

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

Unless otherwise noted herein, RHJ International SA, a Belgian *société anonyme*, 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, 2009 and 2008

#### 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, ICT consulting services, consumer products, hospitality and media and entertainment industries. RHJI’s portfolio consists of five controlling ownership interests, three 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”), 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”) and SigmaXYZ Inc. (“SigmaXYZ”) were made during the fiscal years ended March 31, 2007 and 2009, respectively.

#### Portfolio

The evolution of the book value of RHJI’s investment portfolio during the fiscal year ended March 31, 2009, can be summarized as follows:

(In JPY millions)

Fiscal year ended March 31	2008	Additions	Disposals	Impairment	2009
<b>Investments in subsidiaries</b>					
Asahi Tec	25,984	7,769		(19,753)	14,000
CME	7,817			(4,817)	3,000
D&M	10,515		(10,515)		
HIT	32,993	6		(32,998)	
Niles	16,619				16,619
Phoenix Seagaia Resort	21,709	1,000		(17,209)	5,500
Management subsidiaries	8,769	4,158		(6,937)	5,990
	<b>124,406</b>	<b>12,927</b>	<b>(10,515)</b>	<b>(81,714)</b>	<b>45,109</b>
<b>Investments in associates</b>					
Shaklee	12,244	276		(6,050)	6,470
U-shin	8,038			(4,838)	3,200
SigmaXYZ		1,085			1,085
	<b>20,282</b>	<b>1,361</b>		<b>(10,888)</b>	<b>10,755</b>
<b>Other investments</b>	<b>12,621</b>	<b>729</b>	<b>(5,717)</b>	<b>(1,990)</b>	<b>5,643</b>
<b>Total investments</b>	<b>157,309</b>	<b>15,017</b>	<b>(16,232)</b>	<b>(94,592)</b>	<b>61,507</b>
<b>Cash and cash equivalents <sup>(1)</sup></b>	<b>50,539</b>	<b>7,938</b>			<b>58,477</b>
<b>Total portfolio</b>	<b>207,848</b>	<b>22,955</b>	<b>(16,232)</b>	<b>(94,592)</b>	<b>119,984</b>

(1) Excluding treasury shares

## Acquisitions and disposals

New investments for the fiscal year ended March 31, 2009, can be summarized as follows:

- On May 9, 2008, RHJI invested JPY 1,085 million in SigmaXYZ, a newly formed joint venture in IT consulting with Mitsubishi Corporation;
- RHJI increased the capital of Asahi Tec by JPY 7,769 million for purposes of (a) curing a breach of covenants by its US based subsidiary Metaldyne (JPY 1,800 million on July 15, 2008), (b) providing Metaldyne with additional liquidity (JPY 1,051 million on October 15, 2008) and (c) funding Metaldyne's bond tender (JPY 4,918 million on November 25, 2008);
- On June 20, 2008, September 23, 2008 and in January 2009, RHJI subscribed to new shares of Phoenix Seagaia Resort for an aggregate amount of JPY 1,000 million, in order to cover scheduled reimbursement of its debt as well as to provide liquidity for working capital requirements;
- RHJI acquired 457,000 additional existing shares of Shaklee for an aggregate consideration of JPY 276 million, increasing its ownership to 42.5 %;

During the fiscal year ended March 31, 2009, the Company systematically reviewed various strategic alternatives for some of its holdings which resulted in the following disposals:

- The Company disposed of a non-controlling minority investment for JPY 9,030 million (EUR 68.8 million), initially acquired for JPY 5,600 million;
- On September 4, 2008, the Company closed the sale of D&M to K.K. BCJ-2, a corporation owned by investment funds advised by Bain Capital Partners, LLC, for cash consideration of JPY 23,115 million, yielding a capital gain of JPY 12,600 million.

