

Statutory Report by the Board of Directors to the General Meeting of Shareholders

Unless otherwise noted herein, RHJ International SA, a Belgian limited company, is referred to as “RHJI”.

RHJI’s non-consolidated Financial Statements have been prepared in accordance with legal and regulatory requirements applicable to Financial Statements in Belgium. The reporting currency is the Japanese Yen (“JPY”).

1. Business and Financial Review of the Non-Consolidated Financial Statements for the fiscal years ended March 31, 2008 and 2007

Overview

RHJI is a diversified holding company focused on creating long-term value for its shareholders by acquiring and operating businesses. RHJI has several controlling and non-controlling interests, operating in the automotive components, consumer electronics, consumer products, hospitality and media and entertainment industries. RHJI’s portfolio consists of six controlling ownership interests, two investments in associates and several non-controlling minority ownership interests. The interests in Asahi Tec Corporation (“Asahi Tec”), Honsel International Technologies (“HIT”), Niles Co. Ltd (“Niles), D&M Holdings Inc; (“D&M), Columbia Music Entertainment, Inc. (“CME”), Phoenix Resort K.K. (“Phoenix Seagaia Resort”) and Shaklee Global Group, Inc. (“Shaklee”), were contributed to RHJI in connection with a private placement and a global offering of its ordinary shares on Euronext Brussels in March 2005. The investment in U-shin Ltd. (“U-shin”) was made during the fiscal year ended March 31, 2007. RHJI seeks to enhance the value of these businesses through strategic acquisitions and operating improvements through its industrial partnership approach.

Portfolio

The carrying values of RHJI’s investments in subsidiaries and associates were as follows at March 31,

<i>(In JPY millions)</i>	<u>2008</u>	<u>2007</u>
<u><i>Investments in subsidiaries</i></u>		
Asahi Tec	25,984	25,984
CME	7,817	7,817
D&M	10,515	10,515
HIT	32,993	19,757
Niles	16,619	16,619
Phoenix Seagaia Resort	21,709	21,709
Management subsidiaries	8,769	2,342
<u><i>Investments in associates</i></u>		
Shaklee	12,244	12,244
U-shin	8,038	8,038

RHJI also invests in various non-controlling interests, such as a 3.2% stake in the Commercial International Bank (Egypt) SAE. RHJI may decide not to identify all the private and public companies in which it acquires non-controlling interests due to confidentiality, competitive, or

strategic considerations. At March 31, 2008, RHJI held such interest for an aggregate amount of JPY 10,631 million, compared to JPY 10,715 million at March 31, 2007. A disposal of such an investment, subsequent to year-end, is commented on in section 3. of this Director's report.

RHJI, for purposes of preparing the non-consolidated Financial Statements for the fiscal year ended March 31, 2008, has reviewed the carrying values of its interests in Asahi Tec, HIT, Niles, D&M , CME, Phoenix Seagaia Resort, Shaklee and U-Shin. The review has been based on:

- Information obtained in connection with the preparation of RHJI's consolidated Financial Statements for the fiscal year ended March 31, 2008 and particularly with impairment testing of goodwill and long-lived intangible assets in accordance with International Accounting Standard 36;
- The use of various valuation approaches, including a value in use, based on the income approach, and a fair value based on the market approach;
- Publicly observed market prices for interests in the publicly traded companies.

In reviewing the carrying value of RHJI's investments, particular consideration was given to Asahi Tec's subsidiary Metaldyne following:

- Metaldyne's weaker than expected performance, the potential future breach of covenants at June 30, 2008 and September 30, 2008 and the likelihood of an additional investment in Asahi Tec as described in section 3 of this Board Report;
- An impairment charge recorded in RHJI's consolidated Financial Statements for the fiscal year ended March 31, 2008 of JPY 29,249 million, primarily related to goodwill and certain intangible assets of Metaldyne;
- The significant decline of Asahi Tec's stock price from JPY 208 per share at March 31, 2007 to JPY 88 per share at March 31, 2008.

