5.625% per year (calculated on the principal amount of the Bonds) payable annually

in arrears on October 13 of each year (each, an "**Interest Payment Date**"), commencing on October 13, 2005.

If interest is required to be calculated for a period of less than one year, it will be calculated on the basis of the actual number of days elapsed divided by 365 (or, if any of the days elapsed fall in a leap year, the sum of (i) the number of days elapsed falling in a leap year divided by 366 and (ii) the number of days elapsed falling in a non-leap year divided by 365) and rounding the resultant figure to the nearest €0.01 (€0.005 being rounded upwards).

Each Bond will cease to bear interest from the date on which it is to be redeemed, whether at maturity or earlier, unless payment of the full amount due in respect of the Bond is improperly withheld or refused on such due date. In such latter event, such Bond shall continue to bear interest in accordance with this Condition (both before and after any judgment) until whichever is the earlier of (a) the day on which all sums due in respect of such Bond up to that day are received by or on behalf of the relevant Bondholder, and (b) the day after the Fiscal Agent has notified Bondholders in accordance with Condition 10 of receipt of all sums due in respect of all Bonds up to that day (except if and to the extent that the subsequent payment to the relevant Bondholders is not made in accordance with these Conditions).

Interest payments will be made subject to, and in accordance with, the provisions of Condition 5 below.

4. Redemption and Purchase

The Bonds may not be redeemed other than in accordance with this Condition 4 or Condition 7.

(a) *Redemption at Maturity*

Unless previously redeemed or purchased and cancelled, the Bonds will be redeemed in cash at their principal amount (€1,000 per Bond) on October 13, 2011 (the "**Maturity Date**").

(b) *Early Redemption at the Option of the Issuer for Taxation Reasons*

- (i) If, by reason of any change or amendment to the laws or regulations of the French Republic or any authority therein or thereof having power to tax, or any change in the official application or interpretation of such laws or regulations, becoming effective after October 13, 2004 the Issuer would, on the occasion of the next payment of principal or interest due in respect of the Bonds, not be able to make such payment without having to pay additional amounts as specified under Condition 6 below, the Issuer may at any time, subject to having given not more than 45 nor less than 30 days' notice to the Bondholders (which notice shall be irrevocable), in accordance with Condition 10, redeem all, but

not some only, of the Bonds at their principal amount together with any interest accrued to the date set for redemption provided that the due date for redemption of which notice hereunder may be given shall be no earlier than the latest reasonably practicable date on which the Issuer could make payment of principal or interest without withholding for French taxes.

- (ii) If the Issuer would on the occasion of the next payment in respect of the Bonds be prevented by French law from making payment to the Bondholders of the full amount then due and payable, notwithstanding the undertaking to pay additional amounts contained in Condition 6 below, then the Issuer shall forthwith give notice of such fact to the Fiscal Agent and shall forthwith redeem all, but not some only, of the Bonds then outstanding at their principal amount plus any accrued interest up to the effective date of redemption upon giving not less than seven, nor more than 30 days' prior notice to the Bondholders (which notice shall be irrevocable) in accordance with Condition 10, provided that the due date for redemption of which notice hereunder shall be given shall be the latest reasonably practicable date on which the Issuer could make payment of principal or interest without withholding for French taxes or, if such date is past, as soon as practicable thereafter.

(c) *Notice of redemption*

All Bonds in respect of which any notice of redemption is given by the Issuer under this Condition shall be redeemed on the date specified in such notice in accordance with this Condition.

(d) *Early Redemption at the Option of the Bondholders in the event of a change of control of Casino*

In the event of a Change of Control (as defined below), each Bondholder may request, during the early redemption period set out below, the early redemption of its Bonds at 102% of their principal amount (€1,020 per Bond) together with accrued interest up to the effective date of redemption (the "**Early Redemption Price**").

Any Change of Control shall be notified within 5 Business Days of its occurrence, to the Bondholders by the Issuer in accordance with Condition 10 and to the Luxembourg Stock Exchange, irrespective of whether the Change of Control results from a decrease of the Issuer's shareholding in Casino or from the increase of the shareholding in Casino of any other party.

Any such notification will indicate the date of the Change of Control, the period in which the early redemption of the Bonds may be requested, the effective date of redemption and the Early Redemption Price. The period when early redemption may be requested will run for at least 20 Business

Days following the notification of the Change of Control to the Bondholders by the Issuer in accordance with Condition 10. A Bondholder wishing to request early redemption of its Bonds must request early redemption no later than the last Business Day of the period announced as mentioned above with the Account Holder who holds the Bonds on behalf of the Bondholder in its book entries; such Account Holder will in turn communicate the request to the Issuer and the Paying Agents.

Upon communication of the request for early redemption by the Bondholder to the financial intermediary which holds the Bonds on behalf of the Bondholder in its book entries, the request for early redemption will be irrevocable and the Issuer will be required to redeem all Bonds in respect of which such a request has been made as set out above no later than the tenth Business Day following the last day of the early redemption period set out above.

For the purposes of these Conditions:

- "**Business Day**" means any day, not being a Saturday or a Sunday, on which commercial banks and foreign exchange markets are open for general business in Paris and Luxembourg and on which the TARGET System is operating;
- "**Change of Control**" means a situation where for whatever reason other than following a merger of Casino:
 - (i) the Issuer, directly or indirectly, acting alone or in concert with others, holds a number of shares representing less than 40% of the voting rights in the general meetings of Casino, or
 - (ii) (x) the Issuer, directly or indirectly, acting alone or in concert with others, holds a number of shares representing at least 40 % of the voting rights in the general meetings of Casino and (y) any other shareholder of Casino, directly or indirectly, acting alone or in concert with others, holds a number of shares representing a percentage of the voting rights in such general meetings which is higher than the percentage of voting rights attaching to the number of shares held, directly or indirectly, acting alone or in concert with others, by the Issuer.

For the purposes of these Conditions:

"**Acting in concert with others**" has the meaning given to such terms in Article L.233-10 of the French *Code de Commerce* (the "**Code**").

(e) ***Purchases***

The Issuer or any of its subsidiaries may, in accordance with all applicable laws and regulations, at any time purchase Bonds for a cash consideration or otherwise, at any price and at any condition, whether on or off the stock exchange, whether by means of a public offer or a public exchange offer or otherwise.

(f) ***Cancellation***

All Bonds which are redeemed or purchased by the Issuer will be promptly cancelled and accordingly may not be reissued or resold.

(g) ***Change of Control of the Issuer***

If Foncière Euris ceases directly or indirectly, acting alone or in concert with others, to control the Issuer within the meaning of Article L.233-3 of the Code, then the Issuer shall promptly:

- (i) publish notice of such loss of control in accordance with Condition 10,
- (ii) notify the Luxembourg Stock Exchange,
- (iii) prepare a supplement to this Offering Circular,

and each Bondholder shall be permitted, until 30 days following publication of such notice, to require from the Issuer the early redemption of all or part of such Bondholder's Bonds, and the Issuer shall be obliged to redeem such Bondholder's Bonds, at their principal amount together with accrued interest up to the effective date of redemption.

A Bondholder wishing to request early redemption of its Bonds must request early redemption no later than the last Business Day of the period announced as mentioned above with the Account Holder who holds the Bonds on behalf of the Bondholder in its book entries; such Account Holder will in turn communicate the request to the Issuer and Paying Agents.

Upon communication of the request for early redemption by the Bondholder to the financial intermediary which holds the Bonds on behalf of the Bondholder in its book entries, the request for early redemption will be irrevocable and the Issuer will be required to redeem all Bonds in respect of which such a request has been made as set out above no later than the tenth Business Day following the last day of the early redemption period set out above.

