

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, 2010 and 2009

Overview

RHJ International is transforming itself from a diversified industrial holding into an active and dynamic financial services firm. The cornerstone of this transformation is the acquisition, on July 1, 2010, of Kleinwort Benson, a wealth management franchise and fiduciary business. Under Kleinwort Benson's brand, RHJI intends to add incremental new business and broaden its product offerings, focusing on wealth management (including fiduciary), specialized asset management and financial advisory services while maintaining a strong and liquid balance sheet. RHJI will gradually exit its industrial investments over time with a view to support Kleinwort Benson’s growth strategy and add fee-earning, non capital intensive financial services business and to develop into a group with an exclusive focus on banking and financial services.

At March 31, 2010, RHJI’s portfolio consisted of 5 controlling ownership interests, 4 investments in associates and several non-controlling minority ownership interests. The interests in Asahi Tec Corporation (“Asahi Tec”), Honsel AG (“Honsel”), Niles Co., Ltd. (“Niles”), Phoenix Resort K.K. (“Phoenix Seagaia Resort”) and Shaklee Global Group, Inc. (“Shaklee”), were contributed to RHJI in connection with the initial offering and listing of its ordinary shares on Euronext Brussels on March 31, 2005. Prior to the acquisition of Kleinwort Benson, RHJI previously acquired interests in other smaller financial services companies, some of which are representative of the offering that it intends to develop as part of its financial services strategy. These investments include a 50% interest in Arecon Independent Asset Managers (“Arecon”), specializing in the management of absolute return funds, and a controlling interest in Belvall Capital S.A. (“Belvall”), an originator and asset manager of loans to midcap companies in Europe. RHJI further acquired a 27.8% stake in Quirin Bank AG (“Quirin”), a listed German bank engaged in private banking.

Portfolio

The evolution of the book value of RHJI's investment portfolio during the fiscal year ended March 31, 2010, can be summarized as follows:

(In JPY millions)

Fiscal year ended March 31	2009	Additions	Disposals	Impairment	2010
Investments in subsidiaries					
Asahi Tec	14,000	-	-	-	14,000
Belvall	-	102	-	-	102
CME	3,000	-	(3,000)	-	-
Shelon (Honsel)	-	6,648	-	-	6,648
Niles	16,619	3,500	-	-	20,119
Phoenix Seagaia Resort	5,500	400	-	-	5,900
Management subsidiaries	5,990	2,293	-	(2,250)	6,033
	45,109	12,943	(3,000)	(2,250)	52,802
Investments in associates					
Arecon	729	-	-	-	729
Quirin	-	2,430	-	-	2,430
Shaklee	6,470	-	-	-	6,470
U-shin	3,200	-	(3,200)	-	-
SigmaXYZ	1,085	-	-	-	1,085
	11,484	2,430	(3,200)	-	10,714
Other investments	4,914	169	(4,914)	-	169
Total investments	61,507	15,542	(11,114)	(2,250)	63,685
Cash and cash equivalents ⁽¹⁾	58,477		(7,408)		51,069
Total portfolio	119,984	15,542	(18,522)	(2,250)	114,754

(1) Excluding treasury shares

Acquisitions

New investments for the fiscal year ended March 31, 2010, can be summarized as follows:

- On May 20, 2009, Niles reinforced its capital structure through a capital injection of JPY 6,000 million, of which JPY 3,500 million, was provided by RHJI and JPY 2,500 million by a third party;
- In June 2009, RHJI invested JPY 102 million to acquire a controlling 50% stake in Belvall;
- On July 22, 2009, as part of the financial restructuring of Honsel, RHJI invested JPY 6,648 million (EUR 50 million). RHJI's ownership was diluted from 82% to 51% as a result of a debt-for-equity swap. Following the capital restructuring, the shares in Honsel are no longer held by Honsel International Technologies ("HIT"), but by a newly created holding company, Shelon Holdings SA ("Shelon"), registered in Luxembourg. The investment in HIT was fully written off at March 31, 2009;
- On September 11, 2009, RHJI acquired a 20% ownership interest in Quirin for cash consideration of JPY 1,417 million. In December 2009, RHJI subscribed to another 4,585,711 shares for JPY 1,013 million in a private placement, increasing its share to 27.8%;
- On January 28, 2010, RHJI subscribed to JPY 400 million of new shares of Phoenix Seagaia Resort;

Disposals

During the fiscal year ended March 31, 2010, RHJI disposed of the following investments:

- RHJI sold its entire investment in Commercial International Bank (Egypt) SAE (“CIB”). The stake, which was initially bought for USD 40.7 million, was divested through open market sales between July 15, 2009 and September 3, 2009, for USD 86.8 million, yielding a capital gain of 68%, as reflected in RHJI’s JPY denominated financial statements;
- On January 21, 2010, RHJI announced the sale of its 25.5% ownership interest in CME to Faith Inc., a Japanese corporation which develops and licenses sound format for cellular phones, software tone generator for computers and game consoles, and music download technology. The common and preferred shares of CME owned by RHJI were sold at a price of JPY 31.37 and JPY 38.46 per share, respectively. Total cash proceeds from this transaction amounted to JPY 2,523 million, compared to a carrying value of JPY 3,000 million, which reflected an impairment charge of JPY 4,817 million recorded last fiscal year;
- During the first quarter of 2010, RHJI sold its interest in U-shin for total cash proceeds of JPY 3,445 million, compared to a carrying value of JPY 3,200 million, which reflected an impairment charge of JPY 4,838 million recorded last fiscal year.

Impairment

At March 31, 2009, RHJI recorded impairment charges of JPY 94,592 million as a result of (a) the impact of the global economic crisis on the consolidated subsidiaries’ financial performance, (b) RHJI’s cautious stance on the timing and the extent of the recovery of the global economy, and (c) the then prevailing low market valuations in general and in the industries relevant to RHJI’s investments in particular.

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. Similar to last fiscal year, 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 management. 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 the RHJI’s investments in consolidated subsidiaries.

Based on the above analysis and with the exception of RHJI Services SA (“RHJI Services”), the future recoverable amount of each individual investment was found to be in excess of their carrying values, mainly because most of RHJI’s investments outperformed the expectations underlying last year’s impairment charge and because the business plans have been adjusted accordingly. However, RHJI remains cautious on the global economic outlook and decided not to reverse any of the previously recorded impairment charges on its investments given the current economic uncertainty and the volatility of the financial markets. 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 permanently valid, the impairment charges could be reversed in the future.

RHJI wrote down the carrying value in its subsidiary RHJI Services by JPY 2,250 million (EUR 17.9 million) to reflect its net asset value of JPY 5,109 million (EUR 40.6 million). RHJI Services is a management subsidiary that provides advisory services and engages in intergroup financing.

Results of Operations

The net loss for the fiscal year ended March 31, 2010 amounted to JPY 5,459 million, compared to JPY 89,319 million for the fiscal year ended March 31, 2009, and included:

- Loss from operations of JPY 3,700 million;
- Impairment charges of JPY 2,250 million on RHJI Services as discussed above;
- A net gain of JPY 2,715 million on the disposal of several investments, including CME, U-shin and CIB ;
- A net foreign exchange loss of JPY 2,309 million, resulting from the appreciation of the JPY on EUR and USD denominated cash investments.

Liquidity and Capital Resources

At March 31, 2010, cash and cash equivalents (including short-term investments, but excluding treasury shares) amounted to JPY 51,069 million compared to JPY 58,477 million at March 31, 2009. Beside a negative foreign currency exchange impact of JPY 1,712 million, the evolution of cash and cash equivalents was principally attributable to RHJI's investing activities during the fiscal year ended March 31, 2010, including:

- A capital increase at Niles of JPY 3,500 million as part of a larger capital restructuring;
- a capital subscription JPY 400 million of new shares of Phoenix Seagaia Resort to allow for the reimbursement of JPY 600 million of intra-group financing provided by RHJI Services in accordance with a covenant, which requires the balance to be repaid once a year for a consecutive period of 10 days;
- the investment of JPY 6,648 million in Honsel as described above;
- the purchase of the ownership interests in Belvall and Quirin for JPY 2,532 million in aggregate;
- the sale of the ownership interest in CIB for cash consideration of JPY 8,097 million;
- the disposal of CME and U-shin for JPY 2,523 million and JPY 3,445 million, respectively;
- the repurchase of 1,344,424 of its own shares for JPY 663 million. RHJI repurchased the shares to be allocated to RHJI's employees under its incentive compensation plan. At March 31, 2010, RHJI held 1,416,347 of its own shares or 1.7% of total outstanding shares. The shares are expected to be allocated to the company's employees under its incentive compensation plan. 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).

On March 29, 2010, an Extraordinary Meeting of Shareholders approved:

- A reduction of share capital by way of absorbing carried forward losses reflected in the non-consolidated financial statements for the fiscal year ended March 31, 2009, of an amount of JPY 91,041,322,801, through a reduction of the item "Issuance Premiums"

(currently of JPY 104,604,495,228) as reflected in the non-consolidated financial statements.

