RHJ INTERNATIONAL

Limited Liability Company
(Société anonyme / Naamloze vennootschap)

Avenue Louise 326

1050 Brussels

Register of Legal Entities (enterprise number): 866.015.010

SPECIAL REPORT BY THE BOARD OF DIRECTORS TO THE SHAREHOLDERS

March 21, 2005

prepared in accordance with Article 602 of the Belgian Companies Code

on the increase of the share capital of RHJ International by way of the issuance of 35,974,218 new ordinary shares of RHJ International to RHJ Industrial Partners, L.P., Caledonian Bank & Trust Limited, as trustee of RHJ Industrial Partners Trust, HSBC Financial Services (Cayman) Limited, as trustee of RHJ Industrial Partners Trust 3, RP II RHJ Co-Investment Fund, L.P., Ripplewood Investments LLC, Japan Automotive Holdings L.P., Japan Automotive Holdings II L.P., RHJ Seagaia L.P., RHJ Seagaia 1 L.P., RHJ Seagaia 2 L.P., RHJ Seagaia 3 L.P., Honsel Holdings L.P., Honsel Holdings II L.P. and Ripplewood Holdings L.L.C., as a result of the contribution in kind to the share capital of RHJ International certain assets representing directly or indirectly equity interests in certain Japanese companies, certain Belgian companies, equity interests in two management companies, and the right to repayment of an advance, each as further described herein. This capital increase will be placed to the vote of the shareholders of RHJ International at the Extraordinary Shareholders' Meeting convened on March 23, 2005.

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Purpose of this report

This special report (this "**Report**") has been prepared in accordance with Article 602 of the Belgian Companies Code, which provides that whenever a company proposes to increase its share capital by way of a contribution in kind, the board of directors of the company must prepare a special report discussing the benefits for the company of the capital increase as well as of each of the contributed assets.

This Report aims to inform the shareholders of RHJ International (the "**Company**") about the proposed increase of its share capital by way of issuance of 35,974,218 new ordinary shares of the Company to RHJ Industrial Partners, L.P. ("**RHJ Partners**"), Caledonian Bank & Trust Limited as trustee of RHJ Industrial Partners Trust ("**RHJ Trust 1**"), HSBC Financial Services (Cayman) Limited as trustee of RHJ Industrial Partners Trust 3 ("**RHJ Trust 3**"), RP II RHJ Co-Investment Fund, L.P., Ripplewood Investments LLC, Japan Automotive Holdings L.P., Japan Automotive Holdings II L.P., RHJ Seagaia L.P., RHJ Seagaia 1 L.P., RHJ Seagaia 2 L.P., RHJ Seagaia 3 L.P., Honsel Holdings L.P., Honsel Holdings II L.P., and Ripplewood Holdings L.L.C. (together the "**Contributors**"), as a result of the Contributors contributing in kind to the Company certain assets representing directly or indirectly equity interests in certain Japanese companies, certain Belgian companies, equity interests in two management companies, and the forgiving of an advance, each as further described herein (the "**Contributed Assets**"). This transaction will be placed to the vote of the shareholders of the Company at the Extraordinary Shareholders' Meeting convened on March 23 2005.

In this Report, the term "**RHJ Funds**" refers to RHJ Partners, RHJ Trust 1 and RHJ Trust 3, collectively.

The complete details of each Contributor are set forth in Annex 1 attached hereto.

This Report has been unanimously approved by the board of directors of the Company (the "**Board of Directors**") at a meeting held on March 21, 2005.

The audit of the financial statements of the Company is entrusted to KPMG – Réviseurs d'Entreprises ("**KPMG**") and BDO – Réviseurs d'Entreprises ("**BDO**"), acting jointly. The deed of incorporation of the Company provides that, in the event KPMG is prevented from taking part in the issuance of a report required under the Belgian Companies Code due to U.S. law constraints, such report will be issued by BDO alone. KPMG has informed the Company that, for the purpose of issuing a report on the contribution of the Contributed Assets (the "**Statutory Auditor's Report**"), it would be prevented from taking part in the issuance of the Statutory Auditor's Report due to U.S. law constraints.

The Statutory Auditor's Report was therefore prepared and issued by BDO, acting alone, represented by Mr. Félix Fank, in accordance with Article 602 of the Belgian Companies Code.

The Statutory Auditor's Report must be read in conjunction with this Report and is attached hereto as Annex 2.[1]

1. Process of the Capital Increase

1.1 Contribution and Subscription Agreement

It is anticipated that on or about March 23, 2005, the Contributors and the Company will enter into a Contribution and Subscription Agreement whereby the Contributors will agree to contribute to the Company the Contributed Assets in return for an aggregate of 35,974,218 of the Company's new ordinary shares (the "**Capital Increase**"). Completion of the transactions contemplated by the Contribution and Subscription Agreement is conditioned upon (a) a resolution of the shareholders at the Extraordinary Shareholders' Meeting approving the Capital Increase, which is expected to occur on or about March 23, 2005, (b) the listing of the Company's ordinary shares on the first Market of Euronext Brussels, which is expected to occur on or about March 24, 2005, and (c) the simultaneous completion of the global offering by the Company of its ordinary shares, which is expected to occur on or about March 31, 2005.

The Board of Directors analyzed the value of the Contributed Assets using a building block approach where the value of each contributed company was reviewed separately, while the investors in the global offering will value the Company's ordinary shares based on their consideration of the Contributed Assets as a whole. An implied asset-based valuation of the Company's shares based on the aggregate value of the Contributed Assets may differ from the price to investors in the global offering which will be based on a book-building process by the underwriters.

The Board of Directors noted that pursuant to the Contribution and Subscription Agreement, the Contributors have agreed with the Company, subject to limited exceptions, not to sell or transfer the Company's ordinary shares to be issued to them in the capital increase for a period of at least eighteen months from the completion of the offering, and in some cases the period is increased to five years. Furthermore, the Contributors have agreed not to make any distribution of those shares to their shareholders, limited partners or other equity holders unless the recipients enter into a comparable lockup agreement with the Company. The board of directors did not take these lockup arrangements into account in

[1] Annex 2 shall not be included in the published version of this report. The final statutory Auditor's Report shall be available at Petercam's offices located at Place Sainte-Gudule, 19, 1000 Brussels, Belgium or at Petercam's website, www.petercam.be.

determining the number of new ordinary shares of the Company to be issued to the Contributors in the capital increase. These lockup arrangements will not be applicable to the ordinary shares of the Company to be issued to subscribers in the global offering.

Pursuant to the Contribution and Subscription Agreement, each of the Contributors has made the following representations and warranties regarding itself and the Contributed Assets to be contributed by it: (i) that such Contributor has been duly organized and is validly existing in good standing in the jurisdiction of its organization; (ii) that such Contributor has full power and authority to execute and deliver the Contribution and Subscription Agreement; (iii) that the execution and delivery of the Contribution and Subscription Agreement and any other agreements to be entered into in connection with the Contribution and Subscription Agreement will not violate or conflict with the organizational documents of such Contributor or any material agreements to which such Contributor is a party; (iv) that no brokers are entitled to any commission or fee in connection with the Contribution; (v) that such Contributor has good and valid title to the Contributed Assets to be contributed by it; and (vi) that except as disclosed, none of the Contributed Assets to be contributed by such Contributor is subject to any liens or restrictions on voting. Other than the representations and warranties as to title, absence of liens and voting restrictions, which shall survive for two years following the completion of the Contribution, these representations and warranties will not survive the completion of the Contribution.

Pursuant to the Contribution and Subscription Agreement, the Company has made the following representations and warranties: (i) it has been duly organized and is validly existing and in good standing in Belgium; (ii) it has full power and authority to execute and deliver the Contribution and Subscription Agreement; (iii) the execution and delivery of the Contribution and Subscription Agreement and any other agreements to be entered into in connection with the Contribution and Subscription Agreement will not violate or conflict with its articles of association or any material agreements to which the Company is a party; (iv) subject to the approval of the Extraordinary Shareholders' Meeting, the ordinary shares to be issued to the Contributors will be duly authorized and validly issued; (v) the Company's ordinary shares to be issued to the Contributors are not subject to any liens or restrictions on voting; and (vi) it has made all required filings pursuant to Belgian corporate and securities laws in connection with the Capital Increase.

1.2 Capital Increase and decisions of the shareholders at the Extraordinary Shareholders' Meeting

The Board of Directors proposes to proceed to the Capital Increase.

The Contributed Assets are described below under Section 2 of this Report. They will be contributed for an aggregate value of €658.3 million.[2] As consideration for the contribution of the Contributed Assets, the Company shall issue 35,974,218 new ordinary shares that shall be subscribed for by the respective Contributors, at a price per ordinary share of €18.30. Prior to the Capital Increase the Company had a share capital of €100,000 comprised of 10,000 ordinary shares with a fractional value of €10 per ordinary share. Of the contributed amount, €359.7 million shall be recorded as share capital of the Company and €298.5 million as issuance premium.

The Capital Increase shall be placed to the vote of the shareholders at the Extraordinary Shareholders' Meeting convened on March 23, 2005. At the Extraordinary Shareholders' Meeting, the shareholders shall decide on the Capital Increase under the terms and conditions of the Contribution and Subscription Agreement. The actual contribution of the Contributed Assets will take place and be recorded subsequently, as indicated at the end of this Section.

In order to be valid, a resolution of the shareholders at the Extraordinary Shareholders' Meeting on these matters requires the presence in person or by proxy of shareholders holding an aggregate of at least 50% of the total issued share capital and the approval by shareholders holding at least 75% of the shares present in person or represented by proxy at the meeting.

Moreover, at the same Extraordinary Shareholders' Meeting, the shareholders shall consider the proposed resolutions regarding the further increase of the share capital of the Company as a result of several other contributions in cash, namely:

1. The contribution in cash by the RHJ Funds of an aggregate of approximately €72.5 million. As consideration for the cash contribution of the RHJ Funds, the Company shall issue approximately 3,961,200 new ordinary shares to the RHJ Funds, at price per ordinary share of €18.30. Of the amount contributed by the RHJ Funds, approximately €39.6 million shall be recorded as share capital of the Company and approximately €32.9 million shall be recorded as issuance premium.