RHJI's Board of Directors has reviewed the need to reduce the carrying value of RHJI's investment in Asahi Tec in accordance with the statutory provisions of Article 24 and 66, § alinea 1 of the Belgian Companies Code. A valuation based on discounted future cash flows resulted in a value in use of Asahi Tec, which was in excess of the carrying value of RHJI's investment in Asahi Tec. Cash-flows were projected on the 5-year business plans and included Metaldyne's financial forecasts, which were tied to current market expectations provided by a third party forecasting service, with an additional downward adjustment to reflect eventual further economic deterioration. The valuation was further supported by an analysis of exit multiples, derived from a group of peers and applied to EBITDA for the fiscal years ending March 31, 2011, 2012 and 2013 as projected by Asahi Tec's and Metaldyne's management. Based on the above, RHJI's Board of Directors concluded that the future recoverable amount of RHJI's investment in Asahi Tec exceeds its carrying value and that there is no lasting impairment thereof.

RHJI holds 100% of the shares of RHJI Services SA, a subsidiary engaged in advisory services in connection with transactions pursued by RHJI and its asset portfolio. The carrying value of the investment in RHJI Services at March 31, 2008 amounted to JPY 8,683 million. RHJI Services has incurred losses amounting to JPY 4,348 million since its incorporation. Although no assurance can be given, RHJI believes that the projected deal flow is likely to generate future income for RHJI Services that will offset accumulated losses and that the ultimately recoverable amount of its investment in RHJI Services is in excess of the carrying value.

Based on similar analysis, the recoverable amounts for the other investments in subsidiaries and in associates were found to be in excess of carrying values.

Results of Operations

The net loss for the fiscal year ended March 31, 2008 amounted to JPY 5,678 million, compared to a net profit of JPY 4,164 million for the fiscal year ended March 31, 2007. The increase primarily resulted from:

- An increase of the operating loss from JPY 3,085 million for the fiscal year ended March 31, 2007 to JPY 3,956 million for the fiscal year ended March 31, 2008;
- A net foreign currency exchange loss of JPY 4,526 million for the fiscal year ended March 31, 2008, compared to a net gain of JPY 3,667 million a year earlier. The foreign currency exchange loss primarily resulted from the appreciation of the JPY versus the USD and the resulting translation of RHJI's USD denominated cash investments.
- The net profit for the fiscal year ended March 31, 2007, included a gain of JPY 904 million following the disposal of certain undisclosed non-controlling minority investments.

Liquidity and Capital Resources

At March 31, 2008, cash and cash equivalents (including short-term investments, but excluding treasury shares) amounted to JPY 50,347 million compared to JPY 79,927 at March 31, 2007. Beside the foreign currency exchange impact, the decrease in cash and cash equivalents was principally attributable to RHJI's investing activities during the fiscal year ended March 31, 2008, including:

- Additional capital invested in HIT of JPY 13,236 million. A capital injection was made in April 2007 in accordance with HIT's credit agreement, as amended in November 2006. The amendment required a capital injection of JPY 1,631 million following the failure to sell its Canadian subsidiary by April 30th, 2007. A further capital injection of JPY 6,542 million was made in July 2007, in connection with the global refinancing of HIT's debt, of which JPY 6,268 million was funded by the Company. Finally, HIT acquired Tafime on December 14, 2007, and partially funded the acquisition price through equity of JPY 5,337 million subscribed by the Company.
- Additional investments of JPY 6,427 million in aggregate in its management subsidiaries in Zurich and Brussels.
- The repurchase of 1,323,513 of its own shares for an aggregate amount of JPY 2,636 million (EUR 14.4 million).