- a further capital reduction by way of increasing the available reserves to JPY 25,000,000,000, through a reduction of the share capital by an amount of EUR 59,861,707 (equal to JPY 7,554,547,443, based on the JPY/EUR exchange rate published by the European Central Bank on February 2nd, 2010) to EUR 604,562,379.

The reduction of share capital, made without cancellation of shares and without reimbursement to shareholders, was intended to provide RHJI with flexibility for future distributions (e.g. by way of a share buyback program) to shareholders, if and when such distributions are deemed appropriate by the Board of Directors.

2. Appropriation of the earnings

The Board of Directors proposes to allocate the loss of the fiscal year ended March 31, 2010 as follows:

Loss of the year	JPY (5,459) million
Loss carried forward from last year	JPY (91,041) million
Transfer from share capital account	JPY 7,555 million
Transfer from share premium account	JPY 91,041 million
Transfer to Available Reserves	JPY (7,555) million
Loss to be carried forward	JPY (5,459) million

The increase of the unavailable reserves from JPY 491 million at March 31, 2009 to JPY 1,150 million at March 31, 2010, is attributable to the following:

Opening balance	JPY 491million
Purchase treasury shares	JPY 663 million
Distribution of treasury shares to employees	JPY (956) million
Fair Value adjustments	JPY 952 million
Closing balance	JPY 1,150 million

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. As described above, RHJI is transforming itself from a diversified industrial holding company into an active and dynamic financial services firm. RHJI intends to develop a portfolio of profitable businesses focusing on wealth management, specialized asset management and financial advisory services. RHJI intends to sell its industrial investments over time with a view to supporting the growth strategy in financial services and expects this strategy to generate dividend income in excess of RHJI's operating expenses, which are being gradually reduced.

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 other than the implementation of the change in

strategy described above. 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, 2010 under the assumption that RHJI is a going concern.

4. Material events subsequent to March 31, 2010

- On June 3, 2010, Asahi Tec reached an agreement with Masco Corporation according to which Masco Corporation agreed to convert its Class C Preferred shares into common shares by February 28, 2011 in exchange for a reduction of the conversion price. The Class C Preferred shares were issued at the time of the acquisition of Metaldyne. Despite the dilution of RHJI's interest in Asahi Tec from 60.1% to 54.4% (excluding the conversion of Class A and B Preferred shares held by RHJI), the removal of the liability resulting from the mandatory redemption of the Class C Preferred shares is beneficial to Asahi Tec's shareholders. The Class C Preferred shares, which have a liquidation preference of approximately JPY 8,900 million, are recorded as a hybrid instrument with a liability component of JPY 5,662 million at March 31, 2010. The agreement was approved by Asahi Tec's lenders and by the General Meeting of Shareholders on June 16 and June 25, 2010, respectively.
- On June 21, 2010, RHJI announced the acquisition of KBC Asset Management Limited (Dublin) ("KBCAM Dublin") for a total upfront cash consideration of EUR 23.7 million, subject to closing adjustments. The Seller will also receive 50%, with a maximum of EUR 3.5 million, of a potential future capital reduction at KBCAM Dublin. KBCAM Dublin is an asset management firm which manages approximately EUR 4 billion (as of March 31, 2010) of discretionary assets for global institutional clients. KBCAM Dublin offers specialist equity products in three core competence areas with strong growth prospects: environmental equities, dividend oriented equities and multi assets strategies. Headquartered in Dublin, Ireland, KBCAM Dublin has a client base in Ireland, Asia and North America.
- On July 1, 2010, RHJI announced that it had completed the acquisition of Kleinwort Benson from Commerzbank AG after having received all necessary regulatory approvals. Under the terms of the agreement RHJI acquires Kleinwort Benson Private Bank Limited and Kleinwort Benson Channel Islands Holdings Limited (together 'Kleinwort Benson') for total cash consideration of GBP 229.6 million, equivalent to EUR 251.9 million. The purchase price could be further revised subject to certain post-closing adjustments. Kleinwort Benson offers a diverse range of private banking services to its customers, including investment management, deposit taking, and lending as well as private and corporate fiduciary services. Kleinwort Benson will be the cornerstone of RHJI's broader merchant banking strategy. Under the Kleinwort Benson brand, the company intends to add incremental new business and broaden its product offering focusing on wealth management, specialized asset management and financial advisory services. At December 31, 2009, Kleinwort Benson held approximately GBP 5.6 billion of assets under management.
- Honsel's financial performance remained under pressure during the first quarter of the fiscal year ending March 31, 2011 as a result of several operating issues. Honsel has defined additional remedial action to address these issues and restore its operating

profitability. Remedial action plans mainly focus on improving the profitability of certain large new programs Honsel is currently ramping up and are designed to improve overall equipment efficiency, reduce scrap rates, and improve workforce qualification. In the event that Honsel were not successful in implementing such actions, a further deterioration of financial performance could cast significant doubt on its ability to operate as a going concern. Despite this uncertainty Honsel's management believes that the going concern assumption is justified and appropriate and that the financial statements therefore do not need to include any adjustments or reclassifications.