2. The contribution in cash by Mr. Timothy C. Collins, certain directors and other members of the Company's senior management of approximately €37 million, in exchange for which the Company will issue in the range of approximately 1,922,077 to 2,145,000 new ordinary shares, based on the price per ordinary share paid by investors in the global offering.

[2] For purposes of determining the value of the contributions in Euros, the Board of Directors used the following average exchange rates for the 20 days ended March 15, 2005: €1 = ¥138.478 and €1 = $1.321.

3. The contribution in cash by the investors acquiring shares in the global offering (the "**Offering Investors**"), was estimated to amount to approximately €370 million, in exchange for which the Company would issue in the range of approximately 19,221,000 to 21,449,000 new ordinary shares, however the Board of Directors currently anticipates that the actual size of the global offering will be increased based on investor demand. The underwriters in the global offering will be granted the right to subscribe for additional ordinary shares in the amount of 15% of the total number of ordinary shares actually issued by the Company in the global offering. The subscription price for these additional ordinary shares will be the same as the price paid by the Offering Investors in the global offering.

The above transactions are described in detail in a preliminary listing prospectus relating to the global offering of ordinary shares of the Company (the "**Listing Prospectus**"), as attached hereto as Annex 3.[3]

At the Extraordinary Shareholders' Meeting, the shareholders shall grant special powers to one director of the Company to have recorded by notarial deed the actual increase of the share capital of the Company and the actual issuance of new ordinary shares by the Company, in accordance with Article 589 of the Companies Code. It is expected that such recording will take place on or around March 31, 2005, subject to the completion of the global offering.

1.3 Features of the Company's new ordinary shares

The new ordinary shares that the Company shall issue to the Contributors as a result of the contribution of the Contributed Assets shall be of the same kind as the existing ordinary shares of the Company and shall, upon their issuance, benefit from the same rights as the existing ordinary shares of the Company.

The ordinary shares shall be without nominal value.

The new ordinary shares of the Company shall entitle their holder to the dividend, if declared, relating to the fiscal year ending March 31, 2005 and future years.

The new ordinary shares will be bearer securities.

The new ordinary shares of the Company shall be listed on the First Market of Euronext Brussels as soon as practical following the date of issuance.

The Listing Prospectus provides further details about the new ordinary shares of the Company.

[3] Annex 3 shall not be included in the published version of this report. The final listing prospectus shall be available at Petercam's offices located at Place Sainte-Gudule, 19, 1000 Brussels, Belgium or at Petercam's website, www.petercam.be.

1.4 No preferential rights of existing shareholders in connection with the Capital Increase

The Capital Increase results from a contribution in kind and not a cash contribution. Therefore, existing shareholders will not have any preferential subscription right in connection with the Capital Increase.

2. Description of the Contributed Assets

2.1 Summary of Contributed Assets

The steps for the contribution of the Contributed Assets, described in more detail in Section 2.2, are set forth below:

2.1.1 Niles Co. Ltd. ("Niles")

Japan Automotive Holdings L.P. contributes the following assets to the Company:

- 16,022,944 common shares of Niles Co. Ltd., representing 74.31% of the outstanding common shares.

Japan Automotive Holdings II L.P. contributes the following assets to the Company:

- 4,718,731 common shares of Niles Co. Ltd., representing 21.89% of the outstanding common shares.

2.1.2 D&M Holdings Inc. ("D&M")

RHJ Industrial Partners L.P. contributes the following assets to the Company:

- 1 common share of Ripplewood Denon Holdings Ltd., representing 100% of the outstanding common shares.
- 100% of the limited partnership interests in Ripplewood Denon Acquisition L.P.

RHJ Trust 1 contributes the following assets to the Company:

- 2 common shares of Ripplewood Denon Holdings II Ltd., representing 66.67% of the outstanding common shares.
- 51.61% of the limited partnership interests in Ripplewood Denon Acquisition II L.P.

RHJ Trust 3 contributes the following assets to the Company:

- 1 common share of Ripplewood Denon Holdings II Ltd., representing 33.33% of the outstanding common shares.

- 48.39% of the limited partnership interests in Ripplewood Denon Acquisition II L.P.

RP II RHJ Co-Investment Fund, L.P. contributes the following assets to the Company

- 480,242 common shares of D&M Holdings Inc., representing 0.5% of the outstanding common shares.

2.1.3 Asahi Tec Corporation ("Asahi")

RHJ Industrial Partners L.P. contributes the following assets to the Company:

- 1 common share of JC Holdings Ltd., representing 100% of the outstanding common shares.

- 100% of the limited partnership interests in Japan Casting L.P.

RHJ Trust 1 contributes the following assets to the Company:

- 516 common shares of JC Holdings II Ltd., representing 51.6% of the outstanding common shares.

- 49.46% of the limited partnership interests in Japan Casting II L.P.

RHJ Trust 3 contributes the following assets to the Company:

- 484 common shares of JC Holdings II Ltd., representing 48.4% of the outstanding common shares.

- 46.37% of the limited partnership interests in Japan Casting II L.P.

RP II RHJ Co-Investment Fund, L.P. contributes the following assets to the Company

- 4.17% of the limited partnership interests in Japan Casting II L.P.

Ripplewood Investments LLC contributes the following assets to the Company

- 1 common share of JC Holdings IV Ltd., representing 100% of the outstanding common shares.

2.1.4 Phoenix Resort K.K. ("Phoenix")

RHJ Seagaia L.P. contributes the following assets to the Company:

- 103,255 common shares of Phoenix Resort K.K., representing 77.40% of the outstanding common shares.

RHJ Seagaia 1 L.P. contributes the following assets to the Company:

- 4,861 common shares of Phoenix Resort K.K., representing 3.64% of the outstanding common shares.

RHJ Seagaia 2 L.P. contributes the following assets to the Company:

- 10,698 common shares of Phoenix Resort K.K., representing 8.02% of the outstanding common shares.

RHJ Seagaia 3 L.P. contributes the following assets to the Company:

- 14,586 common shares of Phoenix Resort K.K., representing 10.93% of the outstanding common shares.

2.1.5 Columbia Music Entertainment Inc. ("Columbia Music Entertainment")

RHJ Industrial Partners L.P. contributes the following assets to the Company:

- 1 common share of Ripplewood Nippon Columbia Holdings Ltd., representing 100% of the outstanding common shares.

- 100% of the limited partnership interests in Ripplewood Nippon Columbia Partners L.P.

RHJ Trust 1 contributes the following assets to the Company:

- 2 common shares of Ripplewood Nippon Columbia Holdings III Ltd., representing 66.67% of the outstanding common shares.

- 51.61% of the limited partnership interests in Ripplewood Nippon Columbia Holdings III L.P.

RHJ Trust 3 contributes the following assets to the Company:

- 1 common share of Ripplewood Nippon Columbia Holdings III Ltd., representing 33.33% of the outstanding common shares.

- 48.39% of the limited partnership interests in Ripplewood Nippon Columbia Holdings III L.P.

2.1.6 Shaklee Global Group, Inc. ("Shaklee")

RHJ Industrial Partners L.P. contributes the following assets to the Company:

- 735,058 ordinary shares of RHJ Shaklee Holding SA, representing 73.51% of the outstanding ordinary shares.

RHJ Trust 1 contributes the following assets to the Company:

- 121,256 ordinary shares of RHJ Shaklee Holding SA, representing 12.13% of the outstanding ordinary shares.

RHJ Trust 3 contributes the following assets to the Company:

- 113,686 ordinary shares of RHJ Shaklee Holding SA, representing 11.37% of the outstanding ordinary shares.

RP II RHJ Co-Investment Fund, L.P. contributes the following assets to the Company

- 30,000 ordinary shares of RHJ Shaklee Holding SA, representing 3.00% of the outstanding ordinary shares.

2.1.7 Honsel International Technologies SA ("Honsel")

Honsel Holdings L.P. contributes the following assets to the Company:

- 8,314,811 ordinary shares of Honsel International Technologies SA, representing 43.51% of the outstanding ordinary shares.

Honsel Holdings II L.P. contributes the following assets to the Company:

- 2,756,339 ordinary shares of Honsel International Technologies SA, representing 14.42% of the outstanding ordinary shares.

2.1.8 Ripplewood Japan, Inc. ("Japanese Management Company")

Ripplewood Holdings L.L.C. contributes the following assets to the Company:

- 2,000 ordinary shares of Ripplewood Japan, Inc., representing 100% of the outstanding ordinary shares.

2.1.9 RHJI U.S. Management, Inc. ("U.S. Management Company")

Ripplewood Holdings L.L.C. contributes the following assets to the Company:

- 1,000 common shares of RHJI U.S. Management, Inc., representing 100% of the outstanding common shares.

2.1.10 Advanced Fees and Expenses

RHJ Industrial Partners L.P. contributes the following assets to the Company:

- The right to repayment of €1.9 million advanced to the Company in December, 2004 for the payment of fees and expenses.

RHJ Trust 1 contributes the following assets to the Company:

- The right to repayment of €0.2 million advanced to the Company in December, 2004 for the payment of fees and expenses.

RHJ Trust 3 contributes the following assets to the Company:

- The right to repayment of €0.2 million advanced to the Company in December, 2004 for the payment of fees and expenses.

2.2 Description of the Contributed Assets

In the case of D&M, Asahi, and Columbia Music Entertainment, the assets to be contributed by the RHJ Funds consist of the RHJ Funds' interest in the Cayman Islands limited partnerships and limited companies through which the RHJ Funds have invested in those companies.

In the case of Shaklee, the assets to be contributed by the RHJ Funds consist of the RHJ Funds' interest in RHJ Shaklee Holding SA, the Belgian *société anonyme* through which the RHJ Funds have invested in Shaklee.

The Company has agreed with the RHJ Funds to accomplish the contribution of the RHJ Funds' interest in these companies in this manner in order to comply with the takeover bid rules of Japanese securities law, without inadvertently creating an obligation for the Company to make a tender offer for all of the outstanding shares of these companies.

In the case of D&M, Asahi and Columbia Music Entertainment, the applicable Cayman Islands limited partnerships and limited companies do not have any assets, other than the nominal capital contributed to them at the time of formation, or any liabilities. RHJI expects to wind up these entities as soon as practicable following the completion of the contributions to establish a simpler ownership structure. In the case of Shaklee, the *société anonyme* through which the RHJ Funds hold their interest does have certain assets and liabilities described in more detail in Section 2.2.6. This entity will not be wound up following the contributions.