On March 27, 2007, an extra-ordinary meeting of shareholders renewed the authorization granted to the Board of Directors to carry-out share buy-backs for a period of 18 months. The prior authorization expired on September 23, 2006 and had not been used by the Board of Directors. During the fiscal year ended March 31, 2008, the Board of Directors approved the buy-back of 1,710,910 of the Company's own shares, representing 2% of total outstanding shares. At March 31, 2008, the Company held 1,323,513 of its own shares purchased for an aggregate amount of JPY 2,636 million (€14,352,662). The repurchase program was completed on April 22, 2008 for a total of JPY 2,701 million (€17,164,202). The shares acquired under the program will be allocated to the Company's employees under its incentive compensation plan. The share buy-

back was effectuated by a financial institution in accordance with the provisions of EU Regulation 2273/2003 of December 22, 2003 (as regards certain exemptions for share buyback programs).

2. Appropriation of the earnings

The Board of Directors proposes to allocate the loss of the fiscal year ended March 31, 2008 as follows:

Loss of the year	(5,678)
Profit carried forward from last year	3,956
Loss to be carried forward	(1,722)

Following the purchase of treasury share and in accordance with applicable accounting rules, JPY 2,329 million was transferred from available to unavailable reserves and subsequently reduced to JPY 1,536 million resulting from marking the treasury shares to market in accordance with valuation rules.

3. Material events subsequent to March 31, 2008

- Although as of March 31, 2008, Metaldyne was in compliance with the financial covenants of the term, revolving and synthetic facilities, lower than expected volumes and operational issues related to the launch of new products, are expected to negatively affect its ability to continue to comply with such financial covenants in future periods. The Metaldyne “Plan to Win” program will help ensure continued compliance with such financial covenants, by reducing costs and facilitating the sale of non-core assets, the proceeds of which can be used to reduce outstanding financial indebtedness. In addition, Asahi Tec is considering increasing the debt at the level of the Japanese parent company to allow for an infusion of equity to Metaldyne for purposes of strengthening Metaldyne’s financial base, supporting its restructuring efforts and paying down or redeeming portions of Metaldyne debt. Asahi Tec and the Company are also prepared to invest additional equity of up to JPY 3,200 million, if and to the extent necessary, to prevent or cure, as permitted by the credit agreements, any breach of covenants. To that end, the Company announced on June 13, 2008, that it would subscribe to newly issued shares of Asahi Tec at JPY 80 per share, up to JPY 3,200 million in aggregate. On July 15, 2008, the Company subscribed to 22,500,000 newly issued shares of Asahi Tec for JPY 1,800 million in aggregate. Following this capital injection, the Company’s ownership in Asahi Tec increased from 36.9% to 41.3 %.
- On June 20, 2008, RHJI subscribed to a JPY 300 million capital increase in Phoenix Seagaia to help cover scheduled repayments of its senior debt during the fiscal year ending March 31, 2009.
- On June 20, RHJI announced it had agreed to tender its 49% interest in D&M Holdings Inc. (“D&M”) to the take over bid to be launched by K.K. BCJ-2, a corporation owned by investments funds advised by Bain Capital Partners, LLC, at a purchase price of JPY 510 per share in cash. The take over bid is expected to be launched by the end of July 2008.

- In addition to the sale of its ownership interest in D&M, RHJI also disposed of a minority interest in a company active in a related industry On May 23, 2008. RHJI sold this investment for JPY 9,030 million, yielding a gain of JPY 3,230 million over the initial purchase price of JPY 5,800 million.
- On July 10, 2008, Niles refinanced JPY 19,356 million of its debt. The new syndicated credit facility has a 3 year term and consists of a secured term loan and a commitment line of JPY 6,500 million and JPY 8,160 million, respectively. Interest rates on both loans are based on TIBOR plus a variable margin depending on Niles' consolidated leverage ratio. In addition to the syndicated loan, Niles expects to enter into a short term loan agreement by mid August for JPY 2,500 million, guaranteed by the Company. In anticipation of this agreement, the Company granted Niles a short term bridge loan of JPY 700 million on July 21, 2008.

4. Research and development

As a diversified holding company, RHJI does not engage in Research and Development activities.

5. Principal risks and uncertainties

The Belgian Companies Code requires that a description of the principal risks and uncertainties faced by RHJI as assessed by the directors be included in this Directors' Report. RHJI, as any commercial enterprise, faces risks and uncertainties in its operations, financial performance, business strategy, structure and management.