5. Payments

(a) *Method of Payment*

Payments of principal, interest and other amounts in respect of the Bonds will be made in Euro by credit or transfer to a Euro account (or any other account to which Euro may be credited or transferred). All such payments shall be made to the Account Holders (including depositary banks for Clearstream or Euroclear) for the benefit of the Bondholders. All payments to the Account Holders made in such manner by the Issuer directly or by any Paying Agent on behalf of the Issuer, as the case may be, will discharge such paying party from its obligations with respect to such payments.

Payments of principal, interest and other amounts on the Bonds will, in all cases, be made subject to any applicable fiscal or other laws and regulations in the place of payment. No commission or expenses shall be charged by the Issuer or the Agents to the Bondholders in respect of such payments.

(b) *Payments on Business Days*

If any due date for payment of principal, interest or any other amount in respect of any Bond is not a TARGET business day, then the Bondholder shall not be entitled to payment of the amount due until the next following day which is a business day and the Bondholder shall not be entitled to any interest or other sums in respect of such postponed payment. In this Condition 5(b), "**TARGET business day**" means a day on which the Trans-European Automated Real-Time Gross-Settlement Express Transfer System (TARGET) is operating.

(c) *Fiscal Agent and Paying Agents*

The names of the initial Agents and their specified offices are set forth below:

Fiscal Agent and Principal Paying Agent

BNP Paribas Securities Services

Les Collines de l'Arche
75450 Paris Cedex
France

Luxembourg Paying Agent

BNP Paribas Securities Services, Luxembourg Branch

23, Avenue de la Porte Neuve
L-2085 Luxembourg
Luxembourg

The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent or any Paying Agent and/or appoint additional or other Paying Agents or approve any change in the office through which any such Agent acts, provided that there will at all times be (i) a Fiscal Agent and a Principal Paying Agent having a specified office in a European city and (ii) so long as the Bonds are listed on the Luxembourg Stock Exchange and the rules of that exchange so require, a Paying Agent having a specified office in Luxembourg (which may be the Principal Paying Agent). The Issuer undertakes that it will ensure that it maintains a Paying Agent in a Member State of the European Union that is not obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of November 26 and 27, 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive.

Any termination or appointment shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not more than 45 nor less than 30 calendar days' notice thereof shall have been given to the Bondholders by the Issuer in accordance with Condition 10.

6. Tax Status

(a) Tax exemption

The Bonds being denominated in Euro are deemed to be issued outside France for the purpose of Article 131 *quater* of the *Code Général des Impôts* (French General Tax Code), interest and other revenues in respect of the Bonds benefit at present from the exemption from deduction of tax at source provided by Article 131 *quater* of the *Code Général des Impôts*. As a result, such payments do not give the right to any tax credit from any French source. Payments in respect of the Bonds will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by, or on behalf of, the Republic of France or any authority therein or thereof having power to tax ("**Taxes**"), unless the withholding or deduction of such Taxes is required by law.

(b) Additional Amounts

If French law should require that payments of principal or interest in respect of any Bond be subject to deduction or withholding in respect of any present or future taxes, duties, assessments or other governmental charges of whatever nature imposed or levied by or on behalf of the French Republic or any authority therein or thereof having power to tax, the Issuer shall, to the fullest extent then permitted by law, pay such additional amounts as may be necessary in order that the holder of each Bond, after such deduction or withholding, will receive the full amount then due and payable thereon in the

absence of such withholding, except that no such additional amounts shall be payable with respect to any Bond:

- (i) to, or to a third party on behalf of, a Bondholder who is subject to such taxes, duties, assessments or governmental charges in respect of such Bond by reason of his having some connection with the French Republic other than the mere holding of such Bond; or
- (ii) to or on behalf of a holder (or beneficial owner (*ayant droit*)) who could avoid such deduction or withholding by making a declaration of non-residence or similar claim for exemption but fails to do so; or
- (iii) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to the European Council Directive 2003/48/EC or any other European Union Directive on the taxation of savings implementing the conclusions of the ECOFIN Council meeting of November 26 and 27, 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (iv) to or on behalf of a holder with respect to any tax which is payable otherwise than by deduction or withholding from payments made under or with respect to any Bond.

Any references in these Conditions to principal and interest in respect of the Bonds shall be deemed also to refer to any additional amounts which may be payable under the provisions of this Condition 6(b).

7. Events of Default; Illegality

(a) *Events of Default*

If any of the following events (each an "**Event of Default**") shall have occurred and be continuing:

- (i) default by the Issuer in any payment when due of principal or interest in respect of any of the Bonds if such default shall not have been remedied within 15 calendar days thereafter; or
- (ii) default by the Issuer in the performance of, or compliance with, any of its other obligations under the Bonds (other than as referred to in Condition 7(a)(i)), if such default shall not have been remedied within 30 calendar days after receipt by the Fiscal Agent of written notice of such default given by the Representative (as defined in Condition 9 and requiring the same to be remedied); or

- (iii) the Issuer makes any proposal for a general moratorium in relation to its debts; or applies for the appointment of a conciliator (*conciliateur*) pursuant to Article L.611-3 of the Code; or enters into an amicable settlement (*règlement amiable*) with its creditors pursuant to Articles L.611-3 to L.611-6 of the Code; or a judgment is issued for the judicial liquidation (*liquidation judiciaire*) or for the transfer of the whole of the business (*cession totale de l'entreprise*) of the Issuer; or, to the extent permitted by applicable law, if the Issuer is subject to any other insolvency or bankruptcy proceedings; or if the Issuer is wound up or dissolved, except for the purposes of an amalgamation, reorganisation, consolidation, merger or spin-off which is implemented and the resulting entity of which assumes the obligations of the Issuer under the Bonds; or any event which under the laws of any relevant jurisdiction has an analogous or equivalent effect to any of the events mentioned in this Condition 7(a)(iii); or
- (iv) if the Issuer fails to pay any other present or future indebtedness of the Issuer for moneys borrowed or raised in an aggregate amount exceeding €5,000,000 or its equivalent in any other currency or currencies when it becomes due and repayable prior to its stated maturity by reason of a default in relation thereto or if any such indebtedness is not paid at maturity as extended by any applicable grace period or if any guarantee or indemnity in respect of any such indebtedness of any person given by the Issuer is not honored when due and called upon or within any applicable grace period as originally provided, and any such default shall not have been remedied within 30 calendar days thereafter, unless the Issuer contests in good faith that such indebtedness is due or the validity of the calling of the guarantee or indemnity, and such dispute has been submitted to a competent court, in which case such event shall not constitute an Event of Default hereunder so long as a definitive judgement has not been rendered;

then the Representative may, pursuant to a majority decision of the general Bondholders' meeting, by notice in writing to the Fiscal Agent given on behalf of any of the Bondholders, before all continuing Events of Default shall have been remedied, cause the Bonds to become immediately due and payable whereupon they shall become immediately due and payable in cash without further formality on the tenth Business Day following the date of such notice at their principal amount plus any accrued interest up to the effective date of payment. Notice of the fact that the Bonds have become due and payable pursuant to this Condition 7(a) shall be given by the Issuer, failing whom the Representative, to the Bondholders in accordance with Condition 10 not later than the second Business Day following the date of the Representative's notice to the Fiscal Agent.