2.2.1 Niles

Japan Automotive Holdings L.P. and Japan Automotive Holdings II L.P. will contribute to the Company in the aggregate 20,741,675 common shares of Niles Co. Ltd., representing 96.2% of the outstanding common equity interest in Niles.

The limited partnership interests in Japan Automotive Holdings L.P. and Japan Automotive Holdings II L.P. are held by the RHJ Funds, together with RP II RHJ Co-Investment Fund, L.P., a Delaware limited partnership controlled by Timothy C. Collins, in which certain managing directors, and employees, directors and industrial partners of Ripplewood Holdings L.L.C. and the RHJ Funds were given the opportunity to make a separate investment (the "**Management Investment Partnership**") and Niles Management L.P., a Cayman Islands limited partnership in which Richard M. Donnelly, the RHJ Funds' industrial partner for the Niles Acquisition, holds 100% of the limited partnership interests ("**Niles Management**"). The general partner in Japan Automotive Holdings L.P. is Japan Automotive Holdings Limited, a Cayman Islands limited company and a wholly owned subsidiary of the RHJ Funds. The general partner in Japan Automotive Holdings II L.P. is JH Holdings II Ltd., a Cayman Islands limited company, the common equity of which is owned 100% by the RHJ Funds.

Following the contributions the Company will have direct ownership of 20,741,675 common shares of Niles representing an aggregate 96.2% common equity interest in Niles' issued and outstanding shares that are entitled to vote as of March 15, 2005.

Section 2.1.1 sets forth the specific steps for the contribution of the Niles related Contributed Assets.

2.2.2 D&M

The RHJ Funds hold an indirect interest in an aggregate of 44,842,918 D&M Holdings Inc. common shares, representing an aggregate 51.2% common equity interest in D&M issued and outstanding shares as of March 15, 2005. The RHJ Funds hold their equity interest in D&M through the ownership of 100% of the limited partnership interests in Ripplewood Denon Acquisition L.P. and Ripplewood Denon Acquisition II L.P., each a Cayman limited partnership. In addition, the RHJ Funds own 100% of the outstanding common equity of Ripplewood Denon Holdings Ltd. and Ripplewood Denon Holdings II Ltd., each a Cayman Islands limited company that serves as the general partners of Ripplewood Denon Acquisition L.P. and Ripplewood Denon Acquisition II L.P., respectively. Finally, the Management Investment Partnership owns 480,242 D&M common shares, representing a 0.5% common equity interest in D&M's issued and outstanding shares as of March 15, 2005.

Based on 87,702,225 D&M common shares issued and outstanding as of March 15, 2005, the shares held by the RHJ Funds and the Management Investment Partnership represent 51.7% of the voting power of D&M common shares.

The RHJ Funds will contribute all of their interest in Ripplewood Denon Holdings Ltd., Ripplewood Denon Holdings II Ltd., Ripplewood Denon Acquisition L.P. and Ripplewood Denon Acquisition II L.P. to the Company in exchange for new ordinary shares of the Company. Following these contributions, the Company will cause each of Ripplewood Denon Holdings Ltd., Ripplewood Denon Holdings II Ltd., Ripplewood Denon Acquisition L.P. and Ripplewood Denon Acquisition II L.P. to be liquidated, resulting in the Company having direct ownership of 44,842,918 D&M common shares, representing an aggregate 51.2% common equity interest in D&M's issued and outstanding shares as of March 15, 2005. The Management Investment Partnership will contribute all of the common shares of D&M held by it to the Company in exchange for new ordinary shares of the Company, resulting in the Company having direct ownership of 45,323,160 D&M common shares representing an aggregate 51.7% common equity interest in D&M issued and outstanding shares as of March 15, 2005.

Ripplewood Denon Acquisition L.P., Ripplewood Denon Acquisition II L.P., and the Management Investment Partnership entered into a shareholders' agreement with Koninklijke Philips Electronics, N.V. ("Philips"), pursuant to which Philips has the right to participate, and Ripplewood Denon Acquisition L.P. and Ripplewood Denon Acquisition II L.P. have the right to require Philips to participate, in certain dispositions of D&M shares by Ripplewood Denon Acquisition L.P. and Ripplewood Denon Acquisition II L.P. The parties to the shareholders' agreement have agreed that in connection with the contribution of the interests in Ripplewood Denon Acquisition L.P. and Ripplewood Denon Acquisition II L.P. to the Company, the Company will succeed to the rights and obligations of those parties under the shareholders' agreement.

Section 2.1.2 sets forth the specific steps for the contribution of the D&M related Contributed Assets.

2.2.3 Asahi

The RHJ Funds, together with the Management Investment Partnership, hold an indirect interest in an aggregate of 29,010,000 common shares and 22,858,000 series A preferred shares of Asahi Tec Corporation, representing an aggregate 58.4% common equity interest in Asahi's issued and outstanding shares as of March 15, 2005, assuming conversion of the series A preferred shares. Each preferred share may be converted into one common share. The RHJ Funds and the Management Investment Partnership hold their equity interest in Asahi through ownership of 100% of the limited partnership interests in Japan Casting L.P. and Japan Casting II L.P., each a Cayman limited partnership. In addition, the RHJ Funds own 100% of the outstanding common equity of both JC Holdings Ltd., a Cayman Islands limited company that serves as the general partner of Japan Casting L.P. and JC Holdings II Ltd., a Cayman Islands limited company that serves as the general partner of Japan Casting II L.P. and Japan Casting III L.P.

Asahi common shares and series A preferred shares vote together on all matters. Based on the equivalent of 88,775,452 Asahi common shares issued and outstanding as of March 15, 2005, assuming the conversion of all preferred shares to common shares, the shares indirectly held by the RHJ Funds and the Management Investment Partnership represent 58.4% of the voting power of Asahi shares.

In addition, as of March 15, 2005, the RHJ Funds controlled the voting of an additional 5,714,000 series A preferred shares, representing 6.4% of the voting power of Asahi shares, beneficially owned by Tokio Marine, through Japan Casting III L.P., a Cayman Islands limited partnership in which JC Holdings II Ltd. is the general partner, and 435,000 common shares, representing 0.5% of the voting power of Asahi shares, which are beneficially owned by certain employees of Asahi, through Japan Casting IV L.P., a Cayman Islands limited partnership in which JC Holdings IV Ltd., a company incorporated in Cayman Islands and a wholly owned subsidiary of Ripplewood Investments LLC, an affiliate of the RHJ Funds, is the general partner. As a result of these voting arrangements, the RHJ Funds control 65.3% of the voting power of issued and outstanding Asahi shares as of March 15, 2005.

The RHJ Funds, together with the Management Investment Partnership, will contribute to the Company all of their interest in Japan Casting L.P. and Japan Casting II L.P. in exchange for new ordinary shares of the Company. Following this contribution, the Company will cause Japan Casting L.P. and Japan Casting II L.P. to be liquidated resulting in the Company having direct ownership of the Asahi common shares and series A preferred shares formerly indirectly held by the RHJ Funds. The RHJ Funds will contribute its equity interests in JC Holdings Ltd. and Ripplewood Investments LLC will contribute its equity interests in JC Holdings IV Ltd. to the Company, which will result in the Company controlling the voting of the Asahi shares held by Japan Casting III L.P. and Japan Casting IV L.P.

In June, 2003, Japan Casting L.P. and Japan Casting II L.P. entered into a securities pledge agreement in favor of the lenders under Asahi Tec's loan agreement with Mizuho Corporate Bank Limited, and Aozora Bank Limited, pursuant to which Japan Casting L.P. and Japan Casting II L.P. have pledged, on a non-recourse basis, their Asahi Tec common shares and series A preferred shares as collateral for that loan. These shares will remain subject to this pledge following their contribution to the Company.

Section 2.1.3 sets forth the specific steps for the contribution of the Asahi related contributed Assets.

2.2.4 Phoenix

The RHJ Funds, together with the Management Investment Partnership, hold an indirect interest in an aggregate of 133,400 common shares of Phoenix Resort K.K., representing an aggregate 100% common equity interest in Phoenix issued and outstanding shares as of March 15, 2005. The RHJ Funds and the Management Investment Partnership hold their equity interest in Phoenix through their ownership of RHJ Seagaia L.P., RHJ Seagaia 1 L. P., RHJ Seagaia 2 L.P., and RHJ Seagaia 3 L.P., four Cayman Islands limited partnerships, of which they own 100% of the limited partnership interests.

RHJ Seagaia L.P., RHJ Seagaia 1 L. P., RHJ Seagaia 2 L. P., and RHJ Seagaia 3 L.P. will contribute to the Company all of the common shares of Phoenix held by them in exchange for the Company's ordinary shares.

Section 2.1.4 sets forth the specific steps for the contribution of the Phoenix related Contributed Assets.

Phoenix, RHJ Seagaia, L.P., RHJ Seagaia 1 L.P., RHJ Seagaia 2, L.P., and RHJ Seagaia 3, L.P. entered into a security deed on collateralized securities with Aozora Bank, Ltd., pursuant to which the Phoenix shares owned by RHJ Seagaia, L.P., RHJ Seagaia 1 L.P., RHJ Seagaia 2, L.P., and RHJ Seagaia 3, L.P. were pledged, on a non-recourse basis, in favor of Aozora Bank, Ltd., as the lender under Asahi Tec's senior credit facility. These shares will remain subject to this pledge following their contribution to the Company.

Additionally, in connection with these contributions, the Company will assume the obligations of the RHJ Funds to guarantee approximately €22.6 million of scheduled principal repayment and up to approximately €4.3 million of Phoenix's prepayment obligation related to the disposition of two golf facilities, under Phoenix's senior credit facility. The Company will also guarantee the scheduled payments of interest accruing on the facility during the period between December 31, 2004 and September 30, 2006. As of March 15, 2005, approximately €85.1 million principal amount was outstanding under the senior credit facility.

