

## **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, 2007 and 2006**

#### **Overview**

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

#### **Results of Operations**

The operating loss for the fiscal year ended March 31, 2007 amounted to JPY 3,085 million compared to JPY 2,141 million for the fiscal year ended March 31, 2006. The operating loss for the fiscal year ended March 31, 2006 reflected RHJI’s share (JPY 1,115 million) of the fee, net of expenses, for the termination of the acquisition agreement relating to Maytag Corporation.

The net profit for the fiscal year ended March 31, 2007 amounted to JPY 4,164 million, compared to JPY 966 million for the fiscal year ended March 31, 2006. The increase primarily resulted from:

- Increased interest income on cash investments as a result of (a) a higher proportion of USD denominated investments compared to the previous fiscal year and (b) generally increasing interest rates on USD and Euro denominated investments.
- Extraordinary expenses of JPY 2,130 million recorded during the fiscal year ended March 31, 2006 in connection with RHJI’s second share offering.

#### **Liquidity and Capital Resources**

At March 31, 2007, cash and cash equivalents (including short-term investments) amounted to JPY 79,887 million compared to JPY 101,615 at March 31, 2006. The decrease in cash and cash equivalents was principally attributable to RHJI’s investing activities during the fiscal year ended March 31, 2007, including:

- On January 11, 2007, Asahi Tec concluded the acquisition of U.S.-based Metaldyne Corporation (“Metaldyne”), a leading supplier of systems and modules that utilize aluminum and ductile castings for the automotive industry. RHJI invested JPY 10,033 million in common stock in Asahi Tec as part of a JPY 25.1 billion private placement for the financing of the acquisition of Metaldyne by Asahi Tec.

- RHJI invested JPY 1,511 million in Niles to fund Niles' acquisition of Fuji Electronics Industries Co., Ltd. ("Fuji Electronics"), which expanded Niles' precision stamping, insert molding and assembly capability.
- In connection with the amendments of its credit facilities in November 2006, HIT's equity was increased by cash contributions of EUR 31.6 million. RHJI funded EUR 29.8 million, or JPY 4,443 million, of the increase, of which EUR 21.6 million was through the subscription of preferred equity. Subsequent to year-end, RHJI made further cash capital contributions to HIT in connection with the refinancing of HIT's credit facilities. More information on the refinancing and the terms of the capital contributions is presented in section 3.
- During the fiscal year ended March 31, 2007, RHJI continued to support Phoenix Seagaia Resort with equity funding of JPY 3,900 million, which was used to make scheduled repayments of Phoenix Seagaia Resort's financial debt.
- RHJI acquired a 20% shareholding in U-Shin Ltd. ("U-Shin") for JPY 8,038 million. U-Shin is a Japanese manufacturer of electromechanical components for automobiles.

RHJI also invests in various non-controlling interests, such as a 3.2% stake in the Commercial International Bank (Egypt) SAE. RHJI may decide not to identify all the private and public companies in which it acquires non-controlling interests due to confidentiality, competitive, or strategic considerations. During the fiscal year ended March 31, 2007, RHJI sold certain investments, amounting to JPY 4,479 million, on which gains of JPY 904 million were realized.

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

<i>(In JPY millions)</i>	<b><u>2007</u></b>	<b><u>2006</u></b>
<i><u>Investments in subsidiaries</u></i>		
Asahi Tec	25,984	15,951
CME	7,817	7,817
D&M	10,515	10,515
HIT	19,757	15,315
Niles	16,619	15,108
Phoenix Seagaia Resort	21,709	17,927
<i><u>Investments in associates</u></i>		
Shaklee	12,244	12,244
U-Shin	8,038	-

RHJI, for purposes of preparing the non-consolidated Financial Statements for the fiscal year ended March 31, 2007, has reviewed the carrying values of its interests in Asahi Tec, HIT, Niles, D&M, CME, Phoenix Seagaia Resort, Shaklee and U-Shin. The review has been based on:

- Information obtained in connection with the preparation of RHJI's consolidated Financial Statements for the fiscal year ended March 31, 2007 and particularly with impairment testing of goodwill and long-lived intangible assets in accordance with International Accounting Standard 36;
- The use of various valuation approaches, including a value in use, based on the income approach, and a fair value based on the market approach;
- Publicly observed market prices for interests in the publicly traded companies.