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

RHJI is transforming itself from a diversified industrial holding company into an active and dynamic financial services firm. The cornerstone of this transformation is the acquisition of Kleinwort Benson, a wealth management franchise and fiduciary business. Under Kleinwort Benson's brand, the Company intends to add incremental new business and broaden its product offerings, focusing on wealth management (including fiduciary), specialized asset management and financial advisory services while maintaining a strong and liquid balance sheet. RHJI will gradually exit its industrial investments over time with a view to supporting Kleinwort Benson's growth strategy and adding fee-earning, non capital intensive financial services business.

The availability of opportunities for additional acquisitions and investment in financial services is uncertain from time to time due to competition and macro-economic, political, social and market conditions. The Company 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 the Company's prospects. RHJI's ability to finance acquisitions will also largely depend on its ability to sell its industrial investments, which may be impaired by the restricted availability of credit, necessary to refinance the debt at the level of the industrial portfolio companies and to partly or wholly finance the purchase price.

The Company'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 the Company's financial condition and results of operations.

As a result of the acquisition of Kleinwort Benson, RHJI will be exposed to certain risks associated with financial services. All existing investments in financial services will be organized under the direct ownership of KB Financial Services Holding Limited ("Kleinwort Benson Group"), a wholly owned holding company incorporated in the UK. RHJI established a risk governance structure for Kleinwort Benson Group aimed at developing an effective, proactive, cross-disciplinary approach to enterprise-wide risk management built upon an invigorated risk-culture. The structure involves the set up of a Strategic Risk Committee at the level of Kleinwort Benson Group, to which tasks would be delegated by the boards of Kleinwort Benson Private Bank Limited and Kleinwort Benson Channel Islands Holdings Limited, with a view to (i) providing oversight and guidance for all risks arising across the business, and (ii) ensuring that sensible risks are taken in alignment with approved risk strategy in a properly controlled environment in accordance with the Firms' risk appetite. As part of its normal business Kleinwort Benson accepts and is exposed to the following principal risks:

- Credit and Counterparty risk
- Market risk
- Liquidity risk
- Operational risk
- Reputational risk

Operational risk

Prior to the transformation from a diversified industrial holding company into an active and dynamic financial services firm, RHJI's business strategy included 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 since incorporation 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 RHJI's businesses' ability to refinance existing debt or obtain covenant relief in the event of financial distress, in which case RHJI may not be successful in its efforts to sell its industrial investments.

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, 2010, approximately 71% of RHJI's total carrying value of its investment portfolio was attributable to three 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 may not be able to successfully execute its strategy to transform into a dynamic financial services firm. This strategy includes the development a business of financial advisory services,

which will require the recruitment of a small number of high-profile, well-connected senior bankers.

RHJI also depends on a limited number of senior management and investment professionals with relevant experience in financial services 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, expired on March 23, 2007. Other information relating to Mr. Collins is set out in the Part III - Corporate Governance of the Annual Report.

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, 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

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 has book values denominated in Japanese Yen. Following the completion of the acquisition of Kleinwort Benson on July 1, 2010, RHJI's Euro denominated share price is further exposed to changes in the exchange rate between the Euro and the Pound Sterling. RHJI does not currently hedge the above exposure.

RHJI's functional currency is the Japanese Yen. As a result of RHJI's transformation and given the European focus on the further development of the financial services strategy, RHJI's functional currency will be Euro from April 1, 2010 onwards. Cash and cash equivalents are maintained in Euro, USD, Japanese Yen and Swiss Francs.

Liquidity risk

At March 31, 2010, prior to the completion of the acquisition of Kleinwort Benson, RHJI had approximately JPY 51.1 billion cash available to pursue its business strategy and had 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 3,400 million related to the debt of Phoenix Seagaia Resort, certain pledges of shares as disclosed in note 25 to the consolidated financial statements, a commitment of EUR 10 million to fund a senior liquidity facility to the benefit of Honsel, and certain support to Kleinwort Benson, 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.