2.2.5 Columbia Music Entertainment

The RHJ Funds hold an indirect interest in an aggregate of 61,539,000 Series A preferred shares and 4,964,000 common shares of Columbia Music Entertainment, representing a 25.5% common equity interest in Columbia Music Entertainment issued and outstanding shares as of March 15, 2005, assuming the conversion of all preferred shares to common shares. Each preferred share may be converted into one common share. The RHJ Funds hold their equity in Columbia Music Entertainment through the ownership of 100% of the limited partnership interests in Ripplewood Nippon Columbia Partners L.P. and Ripplewood Nippon Columbia Partners II L.P., each a Cayman Islands limited partnership. In addition, the RHJ Funds own 100% of the outstanding common equity of Ripplewood Nippon Columbia Holdings Ltd. and Ripplewood Nippon Columbia Holdings III Ltd., each a Cayman Islands limited company that serves as the general partners of Ripplewood Nippon Columbia Partners L.P. and Ripplewood Nippon Columbia Partners III L.P., respectively.

Based on the equivalent of 260,733,003 Columbia Music Entertainment common shares issued and outstanding as of March 15, 2005, assuming the conversion of all preferred shares to common shares, the shares indirectly held by the RHJ Funds represented 25.5% of the voting power of Columbia Music Entertainment shares. In addition, as of March 15, 2005 the RHJ Funds controlled the voting of an additional 15,385,000 Series A preferred shares, representing 5.9% of the voting power of the Columbia Music Entertainment issued and outstanding shares, beneficially owned by Mitsubishi Corporation and DaiichiKosho Co., Ltd., through Ripplewood Nippon Columbia Partners II L.P., a Cayman Islands limited partnership in which the general partner is Ripplewood Nippon Columbia Holdings Ltd. Furthermore, pursuant to a shareholders' agreement (the "**Hitachi Shareholders Agreement**") among the RHJ Funds, Hitachi, Ltd. ("**Hitachi**") and Nippon Columbia Co. Ltd., Hitachi has agreed to vote its Columbia Music Entertainment shares jointly with the RHJ Funds on all matters presented to Columbia Music Entertainment shareholders, subject to exceptions for certain fundamental corporate matters. The parties have agreed that Hitachi will cause its Columbia Music Entertainment shares to be voted in favor of the election of five candidates for director of Columbia Music Entertainment to be designated by the RHJ Funds and the RHJ Funds will cause their Columbia Music Entertainment shares to be voted in favor of the election of two candidates for director of Columbia Music Entertainment to be designated by Hitachi. Hitachi beneficially owned 15,384,000 Series A preferred and 32,115,063 common shares of Columbia Music Entertainment, representing 18.2% of the voting power of Columbia Music Entertainment issued and outstanding shares as of March 15, 2005.

The RHJ Funds will contribute to the Company all of their interest in Ripplewood Nippon Columbia Partners L.P. and Ripplewood Nippon Columbia Partners III L.P. in exchange for new ordinary shares. Following these contributions, the Company will cause the two limited partnerships to be liquidated, resulting in the Company having direct ownership of the 61,539,000 Series A preferred shares and 4,964,000 common shares, representing an aggregate 25.5% equity interest in Columbia Music Entertainment issued and outstanding shares as of

March 15, 2005. As a result of the contribution of the general partnership that controls the voting of the Columbia Music Entertainment shares beneficially owned by Mitsubishi Corporation and DaiichiKosho, the Company will control the voting of such shares. Finally, as a result of the assignment of the RHJ Funds' rights under the Hitachi Shareholders Agreement to the Company, the Company will control an additional 18.2% of the voting power of all outstanding Columbia Music Entertainment shares. As a result, the Company will control in the aggregate 49.6% of the voting power of all outstanding Columbia Music Entertainment Shares.

Section 2.1.5 sets forth the specific steps for the contribution of the Columbia Music Entertainment related Contributed Assets.

2.2.6 Shaklee

Following an internal reorganization to occur following the pricing of the Offering but prior to completion of the contributions, the RHJ Funds, together with the Management Investment Partnership, will hold an indirect 40.7% interest in Shaklee Global Group, Inc. common shares. The RHJ Funds' interest in Shaklee is held through their ownership of RHJ Shaklee Holding, a Belgian *société anonyme* ("**Shaklee Holdco**"), of which the RHJ Funds, together with the Management Investment Partnership, will own 100% of the outstanding ordinary shares. Shaklee Holdco owns 10,074,000 common shares of Shaklee Global Group, Inc., representing 40.7% of the outstanding common shares of Shaklee Global Group, Inc. as of March 15, 2005.

The RHJ Funds and the Management Investment Partnership will contribute to the Company all of their interests in Shaklee Holdco in exchange for ordinary shares.

In addition to the common shares of Shaklee Global Group, Inc. described above, Shaklee Holdco has a liability of $10 million under a note issued to Yamanouchi in connection with the acquisition of an indirect interest in Shaklee Global Group, Inc. from Yamanouchi, and a 50% interest in a parcel of real property that is subject to a contract of sale providing for a sale price of approximately $10 million. The value of this interest is assumed to be $5 million.

In connection with the internal reorganization of Shaklee, the RHJ Funds entered into an agreement with Silver Family Holdings, LLC, a limited liability company controlled by Roger Barnett ("**Silver Family**"), addressing certain matters relating to the governance of Shaklee and the voting of Shaklee shares by the RHJ Funds and Silver Family. In connection with the contribution of the shares of Shaklee Holdco to the

Company, the Company will assume the rights and obligations of the RHJ Funds under the agreement with Silver Family.

Shaklee Holdco will enter into a pledge agreement with Mizuho Corporate Bank, Ltd. and the other lenders under Shaklee's credit facility, pursuant to which the Shaklee shares held by Shaklee Holdco have been pledged, on a non-recourse basis, in favor of the lenders under Shaklee's credit facility. These shares will remain subject to this pledge following their contribution to the Company.

Section 2.1.6 sets forth the specific steps for the contribution of the Shaklee related Contributed Assets.

2.2.7 Honsel

Honsel Holdings L.P. and Honsel Holdings II L.P. will contribute to the Company 11,071,150 ordinary shares of Honsel Information Technologies SA, a Belgian *société anonyme*, representing an aggregate 57.9% common equity interest in Honsel. The remaining equity interest is held by co-investors in the Honsel portfolio company, including the Honsel family.

The limited partnership interests in Honsel Holdings L.P. and Honsel Holdings II L.P. are held by the RHJ Funds. The general partner in Honsel Holdings L.P. is Honsel Holdings Limited, a Cayman Islands limited company and a wholly owned subsidiary of the RHJ Funds. The general partner in Honsel Holdings II L.P. is Honsel Holdings II Ltd., a Cayman Islands limited company, 100% of the common equity of which is owned by the RHJ Funds.

Following the contributions the Company will have direct ownership of 11,071,150 ordinary shares of Honsel Information Technologies SA, representing 57.9% of the outstanding ordinary shares of Honsel International Technologies as of March 15, 2005.

In connection with the acquisition of Honsel, Honsel Holdings L.P. and Honsel Holdings II L.P. entered a shareholders' agreement with the other co-investors in Honsel and Heat Holdings SA and a shareholders' agreement with Honsel Familienbetuiligungen GBR, Honsel International Technologies Holdings S.À.R.L. and Heat Holdings SA. These shareholders' agreements contain agreements among the parties relating to the voting and disposition of their Honsel shares and the governance of Honsel. In connection with the contribution by Honsel Holdings L.P. and Honsel Holdings II L.P. of their Honsel shares to the Company, the Company has agreed to assume the rights and obligations of Honsel Holdings L.P. and Honsel Holdings II L.P. under these agreements.

In connection with the financing of the acquisition of Honsel, Honsel Holdings L.P. and Honsel Holdings II L.P., Ontario Municipal Employees

Retirement Board, Tokio Marine & Nichido Fire Insurance Co., Ltd., Honsel Co-Investor L.P. and Honsel International Technologies Holdings S.A R.L. entered into a commercial shares pledge agreement with Citicorp Trustee Company Limited, pursuant to which they each pledged their Honsel shares, on a non-recourse basis, in favor of the lenders under Honsel's credit facility. These shares will remain subject to this pledge following their contribution to the Company.

Section 2.1.7 sets forth the specific steps for the contribution of the Honsel related Contributed Assets.

2.2.8 Ripplewood Japan, Inc.

Ripplewood Japan, Inc. currently holds certain assets associated with operation of the RHJ Funds's offices in Tokyo, Japan, and employs the personnel of the RHJ Funds resident in Japan. Ripplewood Holdings L.L.C. is the holder of 100% of the outstanding common shares of Ripplewood Japan, Inc. and it will contribute such interests to the Company in exchange for ordinary shares of the Company.

2.2.9 RHJI U.S. Management, Inc.

RHJI U.S. Management, Inc. currently holds certain assets associated with operation of the RHJ Funds' offices in New York, New York, United States, and employs the personnel of the RHJ Funds resident in the United States. Ripplewood Holdings L.L.C. is the holder of 100% of the outstanding common shares of RHJI U.S. Management, Inc. and it will contribute such interests to the Company in exchange for ordinary shares of the Company.

2.2.10 Advanced Fees and Expenses

In December 2004, the RHJ Funds paid an aggregate of €2.3 million on behalf of the Company for certain fees and expenses. The RHJ Funds will contribute their right to repayment of this advance in exchange for ordinary shares of the Company.

3. Valuation

3.1 Valuation of Contributed Assets

We have determined the fair market value for each of the Contributed Assets as of March 15, 2005 after a thorough analysis of each of the Contributed Assets and after considering a variety of valuation approaches. We requested that Standard & Poor's Corporate Value Consulting ("S&P") conduct independent valuation analyses of each of the Contributed Assets in order to provide independent expert support for our valuations. The methodologies considered by S&P for this analysis are described further in Annex 4. For each Contributed Asset, other than the Columbia Music Entertainment Interests, our valuation fell within or below the range of

S&P's concluded value range, as shown in the table below. Our valuation of the Columbia Music Entertainment Interests fell slightly above S&P's concluded range, principally due to slight changes in average trading prices between March 11, 2005, the valuation date used by S&P and March 15, 2005.