Risks associated with strategy and operations

RHJI, as any commercial enterprise, faces risks and uncertainties in its operations, financial performance, business strategy, structure and management.

Strategic risk

The availability of opportunities for additional acquisitions and investments is uncertain from time to time due to competition and macro-economic, political, social and market conditions. RHJI may not be able to successfully execute the acquisition component of its business strategy because of difficulties identifying, acquiring, integrating or financing acquisitions, or unanticipated problems, which could negatively affect RHJI's prospects, cause its growth to decline and increase its losses. As RHJI's strategy also includes purchasing non-controlling or minority interests in public and private companies and making co-investments in transactions led by third parties, such purchases or co-investments could be material and may involve relatively more risks due to its lack of control and may materially adversely affect RHJI's financial condition and results of operations.

Operational risk

RHJI's business strategy includes the acquisition of interests in financially distressed companies and the incurrence of significant levels of debt by such companies. Improving the performance of such companies typically takes time, the length of which may increase loss from operations and net loss. RHJI has experienced losses from operations and net losses and many of its portfolio holdings have experienced such losses in recent years. RHJI may continue to incur losses and its businesses may continue to have risks associated with high levels of debt. In particular, current

credit market conditions may impair the Company's ability to refinance existing debt or obtain covenant relief in the event of financial distress.

Execution risk

RHJI may not be able to successfully implement its turnaround strategy for portfolio holdings that it owns or may acquire due to specific risks and uncertainties relating to each company and to circumstances arising from macro-economic, political, social and market conditions. For the fiscal year ended March 31, 2008, approximately 40% of RHJI's total invested capital was attributable to four businesses in the automotive components industry. Volatility or weakness in the automotive components industry may have a material adverse effect on RHJI's financial condition and results of operations.

RHJI also depends on a limited number of senior management and investment professionals and their departure from, or part-time commitment to, RHJI, or RHJI's inability to attract or retain suitable executives could adversely affect RHJI's ability to execute its business strategies and growth.

Risk related to the Co-Ceo

The non-competition agreement with RHJI's Co-Chief Executive Officer, Mr. Collins, whereby he agreed not to participate, directly or indirectly, in any acquisitions of interests in Japanese companies except through RHJI, has expired on March 23, 2007. Mr. Collins can determine in his sole discretion whether to allocate acquisition opportunities to the Company or to his private equity fund or similar entities. As a result and although Mr. Collins has agreed to use reasonable effort to provide additional acquisition opportunities that are consistent with its strategy, RHJI may have a limited opportunity to execute the acquisition component of its growth strategy. Further information relating to Mr. Collins as Co-Chief Executive Officer and risks resulting from his part-time involvement and outside activities, including potential conflicts of interest, is set out in the section Corporate Governance – Co-Chief Executive Officer of this Annual Report for the fiscal year ended March 31, 2008.

Other risks

RHJI and its portfolio holdings each face a combination of risks and uncertainties including

- strategic risks related to macro-economic and market conditions (including in Japan), corporate and brand reputation, industry focus and business structure;
- operational risks (including in the highly competitive automotive components industry) related to competition, innovation, changing customer demand and customer satisfaction, supply and cost of raw materials, production and distribution, management resources, labor relations, intellectual property, product safety and liability, IT infrastructure, occupational health and safety, environmental protection, asset and data security and disaster recovery, and
- financial risks related to levels of indebtedness, treasury, tax and audit, accuracy of forecasting and budgeting, timeliness of reporting, integration and compliance with accounting standards and use of financial management tools such as hedging or derivative strategies.

RHJI generally relies on the individual businesses' risk assessment and monitoring programs to manage the exposure to these and other risks. These programs have been designed based on the

specific nature and size of the individual businesses' activity. While RHJI monitors these programs and attempts to mitigate the negative effects from any of these risks through its representation on the businesses' Boards of Directors and through the implementation of certain reporting mechanisms, RHJI may face negative consequences from inadequate risk assessment and ineffective control systems of risk detection and prevention at the level of each of the individual businesses.