7. Risk management and the use of derivative financial instruments

Up and until March 31, 2010, RHJI's functional currency was the Japanese Yen, but as a result of RHJI's transformation and given the European focus of the further development of the financial services strategy, RHJI's functional currency will be Euro from April 1, 2010 onwards. Cash and cash equivalents are maintained in Euro, USD, Japanese Yen, and Swiss Francs and invested primarily in time deposits and certificates of deposits 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, 2010, RHJI had entered into several derivative financial instruments to hedge the exposure resulting from the acquisition of Kleinwort Benson. At March 31, 2010, the outstanding notional amount of the instrument was JPY 19,667 million with a corresponding fair value of JPY (223) 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, 2010, in connection with (a) the indemnification of Mr. Collins, (b) the proposed bonus package for Mssrs. Fischer and Häusler and (c) 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) the Board of Directors may increase the capital of RHJI on one or more occasions by a maximum amount of EUR 604,562,379, subject to the requirements of Article 9. 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 September 15, 2009. 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 Belgian Companies Code (the "Companies' Code").

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) 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 a five years period, beginning on the date of the Extraordinary Shareholders' Meeting held on September 15, 2009. 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.

11. Independence and competence of the Audit Committee members – Article 96 of the Belgian Companies Code

Article 96 of the Belgian Companies Code requires the justification of the independence and competency in the areas of auditing and accounting of at least one member of the Audit Committee. The Board of Directors confirms that the Audit Committee is composed of three members, which are all three independent pursuant the criteria set forth in article 526ter of the Belgian Companies Code. The Board of Directors further confirms that all three members are sufficiently competent in the areas of auditing and accounting given their degrees and their professional background. All three members held several senior positions in major financial institutions. Biographies of each member of the Audit Committee may be viewed on RHJI's website at www.rhji.com.

Leonhard Fischer
Director

D. Ronald Daniel
Director

APPENDIX

(i) Extract from minutes of the meeting of the Board of Directors held on July 22, 2009:

Indemnification of Mr. Collins

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. Timothy C. Collins 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. Collins 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 indemnification of Mr. Collins. In compliance with Article 523 of the Companies Code, Mr. Collins left the meeting.

Deliberations:

The Board heard a presentation by the General Counsel on the legal framework of such indemnification. There was a discussion amongst the Board members about the proposed indemnification, in light of (i) the Company's wish to provide to Mr. Collins with a competitive indemnification package and (ii) the existing insurance policy contracted by the Company covering directors' and officers' liability.

Nature of the proposed transaction:

The Board established that the nature of the proposed transaction is an indemnification undertaking by the Company in favor of one of its directors.

Description of the patrimonial consequences of the proposed resolution:

The Board of Directors assessed the patrimonial consequences of the proposed resolution. The indemnification undertaking would cover liabilities, losses, costs and expenses (including reasonable legal expenses) incurred by Mr. Collins in connection with the performance of his duties as director and chairman of the ISC Committee of the Company, as well as any other function fulfilled by him at the request of the Company. The indemnification undertaking would not cover liabilities, losses, costs and expenses resulting from the fraud or willful misconduct of Mr. Collins (which fraud or willful misconduct is admitted by a final judicial decision), nor liabilities, losses, costs and expenses for which Mr. Collins is covered by insurance (including the current directors' and officers' insurance policy contracted by the Company with € 100,000,000 general coverage). In addition, such indemnification undertaking would not cover criminal sanctions (including criminal fines) incurred by Mr. Collins (but would cover civil liabilities deriving therefrom as well as related legal fees), nor liabilities, losses, costs and expenses resulting from claims brought against Mr. Collins on behalf of the Company (whether by the general meeting of shareholders or a qualified minority of shareholders, except that if the claim is from a qualified minority of shareholders, the Company shall advance the reasonable legal costs incurred by Mr. Collins and Mr. Collins will reimburse these immediately to the Company if his liability is admitted by a final judicial decision).

Furthermore, the indemnification is subject (i) to a cap consisting of 8% of the net assets of the Company as reflected in the latest yearly non-consolidated financial statements approved by the Annual Shareholders' Meeting of the Company, as such financial statements will be available at the time Mr. Collins notifies the Company that a claim is threatened or pending against him that may entitle him to exercise his rights under the indemnification undertaking and (ii) to a floor consisting of 5% of the net assets of the Company as reflected in the non-consolidated financial statements of the Company for the fiscal year ended March 31, 2009, as such financial statements will be submitted for approval to the Annual Shareholders' Meeting of the Company convened on September 15, 2009. The indemnification shall also inure to the benefit of the heirs and legal representatives of Mr. Collins.