Contributed Asset	Board Valuation (Home Country Currency)	Board Valuation (Euros)[4]	S&P Valuation Range (Home Country Currency)[5]	S&P Valuation (Euros)
Niles Interests	¥15.126 billion	€109.2 million	¥12 - 17 billion	€86.7 – 122.8 million
D&M Interests	¥10.523 billion	€76.0 million	¥11 - 13 billion	€79.4 – 93.9 million
Asahi Interests	¥12.967 billion	€93.6 million	¥12 - 14 billion	€86.7 – 101.1 million
Phoenix Interests	¥16.740 billion	€120.9 million	¥12 - 17 billion	€86.7 – 122.8 million
Columbia Music Entertainment Interests	¥7.824 billion	€56.5 million	¥6.8 - 7.8 billion	€49.1 – 56.3 million
Shaklee Interests	¥12.258 billion	€88.5 million	¥12 -13 billion	€86.7 - 93.9 million
Honsel Interests	€110.7 million	€110.7 million	€100 – 125 million	€100 – 125 million
Japanese Management Company Interests	¥79 million	€0.6 million	No valuation conducted by S&P	--
US Management Company Interests	$5,000	€3,785	No valuation conducted by S&P	--
Advanced Fees and Expenses	$3 million	€2.3 million	No valuation conducted by S&P	--
Total [6]		€658.3 million		

3.1.1 Valuation of the Niles Interests

We have concluded that the fair market value as of March 15, 2005 of the equity interests (the "**Niles Interests**") in Niles to be contributed to the Company by the applicable Contributors is ¥15.126 billion.

[4] The exchange rates used for the conversions were based on a 20 day average as of March 15, 2005, as follows: (i) €1 = ¥138.478 and (ii) €1 = $1.321.

[5] S&P valuation ranges are as of March 11, 2005.

[6] Any difference between the sum of the individual figures and the total is due to the rounding of all figures to one decimal place.

Our determination of the fair market value of the Niles Interests was based upon a multiple of 5.25 of Niles' projected earnings before interest, taxes, depreciation and amortization ("EBITDA") for the fiscal year ended March 31, 2006 and determined as follows:

Niles 2006 projected EBITDA		¥6.222 billion
TIC/EBITDA Forward Multiple	x	5.25
TOTAL INVESTED CAPITAL		**¥32.666 billion**
Niles debt and minority interests	–	¥19.212 billion
Cash and cash equivalents	+	¥2.270 billion
TOTAL EQUITY VALUE		**¥15.724 billion**
Contributors' percentage ownership of Niles	x	96.2%
VALUE OF THE NILES INTERESTS		**¥15.126 billion**

We decided to use the market multiple approach described above to determine the value of the Niles Interests as there is no public market for Niles equity interests. We believe that the equity interests in comparable companies in the same industry as Niles are commonly valued at a multiple of EBITDA. Therefore, we believe that a valuation based on applying an EBITDA multiple derived from an analysis of comparable companies should provide a reasonable measure of the fair value of the Niles Interests.

We noted that Niles management has recently updated its forecasts and decided to use Niles management's projected EBITDA for the fiscal year ended March 31, 2006, because we believed that this forecast would better reflect Niles Management's realistic assessment of the near-term prospects for Niles.

The multiple of 5.25 we used in our calculation of the value of the Niles Interests is within the range of the TIC: trailing EBITDA and TIC: Forward EBITDA Multiples determined by S&P under its Market Multiple Approach for valuing Niles, which is discussed in more detail in Annex 4. We believed that S&P's calculation of such multiples was based on a thorough survey of comparable companies and adequately reflects current market conditions.

As part of our determination of the value of the Niles Interests, we reviewed and considered the results of three valuation analyses performed for us by S&P. S&P's valuation analyses were all based on generally accepted valuation methodologies. We have summarized the results of these analyses below.

Approach	*S&P Valuation*
MARKET APPROACH	
Market Multiple Approach	¥11 – 16 billion
Transaction Approach	¥10 - 15 billion
INCOME APPROACH	¥16 – 20 billion
COMPOSITE EQUITY VALUE RANGE	**¥12 – 17 billion**

We noted that our concluded value of the Niles Interests (¥15.126 billion) falls within the composite aggregate range of values concluded by S&P for the Niles Interests based on the analyses performed by S&P.

3.1.2 Valuation of the D&M Interests

We have concluded that the fair market value as of March 15, 2005 of (i) the equity interests in D&M, (ii) the equity interests in Ripplewood Denon Holdings Ltd. and Ripplewood Denon Holdings II Ltd. and (iii) the limited partnership interests in Ripplewood Denon Acquisition L.P. and Ripplewood Denon Acquisition II L.P. (the foregoing entities listed in clauses (ii) and (iii) collectively, the "**D&M Acquisition Vehicles**") to be contributed to the Company by the applicable Contributors (the "**D&M Interests**") is ¥10.523 billion. Each of Ripplewood Denon Holdings Ltd. and Ripplewood Denon Holdings II Ltd. have no assets or liabilities other than their general partnership interests in Ripplewood Denon Acquisition L.P. and Ripplewood Denon Acquisition II L.P., respectively. Each of Ripplewood Denon Acquisition L.P. and Ripplewood Denon Acquisition II L.P. have no assets or liabilities other than the equity interests they hold of D&M. Accordingly, we have determined that the fair market value of the D&M Acquisition Vehicles is equal to the fair market value of the equity interests they hold of D&M.

Our determination of the fair market value of the D&M Interests was based upon the average closing price of D&M's common shares on the Tokyo Stock Exchange for the 12 trading days ended on March 15, 2005 and determined as follows:

Number of common shares of D&M held by Contributors		45.323 million
Average closing price per share of D&M common stock for 12 trading days ended on March 15, 2005	x	¥232.17
VALUE OF THE D&M INTERESTS		**¥10.523 billion**

We decided to use the average closing price of D&M shares to determine the value of the D&M Interests because we believed that it would yield a reliable measure of such value due to the fact that there is sufficient trading volume (i.e. sufficient bid and ask offers and liquidity and moderate spread and volatility) and float (i.e. shares outstanding and available for trading by the public) of D&M common shares. We chose to use the average closing price for the 12 trading days ended on March 15, 2005 because D&M released a downward revision to its earnings projections on February 28, 2005 and we wanted to use a closing price per share that was determined from the period following this announcement.

As part of our determination of the value of the D&M Interests, we reviewed and considered the results of four valuation analyses performed for us by S&P. S&P's valuation analyses were all based on generally accepted valuation methodologies. We have summarized the results of these analyses below.

Approach	*S&P Valuation*
MARKET APPROACH	
Observed Publicly Traded Stock Value Approach	¥13 billion
Market Multiple Approach	¥10 – 13 billion
Market Transaction Approach	¥10 – 12 billion
INCOME APPROACH	¥9 - 12 billion
COMPOSITE EQUITY VALUE RANGE	**¥11 - 13 billion**

We noted that our concluded value of the D&M Interests (¥10.523 billion) falls slightly below the composite aggregate range concluded by S&P based on each of the analyses performed by S&P.

We also noted that the average closing price methodology that we chose to use to value the D&M Interests is similar to S&P's Observed Publicly Traded Stock Value Approach. S&P, however, has added a control premium to the market valuation of the D&M Interests to reflect that the D&M Interests represent a controlling block of D&M's equity interests. While we believe adding a control premium may be appropriate in certain circumstances, we do not believe the contribution of the D&M Interests to the Company as part of the Company's formation and the related global offering is a circumstance where a control premium typically would be realized by the Contributors.

We noted the rights and obligations of the D&M Acquisition Vehicles under the shareholders' agreement with Philips and that the Company will succeed to these rights and obligations following the completion of the contributions in kind. We did not make any adjustment to our concluded value of the D&M interests for the existence of the shareholders' agreement with Philips.

3.1.3 Valuation of the Asahi Interests

We have concluded that the fair market value as of March 15, 2005 of (i) the equity interests in JC Holdings Ltd. and JC Holdings II Ltd. and (ii) the limited partnership interests in Japan Casting, L.P. and Japan Casting II, L.P. (the foregoing entities listed in clauses (i) and (ii) collectively, the "**Asahi Acquisition Vehicles**") to be contributed to the Company by the applicable Contributors (the "**Asahi Interests**") is ¥12.967 billion. Each of JC Holdings Ltd.

and JC Holdings II Ltd. have no assets or liabilities other than their limited partnership interests in Japan Casting, L.P. and Japan Casting II, L.P., respectively. Each of Japan Casting L.P. and Japan Casting II, L.P. have no assets or liabilities other than the equity interests they hold of Asahi. Accordingly, we have determined that the fair market value of the Asahi Acquisition Vehicles is equal to the fair market value of the equity interests they hold of Asahi.

Our determination of the fair market value of the Asahi Interests was based upon the average closing price of Asahi's common shares on the Tokyo Stock Exchange for the 11 trading days ended on March 15, 2005 and determined as follows:

Number of common shares of Asahi held by Contributors		29.010 million
Common shares issuable upon the conversion of Asahi Preferred shares held by Contributors	+	22.858 million
TOTAL COMMON SHARE EQUIVALENT HELD BY CONTRIBUTORS		51.868 million
Average closing price per share of Asahi common stock for 11 trading days ended on March 15, 2005	x	¥250.00
VALUE OF THE ASAHI INTERESTS		**¥12.967 billion**

We decided to use the average closing price of Asahi shares to determine the value of the Asahi Interests because we believed that it would yield a reliable measure of such value due to the fact that there is sufficient trading volume (i.e. sufficient bid and ask offers and liquidity and moderate spread and volatility) and float (i.e. shares outstanding and available for trading by the public) of Asahi common shares. We chose to use the average closing price for the 11 trading days ended on March 15, 2005, because Asahi released an unfavorable update to its business and financial projections after the close of trading on February 28, 2005, and we wanted to use a closing price per share that was determined from the period following this announcement.

As part of our determination of the value of the Asahi Interests, we reviewed and considered the results of four valuation analyses performed for us by S&P. S&P's valuation analyses were all based on generally accepted valuation methodologies. We have summarized the results of these analyses below.

Approach	*S&P Valuation*
MARKET APPROACH	
Observed Publicly Traded Stock Value Approach	¥16 billion
Market Multiple Approach	¥12 – 15 billion
Transaction Approach	¥11 – 13 billion
INCOME APPROACH	¥10 - 13 billion
COMPOSITE EQUITY VALUE RANGE	**¥12 – 14 billion**

We noted that our concluded value of the Asahi Interests (¥12.967 billion) falls within the composite aggregate range concluded by S&P based on the analyses performed by S&P.