## Impairment

RHJI's Board of Directors has reviewed the need to reduce the carrying value of RHJI's investments in accordance with the statutory provisions of Article 24 and 66, § alinea 1 of the Belgian Companies Code. In particular, the Board of Directors assessed whether the carrying value of each individual investment was in excess of its future recoverable amount. The assessment included a review and analysis of (a) publicly observed market prices for the publicly listed investments, (b) valuation multiples for groups of publicly listed, comparable companies, and with respect to the consolidated subsidiaries, (c) the projected financial performance based on budgets and business plans prepared by their respective managements. It should be noted that the future recoverable amount of RHJI's consolidated subsidiaries has been determined by applying currently applicable valuation multiples to the consolidated subsidiaries' undiscounted projected earnings, and that the resulting amounts do not purport to indicate the current fair value or intrinsic value of RHJI's investments in consolidated subsidiaries.

The impact of the economic recession on the financial performance of RHJI's assets, together with RHJI's stance, which it believes to be conservative, on the timing and the extent of the recovery of the global economy, and the current market valuations in general and in the industries relevant to RHJI's investments in particular, resulted in the recognition of impairment charges at March 31, 2009, of JPY 94,592 million as reflected in the table above. RHJI will continue to monitor the recoverable amount of its investments and in the event that the reasons underlying the

recognition of the impairment are no longer valid, the impairment charges could be reversed in the future.

## **Results of Operations**

The net loss for the fiscal year ended March 31, 2009 amounted to JPY 89,319 million, compared to JPY 5,678 million for the fiscal year ended March 31, 2008, and included:

- Loss from operations of JPY 6,339 million;
- Impairment charges of JPY 94,592 million on the investment portfolio as discussed above;
- A gain of JPY 15,844 million on the disposal of D&M and a non-controlling minority investment ;
- A net foreign exchange loss of JPY 6,189 million, resulting from the appreciation of the JPY on EUR and USD denominated cash investments.

## **Liquidity and Capital Resources**

At March 31, 2009, cash and cash equivalents (including short-term investments, but excluding treasury shares) amounted to JPY 58,477 million compared to JPY 50,539 million at March 31, 2008. Beside a negative foreign currency exchange impact of JPY 1,813million, the evolution of cash and cash equivalents was principally attributable to RHJI's investing activities during the fiscal year ended March 31, 2009, including:

- capital increases at Asahi Tec of JPY 7,769 million for purposes of (a) curing a breach of covenants by its US based subsidiary Metaldyne (JPY 1,800 million), (b) providing Metaldyne with additional liquidity (JPY 1,051 million) and (c) funding Metaldyne's bond tender (JPY 4,918 million);
- a capital subscription JPY 1,000 million of new shares of Phoenix Seagaia Resort to cover scheduled reimbursement of its debt as well as to provide liquidity for working capital requirements;
- the investment of JPY 1,085 million in SigmaXYZ Inc. ("SigmaXYZ"), a newly formed joint venture in IT consulting with Mitsubishi Corporation;
- the purchase of 457,000 additional existing shares of Shaklee for an aggregate consideration of JPY 276 million, increasing its ownership to 42.5 %;
- the sale of D&M to K.K. BCJ-2, a corporation owned by investment funds advised by Bain Capital Partners, LLC, for cash consideration of JPY 23,115 million;
- the disposal of a non-controlling minority investment for JPY 9,030 million, initially acquired for JPY 5,717 million. The other investments also include a new investment of JPY 730 million;
- the repurchase of 627,247 of its own shares for JPY 536 million . RHJI repurchased the shares to be allocated to RHJI's employees under its incentive compensation plan. At March 31, 2009, RHJI held 1,145,004 treasury shares. Subsequent to March 31, 2009, RHJI bought an additional 1,122,085 shares as part of the purchase of 2% of total outstanding shares, announced on March 17, 2009. The share buy-back was carried out 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, 2009 as follows:

Loss of the year	(89,319)
Profit carried forward from last year	(1,722)
Loss to be carried forward	(91,041)

The decrease of the unavailable reserves from JPY 1,536 million at March 31, 2008 to JPY 491 million at March 31, 2009, is attributable to the following:

Opening balance	1,536
Purchase treasury shares	536
Distribution of treasury shares to employees	(1,311)
Fair Value adjustments	(270)
Closing balance	491