The Board was reluctant to endorse the suggested indemnification as it was not customary in European jurisdictions. . In recognition of Mr. Collins' contribution and his valid concerns regarding potential frivolous litigation the Board directed Mr. Schmid-Kühnhöfer to investigate an insurance solution.

(ii) Extract from minutes of the meeting of the Board of Directors held on September 15, 2009:

Indemnification of Mr. Collins

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. Timothy C. Collins 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. Collins 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 (i) subscription of an additional "Side A" D&O insurance policy (the "**Additional Policy**") dedicated specifically for Mr. Collins and (ii) back-up indemnification (the "**Indemnification**") by the Company for Mr. Collins. In compliance with Article 523 of the Companies Code, Mr. Collins left the meeting.

Deliberations:

The Board heard a presentation by the General Counsel on the Additional Policy and on the legal framework of such Indemnification. There was a discussion amongst the Board members about the proposed Additional Policy and Indemnification, in light of (i) the Company's need to provide to Mr. Collins an appropriate indemnification package in order to retain him and (ii) the existing insurance policy contracted by the Company covering directors' and officers' liability.

Nature of the proposed transaction:

The Board established that the nature of the proposed transaction is an additional D&O policy and a back-up indemnification undertaking by the Company, in favor of one of its directors.

Description of the patrimonial consequences of the proposed resolution:

The Board of Directors assessed the patrimonial consequences of the proposed resolution.

The Additional Policy is an additional ("Side A") D&O policy dedicated specifically to Mr. Collins, up to an amount of €70,000,000, incurred for a premium of €126,000.

The Indemnification undertaking would cover liabilities, losses, costs and expenses (including reasonable legal expenses) (a “Loss”) incurred by Mr. Collins in connection with the performance of his duties as director and chairman of the ISC Committee of the Company, as well as any other function fulfilled by him at the request of the Company. The Indemnification undertaking would not cover Losses resulting from the fraud or willful misconduct of Mr. Collins (which fraud or willful misconduct is admitted by a final judicial decision), nor Losses for which Mr. Collins is covered by insurance (including the (i) current directors’ and officers’ insurance policy contracted by the Company with € 100,000,000 general coverage (the “**Current Policy**”) and (ii) the Additional Policy). In addition, such Indemnification undertaking would not cover criminal sanctions (including criminal fines) incurred by Mr. Collins (but would cover civil liabilities deriving therefrom as well as related legal fees), nor Losses resulting from claims brought against Mr. Collins on behalf of the Company (whether by the general meeting of shareholders or a qualified minority of shareholders, except that if the claim is from a qualified minority of shareholders, the Company shall advance the reasonable legal costs incurred by Mr. Collins and Mr. Collins will reimburse these immediately to the Company if his liability is admitted by a final judicial decision).

Furthermore, the Indemnification is limited, on a total aggregate basis for all Losses irrespective of the time of their occurrence, at a maximum of €70,000,000.

Finally, the Indemnification is only granted as a back-up indemnification to the Current Policy and to the Additional Policy dedicated to Mr. Collins. Accordingly, without prejudice to the other conditions and limitations described above, the Indemnification undertaking would only cover Losses incurred by Mr. Collins if and to the extent that:

- (i) such Losses fall within the scope of coverage of the Current Policy and/or the Additional Policy, taking into account the limitations and exclusions foreseen by such policies; and
- (ii) Mr. Collins is not actually indemnified for such Losses under the Current Policy and/or the Additional Policy as a result of:
 - a. a partial or entire repudiation of these policies by the insurers as a result of a failure of the Company to comply with its obligations thereunder; or
 - b. the insolvency of the insurers having issued these policies.

The Indemnification shall also inure to the benefit of the heirs and legal representatives of Mr. Collins.

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) Mr. Collins’ involvement in, and potential contributions to, the business and affairs of the Company are essential to the development of the Company, and the elements at the disposal of the Board led it to conclude that the subscription to the proposed Additional Policy and the provision of the proposed Indemnification to Mr. Collins are a crucial element to ensure Mr. Collins’ continuing involvement and contributions, and (ii) the effect of the proposed Indemnification undertaking is appropriately limited as a result of the Current Policy and of the Additional

Policy contracted by the Company referred to above and as a result of the maximum to which the Indemnification is subject.

Resolution:

The Board of Directors resolved to approve the subscription of the Additional Policy (a copy of which will remain attached as an annex to these minutes) and the draft Indemnification undertaking (a copy of which will remain attached as an annex to these minutes) to be entered into between the Company and Mr. Collins. The General Counsel of the Company shall have all powers and authority to approve, and represent the Company in respect of, the implementation of this resolution (including also any non material change that would be needed to the Additional Policy and/or draft Indemnification undertaking).