We also noted that the average closing price methodology that we chose to use to value the Asahi Interests is similar to S&P's Observed Publicly Traded Stock Value Approach. S&P, however, has added a control premium to the market valuation of the Asahi Interests to reflect that the Asahi Interests represent a controlling block of Asahi equity interests. While we believe adding a control premium may be appropriate in certain circumstances, we do not believe the contribution of the Asahi Interest to the Company as part of the Company's formation and the related global offering is a circumstance where a control premium typically would be realized by the Contributors.

We noted that the Asahi shares held by the Asahi Acquisition Vehicles have been pledged on a non-recourse basis to the lenders under Asahi's credit facility, under which there was approximately €113.0 million outstanding as of September 30, 2004. Asahi has also granted security interests in the majority of its assets in favor of the same lenders. We concluded that the value of the contributed assets to the Company was not adversely affected on a liquidation basis as a result of the pledge, in light of the lenders' direct claims on Asahi's assets by virtue of their direct security interests and Asahi's status as a direct obligor under the credit facility. We also concluded that, although the pledge theoretically may reduce the liquidity of the Asahi Interests in certain circumstances, any adverse impact on the value attributable to this reduced liquidity is more than offset by the control premium associated with the Asahi Interests, for which, as disclosed above, no adjustment has been made to our concluded value in the context of the Company's formation and related global offering. We, therefore, did not make an adjustment for the pledge of the Asahi shares. In connection with our consideration of the pledge of the Asahi shares we noted that S&P also reviewed the pledge and determined that it did not have an adverse effect on the Asahi shares held by the Asahi Acquisition Vehicles.

3.1.4 Valuation of the Phoenix Interests

We have concluded that the fair market value as of March 15, 2005 of the equity interests (the "**Phoenix Interests**") in Phoenix to be contributed to the Company by the applicable Contributors is ¥16.74 billion.

Our determination of the fair market value of the Phoenix Interests was based upon our calculation of the total capital invested in Phoenix by the Contributors, including (i) the purchase prices paid by the Contributors for the Phoenix Interests, which were negotiated by the Contributors in arms-length transactions and (ii) any capital invested by the Contributors since their purchase of the Phoenix Interests.

We decided to value the Phoenix Interests at cost plus subsequent invested capital because we believe that this methodology provides the best measure of the value of a unique asset such as Phoenix and consequently is more reliable in this case than other valuation methodologies. Phoenix is a unique asset because it is situated in a beautiful and historically significant pine tree forest that extends along the Pacific Ocean coastline in the Miyazaki Prefecture in Japan, which is a region of Japan that has a rich cultural heritage and is central to Japanese mythology. Phoenix not only has five lodging facilities, but also three golf courses (following the expected sale of the Kitago and Kogen facilities), spa, fitness and onsen facilities, one of the largest convention centers in Japan, a tennis club and the Ocean Dome (the world's largest indoor water-amusement park). These types of assets are by definition unique and therefore comparisons to other companies are inherently less applicable than for other types of operating businesses.

As part of our determination of the value of the Phoenix Interests, we reviewed and considered the results of four valuation analyses performed for us by S&P. S&P's valuation analyses were all based on generally accepted valuation methodologies. We have summarized the results of these analyses below.

Approach	*S&P Valuation*
MARKET APPROACH	
Market Multiple Approach	¥10 – 18 billion
Transaction Approach	¥12 – 15 billion
INCOME APPROACH	¥13 – 18 billion
ASSET BASED APPROACH	¥11 – 15 billion
COMPOSITE EQUITY VALUE RANGE	**¥12 – 17 billion**

We noted that our concluded value of the Phoenix Interests (¥16.74 billion) falls within the composite aggregate range concluded by S&P based on the analyses performed by S&P.

We also noted that S&P included a control premium of 20% in its valuation of Phoenix under the Market Multiple Approach, which was one of the valuations reviewed by S&P in concluding its composite aggregate range.

We noted that Phoenix shares to be contributed to the Company have been pledged on a non-recourse basis to the lender under Phoenix's credit facility, under which there was approximately €85.1 million outstanding as of December 31, 2004. Phoenix has also granted security interests in the substantial majority of its assets in favor of the same lenders. We concluded that the value of the contributed assets to the Company was not adversely affected on a liquidation basis as a result of the pledge, in light of the lender's direct claims on substantially all of Phoenix's assets by virtue of their direct security interests therein and Phoenix's status as a direct obligor under the credit facility. We also concluded that the pledge did not affect the liquidity of the Phoenix Interests since they represent 100% of the outstanding Phoenix shares and there is no trading market for the Phoenix shares, which we took into account in selecting our valuation methodology for the Phoenix Interests. We, therefore, did not make an adjustment in our concluded value of the Phoenix Interests for the pledge of the Phoenix shares. In connection with our consideration of the pledge of the Phoenix shares we noted that S&P also reviewed the pledge and determined that it did not have an adverse effect on the Phoenix shares being contributed.

We also noted that in connection with the contribution to RHJI of the RHJ Funds' assets as a whole, RHJI will assume a guarantee currently provided by the RHJ Funds of a portion of Phoenix's obligations under its senior credit facility. The Company will guarantee the scheduled payments of principal to be made through September 30, 2008, aggregating approximately €22.6 million. In addition, the Company will guarantee up to approximately €4.3 million of Phoenix's obligation to make a prepayment with the proceeds of the disposition of the Kitago and Kogen golf facilities. The Company will also guarantee the payment of interest accruing on the senior credit facility through September 30, 2006. As of December 31, 2004, these scheduled interest payments aggregated to approximately €7.4 million. As scheduled payments are made by Phoenix, the aggregate amount subject to the guarantee will decrease correspondingly.

In our assessment of the guarantee, we reviewed an analysis of the value of the guarantee performed by S&P using the Black-Scholes option pricing model which determined a range of values for the guarantee between €0.03 million and €0.06 million. We also noted that S&P advised that based on assumptions inherent in the Black-Scholes model, the results of the model could have overstated the value of the guarantee and that in its view the value of the guarantee was immaterial and not meaningful when compared to the value of the Phoenix Interests. We further considered that S&P did not believe that the existence of the guarantee necessarily reduced the cost of debt to Phoenix.

We noted that the full amount of the guaranteed obligations is already reflected in our valuation of the Phoenix Interests. We also considered the assumption of the guarantee in the context of the contribution to the Company of the RHJ Funds' assets as a whole and noted that the other assets of the Company will be exposed, to the extent of the assumed guarantee, to the claims of the creditors under the Phoenix senior credit facility if the guarantee is called upon, which we do not regard as unusual for a diversified holding company.

Based on the foregoing considerations, we concluded that the value of the contributed assets to the Company was not adversely affected as a result of the Company's guarantee. We, therefore, did not make an adjustment for the assumption of the guarantee in our concluded value of the Phoenix Interests.

3.1.5 Valuation of the Columbia Music Entertainment Interests

We have concluded that the fair market value as of March 15, 2005 of (i) the equity interests in Columbia Music Entertainment, Inc., (ii) the equity interests in Ripplewood Nippon Columbia Holdings Ltd. and Ripplewood Nippon Columbia Holdings III Ltd. and (iii) the limited partnership interests in Ripplewood Nippon Columbia Partners, L.P., Ripplewood Nippon Columbia Partners II, L.P. and Ripplewood Nippon Columbia Partners III L.P. (the foregoing entities listed in clauses (ii) and (iii) collectively, the "**Columbia Music Entertainment Acquisition Vehicles**") to be contributed to the Company (the "**Columbia Music Entertainment Interests**") is ¥7.824 billion. Ripplewood Nippon Columbia Holdings Ltd. has no assets or liabilities other than its general partnership interests Ripplewood Nippon Columbia Partners, L.P. and Ripplewood Nippon Columbia Partners II, L.P. Ripplewood Nippon Columbia Holdings III Ltd. has no assets or liabilities other than its general partnership interests in Ripplewood Nippon Columbia Partners III L.P. Each of Ripplewood Nippon Columbia Partners, L.P. and Ripplewood Nippon Columbia Partners II, L.P. have no assets or liabilities other than the equity interests they hold of Columbia Music Entertainment. Accordingly, we have determined that the fair market value of the Columbia Music Entertainment Acquisition Vehicles is equal to the fair market value of the equity interests they hold of Columbia Music Entertainment.

Our determination of the fair market value of the Columbia Music Entertainment Interests was based upon the average closing price of Columbia Music Entertainment's common shares on the Tokyo Stock Exchange for the 20 trading days ended on March 15, 2005 and determined as follows:

Number of common shares of Columbia Music Entertainment held by Contributors		4.964 million
Number of common shares issuable upon the conversion of Columbia Music Entertainment preferred shares held by Contributors	+	61.539 million
TOTAL COMMON SHARE EQUIVALENT HELD BY CONTRIBUTORS		66.503 million
Average price per share of Columbia Music Entertainment common stock for 20 trading days ending on March 15, 2005	x	¥117.65
VALUE OF THE COLUMBIA MUSIC ENTERTAINMENT INTERESTS		**¥7.824 billion**

We decided to use the average closing price to determine the value of the Columbia Music Entertainment Interests because we believed that it would yield a reliable measure of such value due to the fact that there is sufficient trading volume (i.e. sufficient bid and ask offers and liquidity and moderate spread and volatility) and float (i.e. shares outstanding and available for trading by the public) of Columbia Music Entertainment common shares.

As part of our determination of the value of the Columbia Music Entertainment Interests, we reviewed and considered the results of four valuation analyses performed for us by S&P. S&P's valuation analyses were all based on generally accepted valuation methodologies. We have summarized the result of these analyses below.

Approach	*S&P Valuation*
MARKET APPROACH	
Observed Publicly Traded Stock Value Approach	¥7.8 billion
Market Multiple Approach	¥6.8 - 7.850 billion
INCOME APPROACH	¥5.9 – 7.8 billion
COMPOSITE EQUITY VALUE RANGE	**¥6.8 - 7.8 billion**

We noted that our concluded value of the Columbia Music Entertainment Interests (¥7.824 billion) is slightly above the composite aggregate range of values concluded by S&P based on the analyses performed by S&P as of March 11, 2005. We determined that the difference, ¥24 million, which is due to the slight increase in the trailing 20 day average trading price of Columbia Music Entertainment's common shares between March 11, 2005 and March 15, 2005, is no greater than the effects on S&P's concluded ranges resulting from rounding.