(b) *Illegality*

If it is or will become unlawful (whether or not due to the failure to obtain, or the revocation, expiry or withdrawal of, any authorisation referred to in Condition 8 for the Issuer to perform or comply with any material obligation under the Bonds ("**Illegality**"), and such Illegality shall not have been avoided or remedied (or these Conditions amended by mutual consent of the Issuer and the *Masse*, as defined in Condition 9) within 30 calendar days after the date of default in the performance of the relevant obligation by reason of such Illegality;

then

- (i) the Representative may, by notice in writing to the Fiscal Agent given on behalf of any of the Bondholders before the continuing Illegality shall have been remedied, cause the Bonds to become immediately due and payable whereupon they shall become immediately due and payable in cash without further formality on the tenth Business Day following the date of such notice at their principal amount plus any accrued interest up to the effective date of payment. Notice of the fact that the Bonds have become due and payable pursuant to this Condition 7(b) shall be given by the Issuer, failing whom the Representative, to the Bondholders in accordance with Condition 10 not later than the second Business Day following the date of the Representative's notice to the Fiscal Agent; or
- (ii) the Issuer may redeem all, but not some only, of the outstanding Bonds, by giving not less than 15 days' notice of such redemption, indicating the date of redemption, in accordance with Condition 10 (which notice shall be irrevocable). In such case, the Bonds will be redeemed at their principal amount together with any accrued interest up to the effective date of redemption.

8. Issuer Authorisation

If at any time an authorisation becomes necessary to permit the Issuer to pay the principal of, or interest on, the Bonds as a result of any change in the official application of, or any amendment to, the laws or regulations of France, the Issuer shall immediately apply for the necessary authorisations and forthwith provide copies of such application to the Fiscal Agent. The Issuer shall provide copies of such authorisations to the Fiscal Agent within a reasonable period after they are obtained.

9. Representation of the Bondholders

The Bondholders will be grouped, for the defense of their respective common interests, in a single *masse* (hereinafter referred to as the "**Masse**").

The *Masse* will be governed by those provisions of the Code with the exception of the provisions of Articles L.228-48, L.228-59 and L.228-65 II of the Code and by decree no. 67-236 of March 23, 1967 (as modified or re-enacted from time to time) (the "**Decree**") with the exception of Articles 218, 222, 224 and 226 of the Decree, as amended by the conditions set forth below, provided that notices calling a general meeting of the Bondholders (a "**General Meeting**") and the resolutions passed at any General Meeting and any other decision to be published pursuant to French legal and regulatory provisions will be published only as provided under Condition 10 below.

The Bonds being issued outside the Republic of France, the *Masse* is, in accordance with Article L.228-90 of the Code, governed solely by the legal provisions which are expressed as applicable to the Bonds as stated above and subject to the foregoing paragraphs.

(a) *Legal Personality*

The *Masse* will be a separate legal entity, by virtue of Article L.228-46 of the Code acting in part through one representative (the "**Representative**") and in part through a General Meeting.

The *Masse* alone, to the exclusion of all individual Bondholders, shall exercise the common rights, actions and benefits which now or in the future may accrue with respect to the Bonds.

(b) *Representative*

The office of Representative may be conferred on a person of any nationality. However, the following persons may not be chosen as Representative:

- (i) the Issuer;
- (ii) any entity holding (directly or indirectly) at least 10% of the share capital of the Issuer or at least 10% of the share capital of which is held by the Issuer;
- (iii) any entity guaranteeing all or part of any obligations of the Issuer;
- (iv) any member of the Board of Directors (*Conseil d'Administration*) of the Issuer, the Statutory Auditors (*Commissaires aux Comptes*) of the Issuer, or any employee, managing director or director (or their respective ascendants, descendants and spouses) of the entities referred to in (i), (ii) or (iii) above; and
- (v) persons who have been prohibited from practicing as a banker or who have been deprived of the right to direct, administer or manage an enterprise in any capacity whatsoever.

The initial Representative shall be:

Patrick Kalinski : 88 bd Magenta - 75010 Paris France

The alternative representative of the *Masse* will be:

Franck Hergault : 15 bis rue de l'Eglise - 95160 Montmorency France

In the event of death, retirement or revocation of the Representative, such Representative will be replaced by the alternative representative named above.

The Issuer shall pay to the Representative an amount of €300 per year.

All interested parties will at all times have the right to obtain the names and the addresses of the Representative at the head office of the Issuer and at the offices of any of the Paying Agents.

(c) *Powers of the Representative*

The Representative shall, in the absence of any decision to the contrary of a General Meeting of Bondholders, have the power to take all action to defend the common interests of the Bondholders.

All legal proceedings by or against the Bondholders must be brought by or against the Representative, and any legal proceedings which shall not be brought in accordance with this provision shall not be legally valid.

The Representative may not interfere in the management of the affairs of the Issuer.

(d) *General Meetings*

General Meetings may be held at any time, on convocation either by the Issuer or the Representative. One or more Bondholders, holding together at least one-thirtieth of outstanding Bonds may address to the Issuer and the Representative a demand for convocation of the General Meeting. If such General Meeting has not been convened within two months from such demand, such Bondholders may commission one of themselves to petition the competent court in Paris to appoint an agent (*mandataire*) who will call the General Meeting.

Notice of the date, hour, place, agenda and quorum requirements of any General Meeting will be published as provided in Condition 10 not less than 15 days prior to the date of the General Meeting for the first convocation and not less than six days for a second convocation.

Each Bondholder has the right to participate in General Meetings in person or by proxy. Each Bond carries the right to one vote.

(e) ***Powers of General Meetings***

A General Meeting is empowered to deliberate on the fixing of the remuneration of the Representative and on their dismissal and replacement, and also may act with respect to any other matter that relates to the common rights, actions and benefits which now or in the future may accrue with respect to the Bonds, including authorising the Representative to act at law as plaintiff or defendant.

A General Meeting may further deliberate on any proposal relating to the modification of these Conditions, including:

- (i) any proposal whether for arbitration or settlement, relating to rights in controversy or which were the subject of judicial decisions; and
- (ii) any proposal relating to the issue of securities carrying a right of preference compared to the rights of Bondholders; it being specified, however, that a General Meeting may not increase amounts payable by the Bondholders, nor establish any unequal treatment between the Bondholders, nor decide to convert the Bonds into shares of the Issuer or any other entity.

General Meetings may deliberate validly on first convocation only if Bondholders present or represented hold at least one-quarter of the principal amount of the Bonds then outstanding. On second convocation, no quorum shall be required. Decisions at meetings shall be taken by a simple majority of votes cast by the Bondholders attending such meeting or represented thereat.

(f) ***Information to the Bondholders***

Each Bondholder will have the right, during the 15 day period preceding the holding of each General Meeting, personally or through a representative, to consult or make a copy of the resolutions which will be proposed, and of any reports which may be presented, at the meeting, which will be available for inspection at the principal office of the Issuer, at the specified offices of the Paying Agents and at any other place specified in the notice of meeting.

(g) ***Expenses***

The Issuer will pay all reasonable expenses incurred in the operation of the *Masse*, including expenses relating to the calling and holding of meetings and remuneration of the Representative, and more generally all reasonable administrative expenses resolved upon by a General Meeting, it being expressly stipulated that no expenses may be imputed against interest payable on the Bonds.

(h) Notice of Decisions

Decisions of the meetings shall be published in accordance with the provisions set forth in Condition 10 not more than 90 days from the date thereof.

10. Notices

Any notice to the Bondholders shall be validly given if it is published (i) so long as the Bonds are listed on the Luxembourg Stock Exchange and the rules of that exchange so require, in a leading daily newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) and (ii) in a leading daily newspaper in the English language having general circulation in Europe (which is expected to be the *The Financial Times*). Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which such publication is made. In addition, notices required to be given to the Bondholders pursuant to these Conditions will also be given by delivery of the relevant notice to Euroclear France, Euroclear, Clearstream and/or any other clearing system through which the Bonds are for the time being cleared in substitution for the publications as aforesaid except that so long as the Bonds are listed on any stock exchange(s) and the rules of such stock exchange(s) so require, notices shall also be published in a daily newspaper with general circulation in the city/ies where the stock exchange(s) on which the Bonds is(are) listed.

11. Prescription

Claims against the Issuer for the payment of principal and interest in respect of the Bonds shall become prescribed ten years (in the case of principal) and five years (in the case of interest) from the due date for payment thereof.