Specific risks related to RHJI as a holding company

As a holding company, RHJI is further exposed to risks associated with general, economic and market conditions, such as the risk of fluctuating interest rates and currency exchange rates, liquidity risk and risks related to the stock market, all of which may have a significant effect on the value of RHJI's assets.

Interest rate risk

Besides the negative effects on the borrowing activities of RHJI's businesses, increasing interest rates may have a negative impact on the market valuation of certain Company assets due to their impact on discount rates and/or market multiples.

Currency exchange rate risk

Beside the translation and transaction risk arising from changes in currency exchange rates, RHJI's Euro denominated share price is exposed to changes in the exchange rate between the Euro and the Japanese Yen as a significant portion of RHJI's assets is located in Japan and have book values denominated in Japanese Yen.

RHJI's functional currency is the Japanese Yen. Cash and cash equivalents are maintained in Euro, USD and Japanese Yen, and invested primarily in investment time deposits, certificates of deposits and Treasury notes. In order to preserve capital and maintain liquidity, the Company has defined minimum ratings requirements (AAA for money market funds and AA for other securities) and concentration limits.

Liquidity risk

As of March 31, 2008, RHJI had approximately JPY 50 billion available to pursue its business strategy and has no indebtedness. RHJI's businesses have regular recourse to independent indebtedness by obtaining credit lines on their own merits. Except for JPY 349 million related to the debt of Phoenix Seagaia Resort and certain pledges of shares as disclosed in note 20 to the consolidated financial statements, the businesses and their lenders generally do not benefit from any guarantee from RHJI. Although RHJI believes it can ensure sufficient liquidity to pursue its acquisition strategy, any shortage thereof might result in the disposal of certain businesses at unfavorable conditions.

Risk related to the stock market

Being listed on Euronext Brussels, RHJI is subject to Belgian legislation and regulation regarding, among others, financial, governance and other disclosure, internal controls and insider trading. As a result, it will continue to invest necessary resources to comply with evolving laws, regulations and standards and manage its risks related to its stock exchange.

Risk related to the carrying values of investments

As a result of the risks described above, RHJI is exposed to risk with respect to the carrying value of its investments in subsidiaries and associates.

The risks and uncertainties described in this Board Report or in information available on RHJI's website are not the only ones that RHJI may face. There may be additional risks of which RHJI is unaware, or risks that the directors now believe to be immaterial, but which could turn out could have a material adverse effect.

6. Risk management and the use of derivative financial instruments

RHJI's functional currency is the Japanese Yen Cash and cash equivalents are maintained in Euro, USD and Japanese Yen, and invested primarily in time deposits, certificates of deposits, direct obligations of the US Treasury and European Zone Government securities for which the RHJI has defined minimum ratings and concentration limits in order to preserve capital and maintain liquidity. As at March 31, 2008, RHJI had not entered into derivative financial instruments.

7. Valuation Rules

The valuation rules have been applied consistently for all the periods presented in the financial statements, including the following additions adopted by the Board of Directors during the fiscal year ended March 31, 2008:

- Useful life of leasehold improvements: 10 years
- Treasury shares are accounted for at the lower of cost or market. Any write-down is recorded directly against the unavailable reserve at the time of initial purchase of the treasury shares and is not recognized in the income statement. Treasury shares are non-monetary assets and not revalued at closing rate.

8. Directors interest – Article 523 of the Belgian Companies Code

Article 523 of the Belgian Companies Code provides that if a director directly or indirectly has a personal financial competing interest with respect to a decision or transaction that falls within the powers of the RHJI board of directors, the director concerned must inform the other directors before the board of directors makes any decision on such transaction. The statutory auditors of RHJI must also be notified. The director may not participate in the deliberation nor vote on the decision or transaction with respect to which he has a competing interest. An extract from the minutes of the meeting of the Board of Directors that sets forth the patrimonial impact of the matter on RHJI and a justification to the decision of the Board of Directors must be published in RHJI's non-consolidated Board Report on the non-consolidated Financial Statements. The statutory auditors' report to the non-consolidated annual accounts must contain a description of the patrimonial impact on RHJI of each of the decisions of the board of directors in matters where director conflicts arise.