We noted the rights and obligations of the Columbia Music Entertainment Acquisition Vehicles under the Hitachi Shareholders' Agreement and that the Company will succeed to these rights and obligations following the completion of the contributions in kind. We did not make any adjustment to our concluded value of the Columbia Music Entertainment Interests for the existence of the shareholders' agreement with Hitachi.

3.1.6 Valuation of the Shaklee Interests

We have concluded that the fair market value as of March 15, 2005, of the equity interests in Shaklee Holdco to be contributed to the Company by the applicable Contributors (the "**Shaklee Interests**") is ¥12.258 billion. Shaklee Holdco has no assets other than the equity interests it holds in Shaklee and the interest in real property subject to a contract of sale and no liabilities other than certain indebtedness to Yamanouchi. Accordingly, we have determined that the fair market value of Shaklee Holdco is equal to the fair market value of the Shaklee equity interests it holds, less the aggregate indebtedness to Yamanouchi of $10 million (¥1.048 billion) plus the $5 million, representing Shaklee Holdco's share of the (¥524 million) purchase price to be paid for the real property.

Our determination of the fair market value of the Shaklee Interests was based upon the average closing price of Shaklee's common shares on the JASDAQ for the 20 trading days ended on March 15, 2005, and determined as follows:

Number of common shares of Shaklee held by Contributors		10.074 million
Average price per share of Shaklee common stock for 20 trading days ending on March 15, 2005	x	¥1,268.8
TOTAL EQUITY VALUE		¥12.782 billion
Shaklee Holdco indebtedness	-	¥1.048 billion
Value of Shaklee Holdco Real Property	+	¥524 million
VALUE OF THE SHAKLEE INTERESTS		**¥12.258 billion**

We decided to use the average closing price to determine the value of the Shaklee Interests because we believed that it was the best indicator of what a third party buyer would be willing to pay for the Shaklee Interests in the market.

As part of our determination of the value of the Shaklee Interests, we reviewed and considered the results of four valuation analyses performed for us by S&P. S&P's valuation analyses were all based on generally accepted valuation methodologies. We have summarized the results of these analyses below.

Approach	*S&P Valuation*
MARKET APPROACH	

Observed Publicly Traded Stock Value Approach	¥12 billion
Market Multiple Approach	¥10 – 11 billion
Transaction Approach	¥7 - 9 billion
INCOME APPROACH	¥12 – 15 billion
COMPOSITE EQUITY VALUE RANGE	**¥12 – 13 billion**

We noted that our concluded value of the Shaklee Interests (¥12.258 billion) falls within the composite aggregate range concluded by S&P based on each of the analyses performed by S&P.

We also noted that the average closing price methodology that we chose to use to value the Shaklee Interests is similar to S&P's Observed Publicly Traded Stock Value Approach.

We also took note of the fact that the RHJ Funds acquired their 40.7% interest in Shaklee in May, 2004, for an equity investment of approximately $1 million. We believe, however, that the average closing price methodology better reflects the current value of the Shaklee Interests to the Company and, as noted above, is consistent with the composite aggregate range concluded by S&P.

We noted that the Shaklee shares held by Shaklee Holdco have been pledged on a non-recourse basis to the lenders under Shaklee's credit facility, under which there was approximately €131.4 million outstanding as of September 30, 2004. We noted that such a pledge by a parent company in favor of lenders to its subsidiary is not unusual for a company with a leveraged capital structure. We also noted that substantially all of Shaklee's assets already are subject to the direct claims of Shaklee's lenders since Shaklee is a direct obligor under the credit facility. On the basis of the foregoing, we concluded that the value of the Shaklee Interests to the Company was not adversely affected on a liquidation basis as a result of the pledge. We also concluded that, although the pledge theoretically may reduce the liquidity of the Shaklee Interests in certain circumstances, any adverse impact on value attributable to this reduced liquidity is more than offset by the premium associated with the Shaklee Interests, which represent a 40.7% interest in Shaklee and a right to participate in the governance of Shaklee. We did not make an adjustment to our concluded value of the Shaklee Interests for either the pledge of the Shaklee shares or this premium in the context of the Company's formation and the related global offering. In connection with our consideration of the pledge of the Shaklee shares we noted that S&P also reviewed the pledge and determined that it did not have an adverse effect on the Shaklee shares held by Shaklee Holdco.

We noted that the Company will be a party to an agreement with Silver Family, the other 40.7% shareholder of Shaklee, regarding the governance of Shaklee and the voting of Shaklee shares by the RHJ Funds and Silver Family. We did not make any adjustment to our valuation of the Shaklee Interests for the existence of the agreement with Silver Family.

3.1.7 Valuation of the Honsel Interests

We have concluded that the fair market value as of March 15, 2005 of the ordinary shares of Honsel International Technologies SA (the "**Honsel Interests**") to be contributed to the Company by the applicable Contributors is €110.7 million.

Our determination of the fair market value of the Honsel Interests was based upon the purchase price paid by the Contributors for the Honsel Interests in the transaction that closed on November 30, 2004 and was determined as follows:

Total value of the Honsel transaction		€661.0 million
Honsel debt and minority interests	-	€470 million
ADJUSTED EQUITY VALUE OF HONSEL TRANSACTION		**€191 million**
Contributor's percentage ownership of Honsel	x	57.9%
VALUE OF HONSEL INTERESTS		**€110.7 million**

We believe that this methodology provides the best measure of the fair market value of the Honsel Interests. While each other methodology attempts to estimate what a third party buyer would be willing to pay for the Honsel Interests in an arms'-length transaction, our valuation of the Honsel Interests is based on what a third party buyer (the RHJ Funds) is actually currently willing to pay for the Honsel Interests in an arms'-length transaction.

As part of our determination of the value of the Honsel Interests, we reviewed and considered the results of four valuation analyses performed for us by S&P. S&P's valuation analyses were all based on generally accepted valuation methodologies. We have summarized the results of these analyses below.

Approach	*S&P Valuation*
MARKET APPROACH	
Contemplated Transaction Approach	€110 million
Market Multiple Approach	€90 - 130 million
Transaction Approach	€100 - 150 million
INCOME APPROACH	€90 - 110 million
COMPOSITE EQUITY VALUE RANGE	**€100 – 125 million**

We noted that our concluded value of the Honsel Interests (€110.7 million) falls within the composite aggregate range concluded by S&P based on each of the analyses performed by S&P.

We noted that the Honsel shares to be contributed to the Company by Honsel Holdings I L.P. and Honsel Holdings II L.P. have been pledged on a non-recourse basis to the lenders under Honsel's credit facilities, under which there was approximately €360.7 million outstanding as of

December 31, 2004. We noted that a pledge by a parent company in favor of lenders to its subsidiaries is not unusual for a company with a leveraged capital structure. We also noted that substantially all of Honsel's assets already are subject to the direct claims of Honsel's lenders since Honsel is a direct obligor under the credit facilities and substantially all of Honsel's assets are directly pledged to its lenders. On the basis of the foregoing, we concluded that the value of the Honsel Interests to the Company was not adversely affected on a liquidation basis as a result of the pledge. We also concluded that any impact on liquidity as a result of the pledge was already reflected in our concluded value for the Honsel Interests because all the Honsel shares, including Honsel shares purchased on an arms length basis by coinvestors in Honsel, are similarly pledged and all shares were purchased for the same price per share as reflected in the concluded valuation. We accordingly did not make an adjustment to our concluded value of the Honsel Interests for the pledge of the Honsel shares. In connection with our consideration of the pledge of the Honsel shares we noted that S&P also reviewed the pledge and determined that it did not have an adverse effect on the Honsel shares shares being contributed.

We also noted the rights and obligations of Honsel Holdings I L.P. and Honsel Holdings II L.P. under the shareholders' agreement with the co-investors in Honsel and Heat Holdings SA and the shareholders' agreement with Honsel Familienbeteiligungen GBR, Honsel International Technologies Holdings S.À.R.L. and Heat Holdings SA and that the Company will succeed to these rights and obligations following the completion of the contributions in kind. We did not make an adjustment to our concluded value of the Honsel Interests for the existence of the shareholders' agreements.

3.1.8 Valuation of the Management Company Interests

We have concluded that the fair market value as of March 15, 2005 of the equity interests in Ripplewood Japan, Inc. (the "**Japanese Management Company Interests**") is ¥79 million. This represents the net book value as of 31 December 2004 of Ripplewood Japan, Inc. S&P did not perform any independent valuation analyses of the Japanese Management Company Interests. As Ripplewood Japan, Inc. has no independent operations or assets other than its office lease, furniture and fixtures, we believe that the book value provides the best measure of the value of such interests.

We have concluded that the fair market value as of March 15, 2005 of the equity interests in RHJI U.S. Management, Inc. (the "**US Management Company Interests**") is $5,000. This represents the net book value as of 31 December 2004 of RHJI U.S. Management Company, Inc. S&P did not perform any independent valuation analyses of the US Management Company Interests. As RHJI U.S. Management, Inc. has no assets other than the initial cash contribution of $5,000 made to it at the time of its formation, we believe that there is no meaningful measure of its value other than book value.

3.1.9 Advanced Fees and Expenses

We have concluded that the fair market value as of March 15, 2005 of the right to repayment of €2.3 million to be contributed to the Company by the RHJ Funds is €2.3 million.

3.2 Summary - Breakdown of values

Contributors	Aggregate value of Contributed Assets (Home country currency)	Aggregate value of Contributed Assets (Euros)	Number of ordinary shares of the Company to be issued as consideration[7]
Japan Automotive Holdings L.P.	¥ 11.685 billion	€84.4 million	4,611,323
Japan Automotive Holdings II L.P.	¥ 3.441 billion	€24.8 million	1,358,027
RHJ Industrial Partners, L.P.	¥ 33.262 billion	€240.2 million	13,126,622
RHJ Trust 1	¥ 5.172 billion	€37.3 million	2,040,941
RHJ Trust 3	¥ 4.849 billion	€35.0 million	1,913,551
RP II RHJ Co-Investment Fund L.P.	¥ 0.604 billion	€4.4 million	238,442
Ripplewood Investments	€1	€1	–
RHJ Seagaia L.P.	¥12.957 billion	€93.6 million	5,113,485
RHJ Seagaia 1. L.P.	¥ 0.610 billion	€4.4 million	240,731
RHJ Seagaia 2. L.P.	¥ 1.342 billion	€9.7 million	529,796
RHJ Seagaia 3. L.P.	¥ 1.830 billion	€13.2 million	722,341
Honsel Holdings LP	€83.1 million	€83.1 million	4,541,819
Honsel Holdings II LP	€27.6 million	€27.6 million	1,505,602
Ripplewood Holding L.L.C.	n/a	€0.6 million	31,538
Total [8]	n/a	€658.3 million	35,974,218

4. Interests of the Capital Increase for the Company

The Capital Increase constitutes an essential component of the transformation of the Company into a diversified listed holding company. Furthermore, in view of the corporate purpose of the Company, namely, acquisition and ownership of interests in companies and other enterprises, and operation and management of such companies and enterprises, we consider that the Contributed Assets,

[7] Share figures were calculated as the value of assets to be contributed / €18.30

[8] Any difference between the sum of the individual figures and the total is due to the rounding of all figures to one decimal place.

representing directly or indirectly equity interests in certain Japanese companies, certain Belgian companies and in management companies, will contribute to the development of the Company's purpose, and therefore the Capital Increase is in the best interests of the Company.