12. Further Issues

The Issuer may from time to time without the consent of the Bondholder issue further Bonds to be assimilated (*assimilables*) with the Bonds as regards their financial service, provided that such further Bonds and the Bonds shall carry rights identical in all respects (or in all respects except for the first payment of interest thereon) and that the terms of such further Bonds shall provide for such assimilation. In the event of such assimilation, the Bondholders and the holders of any assimilated Bonds may, for the defence of their common interests, be grouped in a *masse* having legal personality.

13. Modification of the Agency Agreement

The Agency Agreement may be amended by the parties to it, without the consent of the Bondholders, for the purpose of curing any ambiguity, or curing, correcting or supplementing any defective provision contained in it, or in any manner which the parties to the Agency Agreement mutually deem necessary or desirable and which

does not, in the opinion of the Fiscal Agent, adversely affect the interests of the Bondholders.

14. Governing Law and Jurisdiction

The Bonds and the Agency Agreement are governed by the laws and Republic of France.

The Courts having jurisdiction over disputes in which the Issuer is the defendant, will be those within the jurisdiction of the Court of appeal of Paris and, in other cases, will be those designated in accordance with the nature of the dispute, unless otherwise provided by the French Civil Procedure Code (*Nouveau Code de Procédure Civile*).

USE OF PROCEEDS

The net proceeds from the issue of the Bonds, which will be approximately €494,600,000 will be used by Rallye for general corporate purposes, including in particular the refinancing of existing debt and the lengthening of the average maturity of its indebtedness.

RALLYE

General

Rallye is a *société anonyme* incorporated under the laws of France and registered with the company register of Paris under reference number 054 500 574 and having its registered office at 83, rue du Faubourg St Honoré, 75008 Paris, France.

Rallye is the holding company of a group of companies (the "Rallye Group") present in several segments of the retail industry in France and in other countries, through its majority interests in its two operating subsidiaries:

- Casino, one of the leading food retailers, both in France and internationally;
- Groupe Go Sport, a multi-format sporting goods retailer operating under the Go Sport, Courir and Moviesport banners;

Founded in 1925, the Rallye Group has developed through both acquisition-led and organic growth to become one of France's major supermarket and hypermarket groups and a specialist sporting goods retailer. In 1991, Euris, an investment group led by Jean-Charles Naouri, acquired Rallye. In 1992, Rallye sold its food retailing business to Casino in exchange for a 29.5% shareholding in Casino. In February 1998, this shareholding was increased to 53.8% following a tender offer launched on September 12, 1997, giving it 60.8% of the voting rights. In June 2000, Rallye's holding in Casino was diluted to 50.7% of the share capital and 59.1% of the voting rights by the acquisition of a stake in Monoprix from Galeries Lafayette.

For the year ended December 31, 2003, the Rallye Group achieved consolidated net sales of €24 billion, up 0.4% and 4.5% at constant exchange rates. Operating income increased by 10.7% to €1,056 million and net income, group's share rose to €108 million (vs. €63 million for the year ended December 31, 2002).

These figures reflect in particular the sustained and profitable organic growth of the Casino banners in France and abroad.

Casino

Casino is Rallye's main subsidiary, representing over 96% of the Rallye Group's 2003 consolidated net sales.

Casino Guichard-Perrachon is a *société anonyme* established under the laws of France, registered with the company register of Saint-Etienne under reference number 554 501 171. Its registered office is at 24, rue de la Montat, 42000 Saint-Etienne, France.

Casino is a multi-format retailer with a strong market position in the French retail sector and significant operations internationally, including stores in fifteen countries (France, Poland, The Netherlands, the USA, Mexico, Brazil, Argentina, Uruguay, Colombia, Venezuela, Thailand, Taiwan, Vietnam, Madagascar and Mayotte).

The first Casino supermarket opened in 1960 in Grenoble and the first Géant Casino hypermarket in 1970 in Marseille. Since then, Casino has proceeded to several acquisitions in France (including mainly the acquisition of the retailing and restaurant businesses of Rallye in 1992, of the Franprix-Leader Price Group companies in 1997, and of a 21.6% shareholding in Monoprix in 1997 increased to 49.35% in 2000 and 50.00% in 2003) and abroad (including mainly the acquisition of Smart & Final in the United States in 1984, of a majority stake in Big C in Thailand and of a minority stake in Companhia Brasileira de Distribuicao (CBD) in Brazil in 1999, of a 33.34% stake in Vindémia (Indian Ocean) in 2001 and of a 38.7% stake in Dutch retailer Laurus in 2002).

For the year ended December 31, 2003, Casino's consolidated net sales were €22,983 million and attributable net income was €492.3 million.

Casino is listed on Euronext Paris and is a constituent part of the CAC 40 with a market capitalization of €6.6 billion as at September 30, 2004.

As at June 30, 2004 the Rallye Group held directly and indirectly 53,862,555 shares of Casino (divided into 47,379,750 ordinary shares and 6,482,805 preferred shares), or approximately 49.59% percent of Casino's share capital and 65.18% of the voting rights. Rallye's shares of Casino, each of which has a nominal value of €1.53, have been fully paid up. In fiscal year 2004, the Rallye Group received dividends from Casino amounting to €107 million.

For further information about Rallye's history and business activities, please refer to Rallye's 2003 Annual Report. Copies of Rallye's Annual Report, and the English translation thereof, are available without charge at Rallye's registered office at 83, rue du Faubourg St Honoré, 75008, Paris, France, and at the offices of the Fiscal Agent and the Paying Agent in Luxembourg.

Recent developments

Casino

For the first half 2004, Casino Group achieved consolidated net sales of €11.1 billion. Operating income and attributable net income were respectively €481.6 million, up 8.7%, and €219.8 million, up 10.5%.

France

France accounts for 81% of Casino's net sales and 92% of Casino's operating income.

For the half year ended June 30, 2004, French activities achieved a €8,950.5 million sales, up 2.2%. All the Group's banners reported good performance in each of their segments. Leader Price posted very strong same-store sales, with growth of +6.9% for the period.

Operating income increased by 3.8% to €443.6 million with an operating margin of 5.0%, reflecting firm margins across all activities. The improvement was driven both by successful marketing policies and by the effectiveness of the Group's positioning centered around discount and convenience formats.

International

In international markets, organic net sales growth of 14.6% and the doubling of operating income for the first half 2004 confirmed the role played by international operations as growth drivers. This achievement mainly results from profit growth at Smart & Final in the US and Big C in Thailand, together with the recovery of Géant in Poland.

Groupe Go Sport

In a difficult market environment, Groupe Go Sport net sales amounted to €98.7 million on June 30, 2004, down 0.6%. Operating income and net income Group's share were -€10.8 million and -€7.3 million respectively (versus +€5.8 million and +€2.8 million for the first half 2003) affected by a fall in same-store sales, the decline in commercial margin, resulting from strengthened promotional campaigns during the first half, and an increase in certain fixed expenses.

Other assets

Rallye manages a diversified financial investment portfolio of €40 million as at June 30, 2004, invested through specialized funds and direct funds investments. This activity remains marginal compared to the food and sporting goods retailing activities.

Financial Structure

In January 2004, Rallye issued a €400 million bond, increased to €500 million in April, maturing on January 20, 2009 and serving a 5,375% coupon, enabling the company to meet its financial needs, to diversify its financial resources and to lengthen the maturity of its debt.

The Board of Directors of Rallye decided upon the payment of an interim dividend of 1.20 euros per share, effective on October 14, 2004.