(iii) Extract from minutes of the meeting of the Board of Directors held on December 10, 2009:

Bonus package for Mrs. Fischer and Häusler

Declarations pursuant to Article 523 of the Companies Code

The Board acknowledged that, in accordance with Article 523, paragraph 1 of the Companies Code, Mr. Leonhard Fischer and Mr. Gerd Häusler have 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 and Mr. Häusler would be affected by the following resolution, if such resolution is approved.

Presentation and discussion

The Board reviewed the materials presented to it in connection with the proposed special bonus for Mr. Fischer in conjunction with his role in the negotiation and signing of a share purchase deed for the acquisition of Kleinwort Benson and the proposed special compensation to Mr. Häusler in conjunction with his role as Senior Advisor to RHJI Swiss Management LLC in the negotiation and signing of a share purchase deed for the acquisition of Kleinwort Benson. It is reminded that the acquisition has been signed by the Company on October 15, 2009 while the deal remains subject to closing (currently expected in March or April 2010).

In compliance with Article 523 of the Companies Code, Mr. Fischer and Mr. Häusler left the meeting.

Deliberations

The Board heard a presentation by Mr. D. Ronald Daniel on behalf of the Nomination and Remuneration Committee. There was a discussion amongst the Board members about the proposed special bonus and special compensation, in light of (i) the Company's compensation practice to provide to its senior executives a competitive package in order to recruit, retain and motivate qualified and expert professionals and the performance of Mr. Fischer in conjunction with the negotiation and signing of a share purchase deed for the Kleinwort Benson acquisition and (ii) Mr. Häusler's performance in conjunction with such negotiation and signing.

The Board considered that the proposed special bonus for Mr. Fischer is consistent with this practice, and that the proposed special compensation for Mr. Häusler adequately remunerates his services as Senior Advisor to RHJI Swiss Management LLC in conjunction with the negotiation and signing of a share purchase deed for the acquisition.

Nature of the proposed transaction

The Board established that the nature of the proposed transaction is the remuneration of the CEO of the Company for his role in conjunction with the negotiation and signing of a share purchase deed for an acquisition and the remuneration of Mr. Häusler in his capacity as Senior Advisor to RHJI Swiss Management LLC in conjunction with the negotiation and signing of a share purchase deed for an acquisition.

Description of the patrimonial consequences of the proposed transaction

The Board assessed the patrimonial consequences of the proposed resolution.

Mr. Fischer (in his capacity as CEO of RHJI) and Mr. Häusler (in his capacity as Senior Advisor to RHJI Swiss Management LLC) would, in aggregate, receive a special cash bonus of EUR 3,200,000.00. 40% of the special cash bonus would be contingent (with an appropriate claw-back mechanism) upon closing of the KB acquisition. (i) The determination of the special cash bonus allocation for each of Messrs. Fischer and Häusler would be delegated to the Nomination and Remuneration Committee, and (ii) the determination of the details of the timing of the payout, and the implementation of the above, would be delegated to the General Counsel and the Chief Financial Officer under the guidance of the Nomination and Remuneration Committee

In addition:

- Mr. Fischer (in his capacity as CEO of RHJI) would receive a grant of EUR 2,000,000.00 in ordinary shares of the Company; and
- Mr. Häusler (in his capacity as Senior Advisor to RHJI Swiss Management) would receive a grant of EUR 300,000.00 in ordinary shares of the Company.

The grant in shares would be drawn from treasury shares held by the Company. The average acquisition cost of the treasury shares is EUR 5.93 per share.

The number of ordinary shares received by Messrs. Fischer and Häusler would be determined on December 18, 2009, by dividing the above amounts by the average of the closing prices of ordinary shares of RHJI on Euronext Brussels for the period starting 4 trading days before (December 4) and ending five trading days after (December 17) the date hereof. The ordinary shares of the Company would be granted, and legal title to the corresponding ordinary shares of the Company would be transferred, to the Beneficiaries on December 18, 2009.

All shares received would be subject to a lock-up of minimum 4 years, pursuant to which Messrs. Fischer and Häusler would not be authorized to offer, sell, transfer, contract to sell, mortgage, charge, pledge, assign, issue options or warrants in respect of, grant any option to purchase, or agree to offer, sell, transfer, contract to sell, mortgage, charge, pledge, assign, issue options or warrants in respect of, grant any option to purchase or otherwise dispose of, directly or indirectly, any of such shares or any interests in any of such shares (or any other securities convertible into or exchangeable for such shares or which carry rights to subscribe for or purchase such shares), (ii) enter into any transaction (including a derivative transaction) that transfers to another, in whole or in part, any of the economic consequences of ownership of such shares, whether any such transaction is

to be settled by delivery of such shares or such other securities, in cash or otherwise, or (iii) deposit any such shares into any depository facility.