## 3. Declaration pursuant to Art 96, §6 of the Companies' Code

Despite the consecutive losses reported for the last two fiscal years, the Board of Directors believes those losses are not representative for RHJI's potential to generate profits and create value for its shareholders. RHJI's income mainly results from the sale of investments. The timing of such disposals is unpredictable and their frequency irregular. During the fiscal year ended March 31, 2009, RHJI successfully disposed of its investment in D&M Holdings and a non-controlling minority investment, generating a profit of JPY 15,914 million. However, this gain was largely offset by non-recurring impairment charges of JPY 94,592 million that resulted from a downward revision of the projected recoverable amount of certain of RHJI's investments as described in section 1. of the present report. The Board of Directors believes that these impairment charges result from an unusually severe economic recession and that they are therefore of an extra-ordinary and non-recurring nature. The Board of Directors further believes that RHJI will be able to continue to sell its investments at a profit, demonstrated by the partial sale of its stake in Commercial International Bank (Egypt) S.A.E. ("CIB") on July 8, 2009, for total cash consideration of USD 53.1 million, representing a capital gain of 107% to its initial purchase price. As part of a consortium led by Ripplewood Holdings L.L.C., a leading U.S.-based private equity firm, RHJI had acquired its stake in February of 2006.

As a result, the Board of Directors proposes to continue RHJI's activities and believes that there is no need for any particular remedial action. Furthermore, the Board of Directors believes that RHJI's financial position is more than adequate to conduct its activities and therefore prepared the financial statements for the fiscal year ended March 31, 2009 under the assumption that RHJI is a going concern.

## 4. Material events subsequent to March 31, 2009

- On May 27, 2009, Asahi Tec's US subsidiary Metaldyne filed a voluntary petition to reorganize under Chapter 11 of the U.S. Bankruptcy Code, shortly after Chrysler, one of

its main customers, also filed for protection under Chapter 11. Given that Asahi Tec was not in a position to further support Metaldyne as it requires focus on its own needs in a continuously challenging automotive industry, RHJI entered into a non-binding agreement to purchase a majority of Metaldyne's assets under a court-supervised sales process pursuant to Section 363 of the U.S. Bankruptcy Code. The purchase agreement was however not approved by the bankruptcy court and has terminated on July 27, 2009. Under the Section 363 process, interested parties will have an opportunity to submit higher and better offers for the Metaldyne assets. RHJI may elect to participate in the sale auction scheduled to be held on August 5, 2009. To fund its continuing operations during the restructuring, Metaldyne has secured a USD 19.85 million debtor-in-possession (DIP) financing facility from certain customers. The DIP credit facility will be used for Metaldyne's normal working capital requirements, including employee wages and benefits, supplier payments, and other operating expenses during the reorganization process.

- On July 22, 2009, the capital restructuring that was agreed by RHJI and HIT's lenders on May 25, 2009, was successfully completed. As part of the restructuring, RHJI invested EUR 50 million in exchange for a controlling stake in Honsel AG, HIT's operating subsidiary. The remaining stake of 49% is held by Honsel's former senior lenders following a debt-for-equity swap, which resulted in HIT's total outstanding debt of approximately EUR 510 million being reduced to EUR 140 million, consisting of EUR 110 million senior term loan and EUR 30 million mezzanine term loan, all of which is held by Honsel's former senior term lenders. Honsel's existing EUR 40 million revolving credit facility, as well as EUR 50 million of financing from RHJI, certain of Honsel's key customers and one supplier, remained in place. RHJI also committed to a new senior backstop facility of EUR 10 million.
- On May 20, 2009, Niles bolstered its capital structure through a total capital injection of JPY 6,500 million, of which JPY 3,500 million was provided by RHJI and JPY 2,500 million by a third party investor, which resulted in RHJI's ownership in Niles to be reduced from 96.4% to 77.3%. Part of the proceeds was used to repay JPY 2.5 billion of short-term debt that was previously secured by a cash deposit from RHJI. Furthermore, syndicate lenders agreed on a refinancing of the existing debt structure with new bullet loans maturing in June 2011.
- On July 8, 2009, RHJI announced that it had entered into an agreement to sell 63% of its stake in CIB for a total cash consideration of USD 53.1 million, representing a capital gain of 107% to its initial purchase price. As part of a consortium led by Ripplewood Holdings L.L.C., a leading U.S.-based private equity firm, RHJI had acquired its stake in February of 2006. In addition to the sale of its stake in CIB, RHJI also disposed of a minority interest for total cash proceeds of EUR 15.9 million, yielding a capital gain of EUR 7.5 million and representing an absolute return of 90%.
- On July 13, 2009, RHJI announced that it was in negotiations with General Motors Corporation ("GM") over the acquisition of a majority stake in GM's European subsidiary Adam Opel GmbH, which includes Vauxhall in the UK.