Management

As at September 15, 2004 Rallye is managed by a Board of Directors composed as follows:

Name:

Jean-Charles Naouri

André Crestey

Principal Occupations:

President of Rallye Board of Directors and Chief Executive Officer; President of Casino Guichard Perrachon Board of Directors; President and Chief Executive Officer of Groupe Euris

Vice-President of Rallye Board of Directors

Société Foncière Euris,
represented by Didier Carlier

Jacques Dermagne President of the Conseil Economique et Social
Member of Unibail, Cetelem, DMC and Devanlay
Boards of Directors;

Jacques Dumas Head of Legal Department of Groupe Euris

Pierre Féraud President of Foncière Euris Board of Directors and
Chief Executive Officer

Jean Chodron de Courcel Deputy Managing Director of Penauille Polyservices

Société Finatis, represented
by Jean-Marie Grisard

Jean Lévy Member of Price Minister SA and Axxess Boards of
Directors

Christian Paillot Adviser of the President of Konica Europe

Gilbert Torelli Chairman of Finamex Board of Directors

The Board of Directors has two committees, the audit committee and the nominations and compensation committee, which are, in liaison with the members of the Board of Directors, assisted by various functional departments of the Rallye Group. The audit committee is chaired by André Crestey. The nominations and compensation committee is chaired by Jacques Dermagne.

Capitalization

On June 30, 2004, the capital stock of Rallye amounted to €112,223,535 divided into 37,407,845 fully paid-up ordinary shares, each with a nominal value of €3.

The following table shows the consolidated capitalization of Rallye as at June 30, 2004.

	As at June 30, 2004 (1)	
	(in €millions)	
Group's Shareholders' Equity	801	
Minority Interest	2,572	
Net Financial Debt		6,576
<i>Long term debt</i>		3,256
<i>Medium term debt</i>		4,111
<i>Short term debt</i>		1,055
<i>Cash and marketable securities</i>		(1,846)
Total	3,373	6,576

(1) *Provisional unaudited figures*

The above capitalization table takes account of the present €500,000,000 5.625% bonds due 2011, as an increase in Long Term debt and a consecutive decrease in Short Term debt for an amount of €500,000,000 compared to Rallye's unaudited provisional financial statements as at June 30, 2004.

Except as disclosed in this Offering Circular, there has been no material change to Rallye's capitalization, on a non-consolidated basis, since June 30, 2004.

Summary Consolidated Financial Information

The following tables set forth selected consolidated financial data for each of the years in the three-year period ended December 31, 2003. The selected financial data set forth below should be read in conjunction with Rallye's audited consolidated financial statements for the year ended December 31, 2003, 2002 and 2001, and the Notes thereto, included in the audited financial information as published in the French *Bulletin des Annonces Légales Obligatoires* (the "BALO") dated April 23, 2004.

Unaudited consolidated financial statements of the Rallye Group as at and for the period ended June 30, 2003 appears as published in the French *Bulletin des Annonces Légales Obligatoires* (the "BALO") dated November 5, 2003.

Provisional unaudited consolidated financial statements of the Rallye Group as at and for the period ended June 30, 2004 appears as disclosed by the Company on September 16, 2004.

Unaudited consolidated financial statements of the Rallye Group as at and for the period ended June 30, 2004 will be published in the *Bulletin des Annonces Légales Obligatoires* (the "BALO") on October 29, 2004 at the latest.

RALLYE CONSOLIDATED BALANCE SHEET
as at June 30, 2004

ASSETS (in €millions)	06/30/2004 <i>(provisional and unaudited)</i>	06/30/2003
Total fixed assets	10,902	10,983
Current assets		
Inventories	2,187	2,069
Accounts receivable	1,847	1,518
Marketable securities	1,481	1,505
Cash	365	823
Total current assets	5,880	5,915
Other assets	436	445
TOTAL ASSETS	17,218	17,343

LIABILITIES AND SHAREHOLDER'S EQUITY (in €millions)	06/30/2004 <i>(provisional and unaudited)</i>	06/30/2003
Total consolidated shareholders' equity	3,373	3,295
Other shareholders' equity	164	181
Provisions for contingencies and charges	412	387
Borrowing and loans	8,422	8,896
Accounts payable	4,474	4,219
Other debts	233	321
Total debts	13,129	13,436
Other liabilities	140	44
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	17,218	17,343

RALLYE CONSOLIDATED INCOME STATEMENT

as at June 30, 2004

(in €millions)	2004 <i>(provisional and unaudited)</i>	2003
Net sales	11,405	11,383
Operating income	461	430
Financial income (loss)	(125)	(146)
Income from current operations before income tax	336	284
Income tax from current activities	(139)	(131)
Income from current operations after income tax	197	153
Net exceptional income (loss)	22	3
Income from companies accounted for by the equity method	17	17
Amortization of goodwill	(40)	(30)
Net income	196	143
Group's share	36	25
<hr/>		
(In €per share)	2004	2003
Net income Group's share	1.03	0.73
Weighted-average number of shares before dilution	34,649,458	34,478,169

Certain Information Concerning Rallye's Interim Financial Statements

General principles

The unaudited provisional interim consolidated financial statements of the Rallye Group were prepared in compliance with French GAAP and following the same methods as those used for the year ended December 31, 2003, with the exception of the changes in accounting methods resulting from the application of:

- Regulation n°2003-R.01 of the *Conseil National de la Comptabilité* (the French national accounting committee), relating to the accounting and assessment of retirement commitments towards employees with effect from January 1, 2004;
- Regulation n°2004-03 of the Comité de Réglementation Comptable (The French accounting regulatory committee) dated May 4, 2004, stating that no obligation to hold stocks in a controlled entity is needed to consolidate an entity. As a result, Strichting Laurus Pensioenfonds, Laurus' employees pension fund was consolidated by the Rallye Group from January 1, 2004.

The application of these new rules resulted in additional liabilities in the amount of €20.6 million recorded through an adjustment to shareholders' equity as at January 1, 2004.

RALLYE CONSOLIDATED BALANCE SHEET
as at December 31, 2003

ASSETS (in €millions)	Gross	Depreciation	12/31/2003	12/31/2002	12/31/2001
Fixed assets					
Intangible assets	4,167	136	4,031	4,012	4,050
Goodwill	1,754	294	1,460	1,350	1,512
Property and equipment	6,810	2,891	3,919	4,120	4,274
Financial investments	1,569	105	1,464	1,418	1,715
Total fixed assets	14,300	3,426	10,874	10,900	11,551
Current assets					
Inventories	2,051	26	2,025	1,970	2,155
Accounts receivable	1,848	118	1,730	1,877	1,679
Marketable securities	1,887	16	1,871	2,125	1,284
Cash	661		661	757	855
Total current assets	6,447	160	6,287	6,729	5,973
Other assets	437		437	423	318
TOTAL ASSETS	21,184	3,586	17,598	18,052	17,842
LIABILITIES AND SHAREHOLDER'S EQUITY (in €millions)					
			12/31/2003	12/31/2002	12/31/2001
Group's shareholders equity			785	854	1,626
Minority interests			2,537	2,558	3,115
Total consolidated shareholders' equity			3,322	3,412	4,741
Other shareholders' equity			181	181	181
Provisions for contingencies and charges			414	327	328
Borrowing and loans			8,204	8,835	7,523
Accounts payable			5,135	5,067	4,777
Other debts			183	198	249
Total debts			13,522	14,100	12,549
Other liabilities			159	32	43
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY			17,598	18,052	17,842