In reviewing the carrying value of RHJI's investment in HIT consideration was given to:

- HIT's weaker than expected performance which had resulted in a breach of covenants at September 30, 2006 as described in section 3 of this Board Report;

- An impairment charge recorded in RHJI's consolidated Financial Statements for the fiscal year ended March 31, 2007 of EUR 124.6 million (EUR 72.5 million net of taxes), primarily related to certain intangible assets of HIT;
- The terms and conditions of the cash capital contribution and the issuance of warrants in connection with the refinancing, completed in July 2007, of HIT's credit facilities as described in section 3 of this Board Report.

RHJI's Board of Directors has reviewed the need to reduce the carrying value of RHJI's investment in HIT in accordance with the statutory provisions of Article 24 and 66, § alinea 1 of the Belgian Companies Code. Based on exit multiples, derived from analysis of a group of peers and applied to EBITDA for the fiscal years ending March 31, 2011 and 2012, as projected by HIT's management, together with a number of qualitative factors, RHJI's Board of Directors concluded that the future recoverable amount of RHJI's investment exceeds its carrying value and that there is no lasting impairment thereof. Amongst the supporting qualitative factors considered were management's industry knowledge, expertise and outlook regarding the automotive components industry, HIT's presence and reputation in the industry and recent significant customer orders.

Based on the above, the recoverable amounts for the investments in subsidiaries and in associates were in excess of carrying values.

On March 27, 2007, an extraordinary meeting of shareholders approved a reduction of share capital from JPY 118,493 million (€855,455,470) to JPY 88,491 million (€664,424,086) by way of:

- Absorbing the carried forward losses as of March 31, 2006 amounting to JPY 11,001 million (€70,050,805) as reflected in the non-consolidated Financial Statements for the fiscal year ended March 31, 2006; and
- Creating an available reserve of JPY 19,000 million (€120,980,579).

The reduction of share capital, made without cancellation of shares, was intended to provide RHJI with flexibility for future distributions to shareholders, if and when such distributions are deemed appropriate by the Board of Directors. However, no assurance can be provided that there will be any distribution in the future.

## 2. Appropriation of the earnings

The Board of Directors proposes to allocate the profit of the fiscal year ended March 31, 2007 as follows:

Profit of the year	JPY 4,164
Loss carried forward from last year	JPY (11,001)
Share capital reduction	JPY 30,001
Transfer to available reserves	JPY 19,000
Transfer to legal reserve	JPY 208
Profit to be carried forward	JPY 3,956

## 3. Material events subsequent to March 31, 2007

As a result of the poor financial performance for the first six months of the fiscal year ended March 31, 2007, HIT was in breach of certain covenants on its EUR 395 million senior and EUR 110 million mezzanine credit facilities. HIT entered into amendments with its lenders in June and November 2006. According to the agreement reached with the lenders, the breach of covenants was waived and the covenants under the original agreements were suspended and replaced with a revised minimum EBITDA covenant value until June 30, 2007.

In connection with the amendments of its credit facilities in June and November 2006, HIT's equity was increased by cash contributions of EUR 31.6 million during the fiscal year ended March 31, 2007. RHJI

funded EUR 29.8 million of the increase, of which EUR 21.6 million was through the subscription of preferred equity. The agreement also provided for a further capital injection of EUR 10 million upon the occurrence of certain events, one of which was HIT's failure to sell Grenville Castings Limited ("Grenville"), a Canadian subsidiary, by April 30, 2007. As Grenville was not sold at April 30, 2007, RHJI subsequently injected EUR 10 million. HIT continues to explore its options associated with its Canadian subsidiaries, including its Grenville operations.

In order to avoid a breach of revised covenants under its amended credit facilities described above, HIT entered into definitive agreements with lenders on June 27, 2007 for a refinancing. The new credit is comprised of EUR 335 million senior and EUR 75 million mezzanine facilities together with a EUR 71.4 million Payable in Kind facility ("PIK") and 2,053,580 warrants of HIT. As part of the refinancing, RHJI made a further capital subscription of EUR 40 million in HIT. Since March 31, 2007, RHJI's shareholdings in HIT increased from 62.6% to 78.5%. HIT believes that the adjusted capital structure and the terms and covenants, which are now applicable only to HIT's German operations, under the new credit facilities should allow for more operating flexibility and growth potential in the near term, provided that HIT's plans for improved performance are met. In connection with the senior credit facilities, Honsel has to maintain an interest cover ratio and a total leverage ratio and has certain limitations on capital expenditure. The same financial covenants apply to the mezzanine credit facility, but with 10% additional headroom as compared to the senior credit facilities.