This procedure was applied at one occasions during the fiscal year ended March 31, 2008, in connection with the annual renewal of the waiver to Mr. Collins with respect to his outside activities. The extract of the minutes of the relevant meeting of the RHJI board of directors regarding the annual renewal of the waiver is provided in Appendix 1 to this Board Report (and such appendix forms an integral part of this report).

9. Disclosure required by article 34 of the Belgian Royal Decree of 14 November 2007

Article 34 of the Belgian Royal Decree of 14 November 2007 requires to disclose certain types of elements when these may be susceptible to have an adverse effect on the ability of a third party to launch a public take-over bid on RHJI.

According to this provision, RHJI discloses the following:

- In accordance with the provisions of Article 8 of RHJI's Articles of Association (as published on www.rhji.com) the Board of Directors may increase the capital of the Company on one or more occasions by a maximum amount of EUR 663,955,470, subject to the requirements of Article 9 below. Any decision by the Board of Directors to increase the capital of the Company may be effected:
 - by contribution in cash or in kind, including a contribution that includes an issue premium not available for distribution, or by the issuance of new Shares, as the Board of Directors deems appropriate, or
 - by capitalisation of reserves, including reserves not available for distribution, or capitalisation of the issue premium, with or without the issuance of new shares.

The Board of Directors shall have such authority for a period of five years, commencing on the date of Publication (as defined below) of an extract of the minutes of the Extraordinary Shareholders' Meeting held on March 23, 2005. For the purpose of these articles, "Publication" shall mean publication in the Belgian State Gazette.

In the event that the Board of Directors increases the capital of the Company pursuant to its authority under this Article, it shall allocate any issue premium to an account not available for distribution that shall afford the same rights to third-parties as the share capital of the Company and that may be reduced or cancelled only by a resolution of the Shareholders in accordance with Article 612 of the Companies Code.

The Board of Directors is expressly authorised, in the event of a public takeover bid for the securities of the Company, to increase the capital of the Company, in accordance with Article 607 of the Companies Code. Such authority is granted for a period of three years, commencing on the date of the Extraordinary Shareholders' Meeting held on March 23, 2005. If the Board of Directors decides to increase the capital of the Company pursuant to its authority under this Article, such increase will be deducted from the remaining part of the authorised capital specified in the first paragraph of this Article 8.

- In accordance with the provisions of with Article 12 of RHJI's Articles of Association (as published on www.rhji.com) The Company may, without the prior approval of the Shareholders, in accordance with Articles 620 and following of the Companies Code, and within the limits set out in such provisions of the Companies Code and in this Article, acquire, whether or not by means of a transaction effected on a stock exchange, Shares, at a price per share that shall comply with any applicable legal requirements and that, in any event, shall not be lower by more than twenty percent, and shall not be higher by more than twenty percent, respectively, of the lowest and highest closing prices of the Shares on Eurolist by Euronext Brussels during the period of thirty stock market trading days preceding the date of such acquisition. Such authority covers any such acquisition whether or not by means of a transaction effected on a stock exchange by a direct subsidiary of the Company within the meaning and the limits set out by Article 627, first paragraph of the Companies Code. If the Company acquires Shares other than by means of a transaction effected on a stock exchange, even if the Company acquires such Shares