In addition, during the lock-up period, Messrs. Fischer and Häusler would procure that no executory attachment (*saisie exécutoire/uitvoerend beslag*) be made on any of such shares and would use their best efforts to procure that any conservatory attachment (*saisie conservatoire/bewarend beslag*) on any of such shares be released within 30 days.

Neither the suspension or the termination of Mr. Fischer's or Mr. Häusler's employment or relationship with the Company or any of its affiliates, for any reason whatsoever, nor Mr. Fischer's or Mr. Häusler's death or any other circumstance affecting Messrs. Fischer and Häusler would have any impact on the lock-up period.

The Company would deliver the shares into Messrs. Fischer and Häusler's regular securities account as soon as reasonably practicable following the date of the grant, as defined above. In parallel, the Company would be working with a bank to establish a securities account in Messrs. Fischer and Häusler's name, into which the shares would be lodged, and the blocking of such securities account would be ensured by the bank during the lock-up period. It is expected that such securities account would be operational after the delivery of the shares.

Accordingly, Messrs. Fischer and Häusler would agree to:

- (i) fully cooperate with the Company to the effect of establishing the blocked securities account by no later than February 15, 2010 and, upon notification by the Company, immediately transfer the shares to such blocked securities account; and
- (ii) fully cooperate to the creation by the Company, by not later than February 15, 2010, of any other methodology allowing the Company to enforce the lock-up in the event a blocked account methodology is not technically feasible or reasonably practicable (including any conversion of the shares into registered shares).

The Company would be entitled, in the event of a failure on Mr. Fischer's or Mr. Häusler's part to comply with the above obligations or with the lock-up, and without prior notification, to cancel with retroactive effect the grant of the shares, which would be null and void and of no further force or effect. Upon such cancellation, Messrs. Fischer and Häusler would immediately deliver the shares to such securities account as the Company may notify in writing.

Justification of the proposed transaction

The Board 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 and commitment of Mr. Fischer and Mr. Häusler (as Senior Advisor to RHJI Swiss Management LLC) on the negotiation and signing of a share purchase deed for the Kleinwort Benson acquisition deserves to be adequately compensated, (ii) the equity related portion of the package will serve to align the interests of Mr. Fischer and Mr. Häusler 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.

Resolution

The Board resolved that:

- Mr. Fischer (in his capacity as CEO of RHJI) and Mr. Häusler (in his capacity as Senior Advisor to RHJI Swiss Management LLC) would, in aggregate, receive a special cash bonus of EUR 3,200,000.00. 40% of the special cash bonus will be contingent upon closing of the KB acquisition. (i) The determination of the special cash bonus allocation for each of Messrs. Fischer and Häusler is delegated to the Nomination and Remuneration Committee, and (ii) the determination of the details of the timing of the payout, and the implementation of the above, are delegated to the CFO and the General Counsel under the guidance of the Nomination and Remuneration Committee.
- In addition, Mr. Fischer (in his capacity as CEO of RHJI) and Mr. Häusler (in his capacity as Senior Advisor to RHJI Swiss Management LLC) would receive a grant in ordinary shares of the Company for in the amounts set out above. The ordinary shares would be drawn from treasury shares held by the Company. The average acquisition cost of the treasury shares is EUR 5.93 per share. All shares received will be subject to a lock-up of minimum 4 years in accordance with the principles set out above. The implementation of the above is delegated to the CFO and the General Counsel.

(iv) Extract from minutes of the meeting of the Board of Directors held on March 4, 2010:

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

Mr. Sillem reported that the Audit and Compliance Committee had reviewed the activities of Mr. Collins in connection with the Board's annual determination to grant a waiver from certain provisions of the Company's Code of Business Conduct and Ethics. Following Mr. Sillem's report, the Board considered the annual renewal of waiver with respect to certain 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 5, 2009) concerning the Outside Activities (as defined below) of Mr. Collins and ending on March 31, 2010:

- 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. After further deliberation the Board adopted the following resolution:

Resolution 4

After hearing the reporting by the Audit and Compliance Committee over Mr. Collins' activities actually conducted outside the Company between February 28, 2009 and February 24, 2010 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, 2011 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 \$99 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.