#### **4. Research & Development**

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

#### **5. Principal risks and uncertainties**

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

##### *Risks associated with strategy and operations*

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

##### *Strategic risk*

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

##### *Operational risk*

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

### *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, 2007, approximately 52% of RHJI's total invested capital was attributable to four businesses in the automotive components industry. Volatility or weakness in the automotive components industry may have a material adverse effect on RHJI's financial condition and results of operations.

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

### *Risk related to Mr. Collins' other activities*

The non-competition agreement with RHJI's Co-Chief Executive Officer, Mr. Collins, whereby he agreed not to participate, directly or indirectly, in any acquisitions of interests in Japanese companies except through RHJI, has expired on March 23, 2007. Other information relating to Mr. Collins as Co-Chief Executive Officer is set out in the Part III - Corporate Governance – Chief Executive Officer of the Annual Report for the fiscal year ended March 31, 2007 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 (including in Japan), 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***

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

### *Interest rate risk*

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

### *Currency exchange rate risk*

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

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

### *Liquidity risk*

As of March 31, 2007, RHJI had approximately JPY 80,000 million available to pursue its business strategy and has no indebtedness. RHJI's businesses have access to financing by obtaining credit lines on their own merits. Except for JPY 1,870 million related to the debt of Phoenix Seagaia Resort and certain pledges of shares as disclosed in note 21 to the consolidated Financial Statements, the businesses and their lenders generally do not benefit from any guarantee from RHJI. Although RHJI believes it can ensure sufficient liquidity to pursue its acquisition strategy, any shortage thereof might result in the disposal of certain businesses at unfavorable conditions.

### *Risk related to the stock market*

Being listed on 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.

## **6. Risk management and the use of derivative financial instruments**

RHJI's functional currency is the Japanese Yen Cash and cash equivalents are maintained in Euro, USD and Japanese Yen, and invested primarily in money market mutual funds and fixed income mutual funds for which the RHJI has defined minimum ratings and concentration limits in order to preserve capital and maintain liquidity. As at March 31, 2007, RHJI had not entered into derivative financial instruments.

## **7. 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 two occasions during the fiscal year ended March 31, 2007, with respect to two directors in connection with certain matters submitted to the RHJI board of directors. The extracts of the minutes of the relevant meetings of the RHJI board of directors regarding such matters are provided in Appendix 1 to this Board Report (and such appendix forms an integral part of this report), and a summary of such is as follows: (i) proposed investment in a start-up business in India and (ii) annual renewal of the waiver to Mr. Collins with respect to his outside activities.

Timothy C. Collins  
Director

D. Ronald Daniel  
Director

## APPENDIX

(i) Extract from the minutes of the meeting of Board of Directors held on December 12, 2006:

### **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 auditors, of the existence of a competing interest, within the meaning of Article 523, because Mr. Collins would be affected by the following resolutions, if such resolutions are approved, to the extent that (i) Mr. Collins is an executive of Ripplewood Holdings and has a financial interest in Ripplewood Holdings and one of its affiliates, and (ii) it is proposed that the Company enter into certain agreements (including a stockholders' agreement) with, among others, Ripplewood Holdings or one of its affiliates.

The Board of Directors acknowledged that, in accordance with Article 523, paragraph 1 of the Companies Code, Mr. Harvey Golub has informed the Board prior to its deliberations, and will inform the Company's statutory auditors, of the existence of a competing interest, within the meaning of Article 523, because Mr. Golub would be affected by the following resolutions, if such resolutions are approved, to the extent that (i) Mr. Golub is an executive of Ripplewood Holdings and has a financial interest in Ripplewood Holdings and one of its affiliates, and (ii) it is proposed that the Company enter into certain agreements (including a stockholders' agreement) with, among others, Ripplewood Holdings or one of its affiliates.

### **Presentation and discussion**

The Board of Directors reviewed the materials presented to it in connection with the proposed investment in a start up business in India and heard a presentation by Mr. Collins. Ripplewood Holdings or one of its affiliates is the lead investor in the transaction.

In compliance with Article 523 of the Companies Code, Messrs. Collins and Golub left the meeting.

### **Deliberations**

There was a discussion amongst the Board members about the proposed transaction based on the information and presentation referred to above together with a review of the Company's investment strategy.