## **5. Research and development**

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

## **6. 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. RHJI's ability to finance acquisitions and refinance existing debt of its portfolio holdings may be significantly impaired by the restricted availability of credit as a result of the global financial crisis. 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.

#### *Execution risk*

The Company 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, 2009, approximately 60% of RHJI's total invested capital was attributable to four businesses in the automotive components industry and further volatility or weakness in that industry may continue to materially adversely affect the Company'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 Mr. Collins' other activities*

The non-competition agreement with, Mr. Collins, Director and Chairman of RHJI's Investment and Strategy Committee, 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. Other information relating to Mr. Collins is set out in the Part III - Corporate Governance of the Annual Report for the fiscal year ended March 31, 2009 available on the corporate website, [www.rhji.com](http://www.rhji.com).

### *Other risks*

RHJI and its portfolio holdings each face a combination of risks and uncertainties including (i) strategic risks related to macro-economic and market conditions, corporate and brand reputation, industry focus and business structure, (ii) 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 (iii) 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***

#### *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, RHJI has defined minimum ratings requirements (AAA for money market funds and AA for other securities) and

concentration limits.

#### *Liquidity risk*

RHJI had approximately JPY 58 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 an amount up to JPY 3.4 billion related to the debt of Phoenix Seagaia Resort and certain pledges of shares as disclosed on page C 5.13 under code 9191 to the non-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 NYSE 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.

#### *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.

### **7. 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. During the fiscal year ended March 31, 2009, RHJI had entered into one derivative financial instrument to swap JPY for EUR. At March 31, 2009, the outstanding notional amount of the instrument was JPY 3,141 million with a corresponding fair value of JPY (538) million.

### **8. Valuation Rules**

The valuation rules have been applied consistently for all the periods presented in the financial statements.

### **9. 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 four occasions during the fiscal year ended March 31, 2009, in connection with (a) the renewal of RHJI's business restriction policy, (b) the proposed bonus package for Mr. Fischer, (c) the financial compensation of the members of RHJI's Investment and Strategy Committee and (d) the annual renewal of the waiver to Mr. Collins with respect to his outside activities. The extracts of the minutes of the relevant meetings of the RHJI board of directors regarding these decisions are provided in Appendix 1 to this Board Report (and such appendix forms an integral part of this report).

#### **10. 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 disclosing 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](http://www.rhji.com)) the Board of Directors may increase the capital of RHJI 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 RHJI 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 RHJI 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 RHJI 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 RHJI, to increase the capital of RHJI, 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 RHJI 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](http://www.rhji.com)) RHJI 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 RHJI within the meaning and the limits set out by Article 627, first paragraph of the Companies Code. If RHJI acquires Shares other than by means of a transaction effected on a stock exchange, even if RHJI acquires such Shares from a subsidiary of RHJI, RHJI 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 September 16, 2008. RHJI 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 RHJI. RHJI 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 RHJI, 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 RHJI's account where such purchase is necessary to avoid serious and imminent harm to RHJI. 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 September 16, 2008.

Leonhard Fischer  
Director

D. Ronald Daniel  
Director

## APPENDIX

(i) Extract from minutes of the meeting of the Board of Directors held on July 23, 2008:

### **Renewal of RHJI's Business Restriction Policy**

The Board of Directors acknowledged that, in accordance with Article 523, paragraph 1 of the Companies Code, Mr. Collins has informed the Board prior to its deliberations, and will inform the Company's statutory auditor, of the existence of conflicts of interest, within the meaning of Article 523, because Mr. Collins will be affected by the following resolution, if such resolution is approved, regarding the renewal of restrictions on certain of RHJI's business strategies, to the extent Mr. Collins is involved in Ripplewood Partners II, LP ("Fund II").