RALLYE CONSOLIDATED INCOME STATEMENT

as at December 31, 2003

(in €millions)	2003	2002	2001
Net sales	23,768	23,681	22,863
Cost of goods sold	(17,288)	(17,410)	(16,894)
Gross margin	6,480	6,271	5,969
Other purchases and external expenses	(2,495)	(2,398)	(2,315)
Payroll expenses	(2,403)	(2,394)	(2,312)
Net charge to depreciation, amortization and provisions	(526)	(525)	(501)
Operating income	1,056	954	841
Financial income (loss)	(274)	(297)	(244)
Income from current operations before income tax	782	657	597
Income tax from current activities	(336)	(248)	(247)
Income from current operations after income tax	446	409	350
Net exceptional income (loss)	(7)	(21)	18
Net income from consolidated companies	439	388	368
Income from companies accounted for by the equity method	54	39	47
Net income before amortization of goodwill	493	427	415
Amortization of goodwill	(67)	(61)	(73)
Net income	426	366	342
Minority interests	318	303	267
Group's share	108	63	75
(In €per share)	2003	2002	2001
Income from current operations after income tax, group's share before dilution	2.94	2.39	1.90
Net income group's share before dilution	3.14	1.80	2.54
Net income group's share after dilution	2.77	1.77	2.17
Weighted-average number of shares after dilution	43,221,370	39,783,867	42,303,771

RALLYE CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

For year ended December 31, 2003

(in €millions)	12/31/2003	12/31/2002	12/31/2001
Cash flows from operating activities			
Net income	439	388	368
Adjustments to eliminate non-cash and non-operating Expenses and revenues			
- Depreciation, amortization and provisions (1)	505	641	466
- Change in deferred tax	4	(54)	14
- Capital gains, net of taxes	(37)	(52)	(17)
Cash flow	911	923	831
Dividends received from companies accounted for by the equity method	13	16	32
Change in operating working capital requirement			
- Net inventories	(185)	56	(233)
- Net accounts receivable	72	(153)	(665)
- Net accounts payable	359	377	512
Net cash provided by operating activities (A)	1,170	1,219	477
Cash flows from investing activities			
Purchase of property, equipment and intangible assets	(973)	(1,065)	(1,133)
Sale of property, equipment and intangible assets	278	249	165
Purchase of financial investments	(190)	(60)	(416)
Sale of financial investments	75	93	127
Changes in scope of consolidation	(20)	(310)	(52)
Net cash used in investing activities (B)	(830)	(1,093)	(1,309)
Cash flows from financing activities			
Dividends paid to the shareholders of the parent company	(68)	0	(48)
Dividends paid to minority interests	(150)	(133)	(101)
Cash increase/or decrease in capital and other shareholders' equity	12	(299)	899
Impact of owned shares (3)	95	(111)	(43)
Debt issuance	1,499	3,795	3,132
Debt redemption	(2,035)	(2,478)	(2,160)
Net cash provided by financing activities (C)	(647)	774	1,679
Impact of currency fluctuations (D)	(6)	(97)	5
Change in cash and cash equivalents (A+B+C+D)	(313)	803	852
Cash and cash equivalents at beginning of year (E)	2,544	1,741	889
Cash and cash equivalents at end of year (F)	2,231	2,544	1,741
Change in cash and cash equivalents (2) (F-E)	(313)	803	852

(1) Excluding provisions on current assets.

(2) The change in cash and cash equivalent for the year 2001 takes into account the change of presentation, for an amount of €236 million, mainly due to treasury shares previously recorded in financial fixed assets.

(3) Combined effect of depreciation net of reversal of owned shares posted to marketable securities and impact on the financial position of purchase and sale of owned shares posted to Shareholders' equity.

Certain Information Concerning Rallye's Financial Statements

General Principles

The consolidated financial statements of the Rallye Group were prepared in compliance with French GAAP.

Exceptionally, all income related to securities in the investment portfolio (i.e., more or less long-term investments held in a company without intervening in its management) is grouped under "Financial income (loss)", so that all the changes recorded on those shares (provisions, divestments, repayments which may be considered as equivalent to divestments or dividends) are included at the same level in the income statement.

Beginning January 1, 2001, goodwill calculated on the acquisition of foreign subsidiaries is expressed in the currency of the country concerned and converted at the exchange rate for the said currency. It was previously expressed in euros. Amortization for previous years is adjusted in proportion. The adoption of this new method has led to an increase in equity, as at January 1, 2001, of €40.4 million.

With the aim of improving the legibility of its consolidated income statements, and in order to conform to market practices, the company henceforth presents income tax on current operations, while exceptional income (loss) is presented net of tax.

Accounting entries are valued with reference to the historical cost method.

Change of method

Following recommendation n°2003-R.01 of the *Conseil National de la Comptabilité* (the French national accounting committee), the Group recorded for the first time, by way of a provision, the commitment related to long-service awards. Application of this provision, using the retroactive method, reduced shareholders' equity as at January 1, 2003, in the amount net of income tax of 11.8 million euros, out of which 16.1 million euros for integrated companies and 1.7 million euros for companies accounted for by the equity method. Change for 2003 fiscal year, non significant was posted to income statement.

Scope of Consolidation

All subsidiaries and holdings placed under the direct or indirect control of the parent company Rallye (over 50% of voting rights) are consolidated under the full consolidation method. The companies over which Rallye exercises significant influence (voting rights between 20 and 50%) are consolidated under the equity method. Companies whose shares are held only in view of future sale or for which full consolidation would not significantly alter the Rallye Group's accounts are not consolidated.

The *Loi de Sécurité Financière* (Financial Security law) is in force since its publication in the French *Journal Officiel* (Official bulletin giving details of laws) on

August 2, 2003. An accounting clause, stating that no obligation to hold stocks in a controlled entity is needed to consolidate the entity, is included in the Financial Security Law. This clause will be applicable as from January 1, 2004. To date, the Group is in relation with only one entity, the consolidation of which will not be material.

The principal changes in the scope of consolidation during the year 2003 are:

- The entry of the following companies on January 1: Fox (supermarket), Casino Information Technologie (service provider), Casino International (merchant middleman), IRTS (international service provider), Store Consumer Finance (finance company), Leader Price Pologne (Polish discount stores), NRG (Polish real estate company) et Mermoz Kleber (holding company).
- The exit of the following companies: Hestia, Le Dourieux, Adequat, and Matignon Montparnasse which have been merged respectively into Easydis, l'Immobilière Groupe Casino, Casino SA and Rallye SA, as well as the deconsolidation of Opera as at December 31, 2003.
- The sale of Matignon Commerce and King Cross Gdansk in February and March 2003, respectively.
- The deconsolidation of Smart & Final foodservice and store activities in Florida as from 2003 fourth quarter and Athlete's Foot sport footwear activities as from December 27, 2003.

These changes are not significant enough to require the preparation of restated figures.

The Rallye Group owns a 1% stake in the company Finovadis, which is mainly held by a bank and which was created in the context of a EUR 400 million-loan issue. Considering the fact that the Rallye Group statutorily benefits from the majority of Finovadis' results, the company is fully consolidated, consolidated financial debts being substituted for minority interests.

Monoprix, Vindémia, SCI Opéra, Distridyn, Far Eastern Géant, Grupo Disco de Uruguay (Anfilco), Géant Kredyt, Régie Média Trade, Banque du Groupe Casino and Store Consumer finance, on which the Rallye Group exercises joint control are proportionally consolidated.

For a complete list of companies consolidated during the 2003 fiscal year, please refer to the French *Bulletin des Annonces Légales Obligatoires* (the "BALO") dated April 23, 2004, which is incorporated herein by reference (see "General Information – Incorporation by Reference").

Principles of Consolidation

Consolidation is carried out on the basis of the financial statements for the fiscal year ended December 31, 2003. The companies entering or exiting the consolidation structure are consolidated for the period during which they belonged to the Rallye Group.

Rallye shares held as treasury stock, are accounted for by decreasing consolidated reserves at acquisition cost. Depreciation provisions, if any, and capital gains or losses from the sale of such shares are restated and charged to the consolidated reserves of the Group net of tax.

The acquisition costs relating to purchasing shares in consolidated companies are included in the cost of shares and increase initial goodwill.