The Board of Directors considered that, as the Company's overall strategy is to seek to acquire interests in businesses that can benefit from operating and strategic improvements whether in Japan or elsewhere the proposed transaction is consistent with this strategy.

### **Nature of the proposed transaction**

The Board established that the nature of the proposed transaction would be a transaction whereby the Company would acquire an equity stake in a special purpose acquisition company with an investor group led by Ripplewood Holdings. The Board noted that the terms and conditions of the Company's investment would be at least as favorable as those described in the presentation materials referred to above but that there would be no transaction fee payment made by the Company to Ripplewood Holdings and that any encumbrances on the voting and transfer rights associated with the Company's interest in the proposed business would be no longer than three years.

### **Description of the patrimonial consequences of the proposed transaction**

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

The Company would invest up to \$15 million.

The Company would have no further obligation for additional contributions other than its initial investment amount.

## **Justification of the proposed transaction**

The Board of Directors considered that the following resolutions are in the best interests of the Company and serve to further the purposes of the Company because (i) the proposed transaction is consistent with its strategy of seeking to acquire interests in businesses that can benefit from operating and strategic improvements, (ii) the growth potential is attractive, and (iii) the risks triggered by the investment are reasonable in view of the growth potential.

## **Resolutions**

### **1 Investment**

#### **Resolution 5**

The Board of Directors resolved that the proposed transaction, involving an equity investment of up to \$15 million be, and hereby is, approved.

### **2 Powers in relation to the investment**

#### **Resolution 6**

The Board of Directors resolved that each of Anthony Barone and Robert E. Ewers, Jr. (each, an “Authorized Officer”) is severally authorized on behalf of the Company to execute and deliver transaction agreements, each consistent with the terms of the approval granted by the Board regarding this investment, with such non material changes as the Authorized Officer executing the same may approve, such approval to be conclusively evidenced by the execution and delivery thereof.

The Board of Directors further resolved that each Authorized Officer be, and hereby is, severally authorized and empowered, in the name and on behalf of the Company, to execute and deliver such agreements, instruments and documents (including all amendments and modifications of the transaction agreements) and to do or cause to be done such further acts and things as shall be necessary or advisable under or in connection with the foregoing resolution, and the execution by any Authorized Officer of any of the foregoing or the doing of any such act or thing shall be conclusive evidence of a determination in that respect and approval thereof.

### **3 Waivers to the Code of Business Conduct and Ethics**

#### **Resolution 7**

The Board of Directors resolved that, in accordance with Section 15 of the Company’s Code of Business Conduct and Ethics, the provisions of Section 2 (Conflicts of Interest) of such Code are hereby waived as they apply to Mr. Collins as a Director and CEO and Mr. Golub as a Director in relation to the proposed transaction.

(ii) Extract from minutes of the meeting of the Board of Directors held on March 27, 2007:

#### **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 of March 23, 2005 (as ratified by the Board of May 10, 2005 and renewed by the Board of February 28, 2006) concerning the Outside Activities (as defined below) of Mr. Collins and ending on March 31, 2007:

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

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

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

#### **RESOLUTION 1**

After hearing the reporting by the Audit and Compliance Committee over Mr. Collins' activities actually conducted outside the Company between February 28, 2006 and March 27, 2007 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, 2008 and that, notwithstanding the foregoing, (a) Mr. Collins is not authorized during his conduct of the Outside Activities to violate any of the express terms of the agreement between Mr. Collins and the Company, and, in accordance with Article 523 of the Companies Code, (b) Mr. Collins shall abstain in his capacity as director from voting on any resolution of the Board that authorizes action or the omission of action by the Company that, to Mr. Collins' knowledge, conflicts with his Outside Activities and (c) Mr. Collins shall disclose to the Board the reasons for his abstention in each such case.

The Board determined that the above resolution is in the best interest of the Company in light of the favorable reporting by the Audit and Compliance Committee and the fact that, as decided by the Board of March 23, 2005 (and ratified by the Board of May 10, 2005), the primary acquisition objectives of the Company are not substantially similar to the business objectives of Ripplewood Fund II and because Mr. Collins has played an essential role in the formation of the Company and has played and continues to play an essential role in the management of the Company and is uniquely qualified as a director and as the CEO of the company due to his detailed understanding of and experience with the Company's businesses and his expertise and experience in identifying and completing acquisitions.

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