Presentation -- The Board of Directors notes the following:

The Company's contract with Mr. Collins provides that:

in light of the restrictions to Mr. Collins under the partnership agreement of Fund II ("Fund II Restrictions"), and as long as Mr. Collins is an affiliate of RHJI and the Funds II Restrictions are in effect, RHJI's primary acquisition objectives shall not be substantially similar to the investment objectives of Fund II; accordingly, the Board of Directors shall adopt a policy, that may be revised from time to time, that for so long as the Fund II Restrictions are in effect: (a) the primary acquisition objective of the Company in executing the acquisition component of the growth strategy of the Company would be to acquire a portfolio of companies which are not located primarily in the United States or Canada and (b) the Company would not acquire assets if, after giving effect to such acquisition, more than 35% of the total assets of the portfolio of companies of the Company would be comprised of companies which are organized and headquartered inside the United States and Canada, provided however that such policy shall not prohibit any acquisitions of assets by the Company's subsidiaries in furtherance of their respective businesses (the "Company Restrictions").

Such Company Restrictions were adopted by the Board of Directors in its meeting of 23 March 2005, until 31 December 2007. The Company Restrictions have the objective of minimizing future potential conflicts of interest between the Company and Fund II. The Fund II Restrictions are still in effect.

The Board of Directors of March 6, 2008 renewed the waiver regarding the Ethics Code for the outside activities of Mr. Collins, as a director and CEO of the Company, for one year.

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

Nature of the decision -- The Board established that the nature of the decision would be to extend the Company Restrictions for another year, until 23 July 2009.

Justification of the decision -- The Board determined that the above resolution is in the best interest of the Company, due to the requirement existing in the contract between RHJI and Mr. Collins, 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 Co-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, also in Japan.

Description of the patrimonial consequences of the decision -- Any patrimonial consequence for the Company of this decision would be constituted by the fact that the Company continues to maintain the Company Restrictions until 23 July 2009.

## **RESOLUTION 11**

The Board of Directors resolved that the Company Restrictions are renewed until 23 July 2009.

(ii) Extract from minutes of the meeting of the Board of Directors held on September 16, 2008:

### **Report of Nomination and Remuneration Committee**

Declarations pursuant to Article 523 of the Companies Code:

The Board of Directors acknowledged that, in accordance with Article 523, paragraph 1 of the Companies Code, Mr. Leonhard Fischer has informed the Board prior to its deliberations, and will inform the Company's statutory auditor, of the existence of a competing interest, within the meaning of Article 523 of the Companies Code, because Mr. Fischer would be affected by the following resolution, if such resolution is approved.

Presentation and discussion:

The Board of Directors reviewed the materials presented to it in connection with the proposed bonus package for Mr. Fischer. In compliance with Article 523 of the Companies Code, Mr. Fischer left the meeting.

Deliberations:

The Board heard a presentation by Mr. Daniel on behalf of the Nomination and Remuneration Committee. There was a discussion amongst the Board members about the proposed compensation package, in light of (i) the Company's compensation policy to provide to its senior executive a competitive package in order to recruit, retain and motivate qualified and expert professionals and (ii) the performance of Mr. Fischer over the relevant period. The Board of Directors considered that the proposed bonus is consistent with this policy.

Nature of the proposed transaction:

The Board established that the nature of the proposed transaction is a discretionary bonus to a Co-CEO of the Company.

Description of the patrimonial consequences of the proposed resolution:

The Board of Directors assessed the patrimonial consequences of the proposed resolution. In addition to his regular salary of EUR 100,000 and private aircraft usage, Mr. Fischer would receive (i) a cash bonus of USD 1,500,000, (ii) a grant of 90,000 ordinary shares of the Company, drawn from treasury shares held by the Company, and (iii) an acceleration in the vesting of the 513,333 Restricted Stock Units ("RSUs") which pursuant to his employment agreement vest on May 1, 2009. The average acquisition cost of the treasury shares is EUR 10.0322 per share. The compensation expense for the company associated with the grant of

90,000 ordinary shares amounts to EUR 552,600. An acceleration of the vesting of the 513,333 RSUs assuming an exemplary new vesting date of September 16, 2008 would amount to EUR 456,867.