from a subsidiary of the Company, the Company shall, in either case, make an offer on the same terms and conditions to all the Shareholders, in accordance with Article 620, § 1, paragraph 1, 5° of the Companies Code. The above authority is valid for an 18-month period, beginning on the date of the Extraordinary Shareholders' Meeting held on March 27, 2007. The Company may, without the prior approval of the Shareholders, without any limit as to time, and in accordance with Article 622, § 2, second indent of the Companies Code, divest itself of its own Shares by means of a transaction effected on a stock exchange. Such authority also extends to the divestment by means of a transaction effected on a stock exchange of Shares by any direct subsidiary of the Company. The Company may, without the prior approval of the Shareholders, without any limit as to time, and in accordance with Article 622, § 2, first indent of the Companies Code, divest itself of its own Shares other than by means of a transaction effected on a stock exchange, on conditions determined by the Board of Directors. Such authority also extends to the divestment other than by means of a transaction effected on a stock exchange of Shares by any direct subsidiary of the Company, on conditions determined by the Board of Directors of such direct subsidiary. The Board of Directors is authorised, subject to compliance with the provisions of Articles 620 and following of the Companies Code, to purchase its own Shares for the Company's account where such purchase is necessary to avoid serious and imminent harm to the Company. Such authority is valid for three years from the date of Publication of an extract of the minutes of the Extraordinary Shareholders' Meeting held on March 23, 2005.

Timothy C. Collins
Director

D. Ronald Daniel
Director

APPENDIX

(i) Extract from minutes of the meeting of the Board of Directors held on March 6, 2008:

Annual Renewal of Waiver with Respect to Outside Activities of Mr. Collins

The Company's Corporate Governance Charter provides that, on an annual basis, the Board should determine whether to renew the following resolutions adopted by the Board on March 23, 2005 (as ratified by the Board on May 10, 2005 and renewed by the Board on March 27, 2007) concerning the Outside Activities (as defined below) of Mr. Collins and ending on March 31, 2008:

- (i) to waive the provisions of Section 3 (Outside Directorships and other Outside Activities) of the Company's Code of Business Conduct and Ethics;
- (ii) to authorize Mr. Collins to pursue each of the Outside Activities and to waive any recourse against Mr. Collins related to such activities, initiated during the period of the above waiver.

The Board acknowledged that, in accordance with Article 523 of the Companies Code, Mr. Collins has informed the Board and the Company's statutory auditors, prior to the deliberations of the Board, of the existence of a competing interest, within the meaning of Article 523, because Mr. Collins would be affected by the following resolution regarding certain activities of Mr. Collins and his affiliates that may compete with the interests of the company, including with the acquisition objectives of the company, as such activities are referred to in the minutes of the Board of March 23, 2005 (the "Outside Activities").

Mr. Collins left the meeting during the deliberations and vote on this resolution.

Resolution

After hearing the reporting by the Audit and Compliance Committee over Mr. Collins' activities actually conducted outside the Company between March 27, 2007 and February 29, 2008 and discussing such reporting, the Board resolved by vote of at least 75% of its independent directors to renew the waivers and authorization set forth in (i) and (ii) above as of the date of this Board meeting and until the end of the fiscal year ending March 31, 2009 and that, notwithstanding the foregoing, (a) Mr. Collins is not authorized during his conduct of the Outside Activities to violate any of the express terms of the agreement between Mr. Collins and the Company, and, in accordance with Article 523 of the Companies Code, (b) Mr. Collins shall abstain in his capacity as director from voting on any resolution of the Board that authorizes action or the omission of action by the Company that, to Mr. Collins' knowledge, conflicts with his Outside Activities and (c) Mr. Collins shall disclose to the Board the reasons for his abstention in each such case.

The Board determined that the above resolution is in the best interest of the Company in light of the favorable reporting by the Audit and Compliance Committee and the fact that, as decided by the Board of March 23, 2005 (and ratified by the Board of May 10, 2005), the primary acquisition objectives of the Company are not substantially similar to the business objectives of Ripplewood Fund II and because Mr. Collins has played an essential role in the formation of the Company and has played and continues to play an essential role in the management of the Company

and is uniquely qualified as a director and as the CEO of the company due to his detailed understanding of and experience with the Company's businesses and his expertise and experience in identifying and completing acquisitions.

Any patrimonial consequence for the Company of this resolution would be constituted by the fact that Mr. Collins is allowed to pursue the Outside Activities.