The statement for the company Banque du Groupe Casino, Store Consumer and Géant Kredyt consolidated under the proportional consolidation method are prepared in accordance with the chart of accounts for financial institutions. In the consolidated accounts, classification follows the general chart of accounts. Thus, customer credit is included under trade receivables and similar accounts, customer credit refinancing is included under trade payables, and income from lending activities is accounted for as sales.

Casino Summary Financial Information

The following tables are extracted from Casino's 2003 audited financial information as published in the French *Bulletin des Annonces Légales Obligatoires* (the "BALO") dated April 23, 2004.

FINANCIAL STATEMENTS

CONSOLIDATED FINANCIAL STATEMENTS CASINO CONSOLIDATED INCOME STATEMENT

(in €millions)	12/31/2003	12/31/2002	12/31/2001
Net sales	22,982.9	22,857.4	21,983.8
Cost of goods sold	(17,604.6)	(17,703.7)	(17,146.4)
Gross margin	5,378.4	5,153.7	4,837.4
Other purchases and external expenses	(1,787.2)	(1,681.7)	(1,597.6)
Payroll expenses	(2,047.2)	(2,032.0)	(1,939.5)
Net charge to depreciation, amortization and provisions	(473.7)	(474.0)	(446.7)
Operating income	1,070.2	966.0	853.6
Financial income (loss)	(195.7)	(191.1)	(151.9)
Income from current operations before income tax	874.5	774.9	701.7
Income tax from current activities	(321.3)	(262.3)	(254.3)
Income from current operations after income tax	553.2	512.6	447.4
Net exceptional income (loss)	0.3	7.5	(1.1)
Net income from consolidated companies	553.5	520.1	446.3
Income from companies accounted for by the equity method	54.4	43.9	46.9
Net income before amortization of goodwill	607.9	564.0	493.3
Amortization of goodwill	(46.0)	(41.9)	(50.2)
Net income	561.9	522.1	443.1
Minority interest	69.6	76.9	64.1
Group's share	492.3	445.2	379.0

(€per share)	12/31/2003	12/31/2002	12/31/2001
Net income, group's share before dilution	4.54	4.08	3.46
Income from current operations after income tax, group's share before dilution	4.30	4.01	3.47
Income from current operations after income tax, group's share after dilution	4.28	4.04	3.51

CASINO CONSOLIDATED BALANCE SHEET
as at December 31, 2003

ASSETS (in €millions)	12/31/2003	12/31/2002	12/31/2001
Fixed assets			
Goodwill	931.5	802.4	953.1
Amortization	(170.2)	(119.7)	(119.4)
	761.3	682.7	833.7
Intangible assets	3,412.4	3,384.5	3,398.1
Amortization and provisions	(127.7)	(122.5)	(99.3)
	3,284.8	3,262.0	3,298.8
Property, plant and equipment	6,578.8	6,501.8	6,418.3
Depreciation	(2,742.5)	(2,500.6)	(2,276.9)
	3,836.2	4,001.2	4,141.4
Long-term investments	467.8	468.4	446.5
Provisions for impairment	(47.2)	(49.4)	(15.5)
	420.6	419.0	431.0
Companies accounted for at equity	850.2	809.4	924.4
Total fixed assets	9,153.1	9,174.3	9,629.3
Current assets			
Inventories	1,818.8	1,742.5	1,915.7
Trade receivables	969.2	866.1	844.7
Other receivables, prepayments and accrued income	944.9	1,127.8	916.8
Marketable securities	1,801.9	1,961.3	885.2
Cash	646.5	742.2	822.6
Total current assets	6,181.2	6,439.9	5,385.0
Total assets	15,334.4	15,614.2	15,014.3
LIABILITIES AND SHAREHOLDERS' EQUITY (in €millions)	12/31/2003	12/31/2002	12/31/2001
Shareholders' equity			
Capital stock	166.2	166.3	168.2
Additional paid-in capital	3,732.2	3,735.4	3,814.7
Consolidated reserves	(1,319.5)	(1,344.1)	(378.4)
Net income for the year	492.3	445.2	379.0
Group's shareholders' equity	3,071.2	3,002.8	3,983.5
Minority interests	623.5	663.9	695.7
Consolidated shareholders' equity	3,694.7	3,666.7	4,679.2
Other shareholders' equity	180.7	180.7	180.7
Provisions for contingencies and charges	260.4	207.4	259.4
Debts			
Borrowings and loans	5,848.5	6,444.7	5,054.9
Trade payables	3,430.7	3,258.6	3,244.6
Other payables, accruals and deferred income	1,919.3	1,856.1	1,595.5
Total debts	11,198.6	11,559.4	9,895.0
Total shareholders' equity and liabilities	15,334.4	15,614.2	15,014.3

SUBSCRIPTION AND SALE

Subscription Arrangements

Calyon, CCF, Deutsche Bank AG London, Dresdner Bank AG London Branch and Natexis Bank Populaires (the "**Managers**") have, pursuant to a subscription agreement dated October 11, 2004 (the "**Subscription Agreement**"), agreed with the Issuer, subject to the satisfaction of certain conditions, to procure subscription and payment, failing which to subscribe and pay, for the Bonds.

The Subscription Agreement provides that the Issuer will pay the Managers total commissions of 0.55% of the principal amount of the Bonds. The Issuer will also pay certain costs incurred by it and the Managers in connection with the issue of the Bonds. The Issuer will pay an additional incentive fee to the Managers in certain circumstances. For any additional information relating to the incentive fee, please contact the Managers.

The Managers are entitled to terminate the Subscription Agreement in certain limited circumstances prior to the issue of the Bonds. The Issuer has agreed to indemnify the Managers against certain liabilities in connection with the offer and sale of the Bonds.

General Restrictions

Each of the Managers has agreed to observe all applicable laws and regulations in each jurisdiction in or from which it may acquire, offer, sell or deliver Bonds or have in its possession or distribute this Offering Circular or any other offering material relating to the Bonds. No action has been taken by the Issuer or the Managers that would, or is intended to, permit a public offer of the Bonds or possession or distribution of the Offering Circular or any other offering material relating to the Bonds in any country or jurisdiction where any such action for that purpose is required. Accordingly, each of the Managers has agreed that it will not, directly or indirectly, offer, sell or deliver any Bonds or distribute or publish any offering circular, prospectus, form of application, advertisement or other document or information in any country or jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations and all offers and sales of Bonds by it will be made on the same terms.

France

Each of the Managers and the Issuer has acknowledged that the Bonds are deemed to be issued outside the Republic of France and has represented and agreed that (i) it has not offered or sold and will not offer or sell, directly or indirectly, any Bonds to the public in the Republic of France, and (ii) offers and sales of Bonds in the Republic of France will be made only to qualified investors (*investisseurs qualifiés*) as defined in and in accordance with Article L.411-2 of the French *Code monétaire et financier* and Decree no. 98-880 dated October 1, 1998 relating to offers to qualified investors. In addition, each of the Managers and the Issuer has represented and agreed that it has

not distributed or caused to be distributed and will not distribute or cause to be distributed in the Republic of France, the Offering Circular or any other offering material relating to the Bonds other than to investors to whom offers and sales of Bonds in the Republic of France may be made as described above.

United States

The Bonds have not been and will not be registered under the Securities Act or the securities law of any U.S. state, and may not be offered or sold, directly or indirectly, in the United States of America or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act or such state securities laws. The Bonds are being offered and sold only outside of the United States to non-U.S. persons in reliance upon an exemption from registration under the Securities Act pursuant to Regulation S.

Each Manager has represented and agreed that:

- i. it has not offered or sold, and will not offer or sell, the Bonds (a) as part of their distribution at any time or (b) otherwise until 40 days after the later of the commencement of the offering and the issue date of the Bonds (i.e. October 13, 2004), within the United States or to, or for the account or benefit of, U.S. persons; and
- ii. it will have sent to each distributor or dealer to which it sells Bonds during such 40-day period a confirmation or other notice setting forth the restrictions on offers and sales of the Bonds within the United States or to, or for the account or benefit of, U.S. persons.