Justification of the proposed resolution:

The Board of Directors considered that the following resolution is in the best interests of the Company and serves to further the purposes of the Company because (i) the high performance of Mr. Fischer deserves to be adequately compensated, (ii) the equity related portion of the package will serve to align the interests of Mr. Fischer with those of the Company and its shareholders, and (iii) the proposed package is in line with remuneration levels of senior professionals in the same business sector.

The Board of Directors noted that the ordinary shares that are proposed to be granted to Mr. Fischer were acquired by the Company pursuant to its share buy-back program. The Board of Directors had initially resolved that the purpose of such program would be to service the Company's RSU Plan. The Board of Directors, after deliberations, came to the view that (i) an award of Restricted Stock Units to Mr. Fischer is less appropriate at this time than an outright grant of shares, in light of the need to provide a properly incentivizing package, and (ii) the proposed use of a limited portion of the treasury stock, for purposes that are not fundamentally different from the initial intention and within the authorization given to the Board by the Company's shareholders meeting, is acceptable and in the best corporate interest.

(iii) Extract from minutes of the meeting of the Board of Directors held on January 1, 2009:

### **Financial compensation for members of the Investment and Strategy Committee**

#### *Article 523 process*

The Board acknowledged that, in accordance with Article 523, paragraph 1 of the Companies Code, Mr. Daniel has informed the Board prior to its deliberations, and would inform the Company's statutory auditor, of the existence of a conflict of interest, within the meaning of Article 523, because Mr. Daniel is candidate for appointment to the Investment and Strategy Committee and so will be affected by the following resolution, if such resolution is approved, regarding the financial compensation granted to members of the Investment and Strategy Committee ((i) provided such members are not members of the Senior Management of RHJI, in which case they do not receive compensation for their membership of the Investment and Strategy Committee and (ii) taking into consideration that Mr. Collins will not be remunerated for his function as a chairman, or more generally as a member, of the Investment and Strategy Committee).

*Mr. Daniel left the conference call meeting during the deliberation and vote on this resolution.*

The Board established that the nature of the decision is to grant financial compensation to members of the Investment and Strategy Committee (provided such members are not members of the Senior Management and taking into consideration that Mr. Collins is not remunerated) of an amount similar to that granted to members of the Audit and Compliance Committee, i.e.:

- an annual retainer of EUR 60,000 for the Chairman of the Investment and Strategy Committee;
- an annual retainer of EUR 40,000 for other members of such Committee (other than those who are also members of the Senior Management).

The Board determined that the above resolution is in the best interest of RHJI as the financial compensation above constitutes a fair compensation to members of the Investment and Strategy Committee and is aligned with the compensation paid to members of the Audit and Compliance Committee.

The patrimonial consequence for RHJI of this resolution is the EUR 40,000 annual retainer paid to Mr. Daniel as member of such Committee.

### Resolution

After deliberation, the Board unanimously resolved to approve the financial compensation described above for the members of the Investment and Strategy Committee.

### THIRD RESOLUTION – Appointment of initial members of the Investment and Strategy Committee

After deliberation, the Board unanimously resolved to approve the appointment of the following initial members of the Investment and Strategy Committee:

- Timothy C. Collins (chairman);
- D. Ronald Daniel; and
- Leonhard H. Fischer.

(iv) Extract from minutes of the meeting of the Board of Directors held on March 5, 2009:

### **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 last renewed by the Board on March 6, 2008) concerning the Outside Activities (as defined below) of Mr. Collins and ending on March 31, 2009:

- to waive the provisions of Section 3 (Outside Directorships and other Outside Activities) of the Company's Code of Business Conduct and Ethics;
- 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 5**

After hearing the reporting by the Audit and Compliance Committee over Mr. Collins' activities actually conducted outside the Company between February 20, 2008 and February 28, 2009 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, 2010 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 the investment term of Ripplewood Fund II has now run out (with approximately \$150 million currently remaining to be invested and which Ripplewood Fund II expects to be used only (in part or in all) for infusions into existing portfolio investments 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 for the Company as a director and chairman of the Investment and Strategy Committee and is uniquely qualified as such 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.