Terms used in this paragraph and not otherwise defined in this Offering Circular have the meanings given to them in Regulation S.

In addition, until 40 days after the commencement of the offering of the Bonds, an offer or sale of Bonds within the United States by a dealer that is not participating in the offering may violate the registration requirements of the Securities Act.

United Kingdom

This Offering Circular is not a prospectus and does not constitute an offer to the public within the meaning of the United Kingdom's Financial Services and Markets Act 2000 or the Public Offers of Securities Regulations 1995. This Offering Circular is directed only at persons who (i) are outside the United Kingdom or (ii) are exempt persons falling within Article 16(1) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2001 or (iii) are investment professionals falling within Article 19(1) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2001 or (iv) are one-off communications to persons falling within Articles 28(1) and 28A(1) of the Financial Services and Markets Act 2000 (Financial

Promotion) Order 2001 or (v) are certified high net worth individuals falling within Article 48(1) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2001 or (vi) are high net worth companies falling within Article 49(1) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2001 or (vii) are sophisticated investors falling within Article 50(1) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2001 (all such persons under (ii), (iii), (iv), (v), (vi) and (vii) above, together being referred to as "relevant persons"). This Offering Circular is provided to recipients on a personal basis and must not be transferred or assigned or otherwise acted or relied upon by persons who are not relevant persons. Any investment or investment activity to which this Offering Circular relates is available only to relevant persons and will be engaged in only with relevant persons.

Each Manager has represented, warranted and agreed that:

- i. it has not offered or sold and, prior to the expiry of the period six months from the date of issue of the Bonds, will not offer or sell, any Bonds to persons in the United Kingdom except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise to persons who fall within the exemptions of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2001 or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995;
- ii. it has complied and will comply with all applicable provisions of the Financial Services and Markets Act 2000 and any regulation or order thereunder or pursuant thereto with respect to anything done by it in relation to the Bonds in, from or otherwise involving the United Kingdom; and
- iii. it has only communicated or caused to be communicated, and will only communicate or cause to be communicated, any invitation or inducement to engage in an investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000) received by it in connection with the issue or sale of any Bonds only under circumstances in which Section 21(1) of the Financial Services and Markets Act 2000 does not apply to the Issuer.

Germany

Each Manager has represented and agreed not to offer Bonds in the Federal Republic of Germany other than in compliance with the provisions of the German Selling Prospectus Act (*Wertpapier-Verkaufsprospektgesetz*) on September 9, 1998 as amended, or any other laws applicable in the Federal Republic of Germany governing the issue, offer and sale of securities.

Netherlands

The Bonds are not and will not be offered in the Netherlands other than (i) to persons who trade or invest in securities in the conduct of a profession or business (which includes banks, securities intermediaries (including dealers and brokers, insurance companies, pension funds, other institutional investors and commercial enterprises which as an ancillary activity regularly invest in securities) or (ii) in circumstances where the requirements of one of the other exceptions to or exemptions from the prohibition contained in article 3(1) of the Securities Transactions Supervision Act 1995 (*Wet toezicht effectenverkeer 1995*) are met.

GENERAL INFORMATION

Corporate Authorisations

The issue of the Bonds was authorised by the *Président Directeur Général* of the Issuer on September 22, 2004 pursuant to a resolution of the *Conseil d'administration* of the Issuer adopted on June 9, 2004 and a resolution of the *Assemblée Générale Ordinaire* of the shareholders of the Issuer adopted on June 9, 2004.

Listing of the Bonds

Application has been made for the Bonds to be listed on the Luxembourg Stock Exchange.

In connection with the application to list the Bonds on the Luxembourg Stock Exchange, copies of the articles of incorporation of Rallye and a legal notice relating to the issue of the Bonds (*Notice Légale*) will be deposited prior to listing with the *Registre du Commerce et des Sociétés de Luxembourg*, where such documents may be inspected and copies obtained upon request so long as any of the Bonds are outstanding.

Clearing of the Bonds

The Bonds have been accepted for clearance through Euroclear France, Euroclear and Clearstream under the following reference numbers:

ISIN Number: FR0010117325

Euroclear and Clearstream Common Code: 020221119

Euroclear is, since March 20, 2000, a Euroclear France Account Holder and Clearstream has made arrangements to receive Bonds through Euroclear France.

No Material Adverse Change

Since December 31, 2003, there has been no adverse change in the financial position or results of operations of Rallye and the Rallye Group that is material in the context of the issue and offering of the Bonds, except as disclosed in the Offering Circular.

Litigation

Except as disclosed in this Offering Circular, neither Rallye, nor any of its subsidiaries are involved in any litigation, arbitration or administrative proceedings which, if determined adversely to Rallye or the relevant subsidiary, would relate to amounts which, individually or in the aggregate, are material in the context of the issue of the Bonds and, to the best of the knowledge of Rallye, there are no such litigation, arbitration or administrative proceedings pending or threatened.

Incorporation by Reference

Rallye's 2003 Annual Report (*Document de Référence*), which was filed with the French *Autorité des marchés financiers* (AMF) on May 19, 2004 under No. D.04-0765 is incorporated herein by reference.

Casino's 2003 Annual Report (*Document de Référence*), which was filed with the French *Autorité des marchés financiers* (AMF) on May 7, 2004 under No. D.04-0689 is incorporated herein by reference.

Rallye's provisional unaudited financial information as at and for the period ended June 30, 2004 are incorporated herein by reference. Rallye's final unaudited financial information as at and for the period ended June 30, 2004 will be published on October 29, 2004 at the latest. As soon as this financial information will be published it will be sent to the Luxembourg Stock Exchange and made available without charge at the specified offices of the Fiscal Agent and of the Paying Agent in Luxembourg.

Auditors

Barbier Frinault et Autres and KPMG Audit, the statutory auditors of Rallye, have audited, and rendered unqualified reports on, the consolidated financial statements of the Issuer as of and for the years ended December 31, 2001, 2002 and 2003 with observations relating to:

- the changes in accounting methods resulting from the first application of CRC (*Comité de la Réglementation Comptable*) regulation n°99-02 with effect from January 1, 2000 for the year ended December 31, 2000, and of CRC regulation n°2000-06 on liabilities with effect from January 1, 2002 for the year ended December 31, 2002;
- the changes in presentation of consolidated income related to securities in the investment portfolio as of January 1, 2001 for the year ended December 31, 2001 and of consolidated income statement disclosing the income tax from current activities and the exceptional income/(loss) net of tax for the year ended December 31, 2002;
- the changes in accounting method on long service awards ("médaille du travail") for the year ended December 31, 2003.

Documents Available

Documents incorporated by reference are available without charge from the registered office of Rallye at 83, rue du Faubourg Saint Honoré, Paris, France, and the specified offices of the Fiscal Agent and of the Paying Agent in Luxembourg.

A copy of the Agency Agreement and copies of the most recently published annual report, including consolidated and non-consolidated financial statements of Rallye,

will, for so long as the Bonds are listed on the Luxembourg Stock Exchange, be available free of charge during usual business hours on any weekday (except Saturdays, Sundays and public holidays) at the specified offices of the Paying Agent in Luxembourg. Rallye publishes semi-annual unaudited consolidated financial statements, copies of which may be obtained free of charge from the specified offices of the Fiscal Agent and the Paying Agent in Luxembourg. Rallye does not publish interim non-consolidated financial statements.

EU Savings Tax Directive

On June 3, 2003, the European Council of Economics and Finance Ministers adopted a Directive on the taxation of savings income under which Member States will be required, from a date not earlier than January 1, 2005, to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State, except that, for a transitional period, Belgium, Luxembourg and Austria will instead be required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries).

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