As explained under Section 2.2 above, the capital increases in cash with respect to the global offering will be placed to the vote of the shareholders at the Extraordinary Shareholders' Meeting convened on March 23, 2005 together with the Capital Increase.

The Listing Prospectus contains a detailed discussion on the merits of the global offering, from which the Board of Directors concludes that the global offering is in the interest of the Company.

Consequently, the Capital Increase is also in the interest of the Company.

5. Statutory Auditor's Report

BDO, represented by Mr. Félix Fank, has prepared a report concerning the Capital Increase, in accordance with Article 602 of the Belgian Companies Code.

The Statutory Auditor's Report is attached hereto as Annex 2 and should be read in conjunction with this Report.

The Statutory Auditor's Report states in its conclusions:

"*Further to our review, we are of the opinion that:*

- *the transaction was reviewed in accordance with the rules set out by the Belgian Institute of Auditors relating to contributions in kind. The board of directors is responsible for the valuation of the contributed assets, and for the determination of the number of new shares to be issued as remuneration for the contribution in kind;*

- *the description of each contribution in kind meets normal requirements of accuracy and clarity; and*

- *the valuation methods applied are economically justified and lead to contribution values of in total EUR 658,3 million which correspond at least to the number and fractional value of the new shares to be issued increased with the issuance premium, so that the contribution taken as a whole is not overvalued."*

As remuneration of the contributed assets, the Company will issue 35.974.218 new ordinary shares of RHJ International SA to the contributors; furthermore, an advantage is granted to the RHJ Funds as a result of the transfer of a guarantee to the Company, as further described in the present report.

The Board of Directors shares the views of BDO.

6. Conclusion

In accordance with Article 602 of the Belgian Companies Code, the Board of Directors is of the opinion that the proposed Capital Increase, as described and for the reasons set forth above, is in the interest of the Company.

Furthermore, the Board of Directors noted that the Statutory Auditor's Report deemed that the valuation methods applied by the Board of Directors were economically justified and that the contribution was not overvalued. Hence, the Board of Directors' assessment does not diverge from the conclusions drawn by the Statutory Auditor in its report in that respect.

The Board of Directors therefore invites the shareholders of the Company to vote in favour of the Capital Increase.

March 21, 2005

Annex 1

Details of the Contributors

Entity	Address of the registered office	Person with authority to bind the entity	Registration number, if any	Shareholders or holders of partnership interests
RHJ Industrial Partners, L.P.	Walkers, Walker House, P.O. Box 265GT, Mary Street George Town, Grand Cayman, Cayman Islands	RHJ Investors, L.P. - General Partner	11831	N/A
Caledonian Bank & Trust Limited as trustee of RHJ Industrial Partners Trust	c/o Caledonian Bank & Trust Limited, Box 1043GT Caledonian House 69 Dr Roy's Drive, Grand Cayman, Cayman Islands	Caledonian Bank & Trust Limited – Trustee RHJ Industrial Partners LLC – Manager	50820	N/A
HSBC Financial Services (Cayman) Limited as trustee of RHJ Industrial Partners Trust 3	c/o HSBC Financial Services (Cayman) Limited, Box 1109GT, Strathvale House, North Church Street, Grand Cayman, Cayman Islands	HSBC Financial Services (Cayman) Limited – Trustee RHJ Industrial Partners LLC – Manager	50826	N/A
RP II RHJ Co-Investment Fund, L.P.	The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, DE 19801	RP II RHJ Partners, L.P. - General Partner	N/A	N/A
Japan Automotive Holdings L.P.	c/o Walkers, Walker House, P.O. Box 265GT Mary Street George Town, Grand Cayman, Cayman Islands	Japan Automotive Holdings Limited	CR-14017	1. RHJ Industrial Partners, L.P. - Limited Partner 2. Niles Management L.P. - Limited Partner 3. Japan Automotive Holdings Limited - General Partner
Japan Automotive Holdings II L.P.	c/o Walkers P.O. Box 265, Walker House, George Town, Grand Cayman	JC Holdings II Ltd. - General Partner	CR 12822	1. RHJ Industrial Partners Trust - Limited Partner 2. RHJ Industrial Partners Trust 3 - Limited Partner

				3. RP II RHJ Co-Investment Fund, L.P. - Limited Partner 4. JC Holdings II Ltd. - General Partner
RHJ Seagaia L.P.	c/o Walkers P.O. Box 265GT, Walker House, George Town, Grand Cayman	RHJ Seagaia G.P. Ltd.	CR 12974	1. RHJ Industrial Partner L.P. - Limited Partner 2. RHJ Seagaia G.P. Ltd. - General Partner
RHJ Seagaia 1 L.P.	c/o Walkers P.O. Box 265GT, Walker House, George Town, Grand Cayman	RHJ Seagaia 1 G.P. Ltd.- General Partner	CR-12973	1. RHJ Industrial Partners Trust L.P. - Limited Partner 2. RHJ Seagaia 1 G.P. Ltd. - General Partner
RHJ Seagaia 2 L.P.	c/o Walkers P.O. Box 265GT, Walker House, George Town, Grand Cayman	RHJ Seagaia 2 G.P. Ltd.- General Partner	CR- 12975	1. RHJ Industrial Partners Trust - Limited Partner 2. RHJ Seagaia 2 G.P. Ltd. - General Partner
RHJ Seagaia 3 L.P.	c/o Walkers P.O. Box 265GT, Walker House, George Town, Grand Cayman	RHJ Seagaia 3 G.P. Ltd.	CR - 12976	1. RHJ Industrial Partners Trust 3 - Limited Partner 2. RHJ Seagaia 3 G. P. Ltd. - General Partner
Honsel Holdings L.P.	c/o Walkers SPV Limited, Walker House, PO Box 908GT, George Town, Grand Cayman, Cayman Islands.	Honsel Holdings Ltd.	WK - 14944	1. Christopher Minnetian - Limited Partner Honsel Holdings Ltd. - General Partner
Honsel Holdings II L.P.	c/o Walkers SPV Limited, Walker House, PO Box 908GT, George Town, Grand Cayman, Cayman Islands.	Honsel Holdings II Ltd.	WK - 14943	1. Christopher Minnetian - Limited Partner Honsel Holdings II Ltd. - General Partner
Ripplewood Holdings L.L.C.	Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware, 19801	Collins Family Partners, Inc.	N/A	Collins Family Partners, Inc. - Managing Member Timothy C. Collins - Member Timothy C. Collins 1999 Trust - Member

Ripplewood Investments L.L.C.	c/o RL&F Service Corp., 10th Floor, Tenth and King Streets, Wilmington, DE 19801	Collins Family Partners, L.P.	N/A	Collins Family Partners, L.P. CFP II L.P.

Annex 2

Statutory Auditor’s Report

Annex 2 shall not be included in the published version of this report. The final Statutory Auditor’s Report shall be available at Petercam’s offices located at Place Sainte-Gudule, 19, 1000 Brussels, Belgium or at Petercam’s website, www.petercam.be.

Annex 3

Listing Prospectus

Annex 3 shall not be included in the published version of this report. The final listing prospectus shall be available at Petercam’s offices located at Place Sainte-Gudule, 19, 1000 Brussels, Belgium or at Petercam’s website, www.petercam.be.

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Annex 4

Summary of S&P Valuation Analysis

4.1 Cautionary Note Regarding Forward-Looking Statements

This summary of the S&P Valuation Analysis contains forward-looking statements, including statements about the beliefs and expectations of the management of each of Niles, D&M, Asahi, Phoenix, Columbia Music Entertainment, Shaklee, Honsel and RHJ International and those of representatives of S&P regarding future events at and future financial results of each of the companies for which valuations were performed by S&P. These statements are based on the plans, estimates and projections, as well as the expectations of external conditions and events, of the management of these companies as of the date of the valuations performed. These statements include, but are not limited to, statements regarding forecast revenue growth rates, future cash flows and profitability and, with respect to Phoenix, forecast occupancy rates at Phoenix and the results of management's planned development program.

S&P has not undertaken, and neither RHJ International nor its board of directors has undertaken, any duty to update any of the plans, estimates and projections described in this summary in light of new information or subsequent events. The reader of this summary is cautioned that a number of important factors could cause actual results or outcomes to differ materially from those expressed in any forward-looking statements contained in this summary.

For an informed assessment of the companies for which valuations were performed and the factors that may cause actual results to vary from the forward-looking statements contained in this summary, the reader of this summary should refer to the listing prospectus relating to the global offering by RHJ International, including the statements contained therein under the headings "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

4.2 Summary of S&P Valuation Analysis

In order to derive its composite value ranges for each subject company, S&P performed a valuation analysis and derived a valuation range as of March 11, 2005 for each subject company using each of several different approaches to valuation. The approaches considered for the subject companies whose common equity is publicly traded were (a) the “Market Approach,” including the “Observed Publicly Traded Stock Value Approach,” the “Market Multiple Approach,” and the “Transaction Approach,” including pending transactions, (b) the “Income Approach” and (c) the “Asset Based Approach”. For the subject companies whose common equity is not publicly traded S&P, considered each of the above analyses other than the Observed Publicly Traded Stock Value Approach.

The initial valuation ranges for each subject company are for 100% of the outstanding common equity. Therefore, in order to be applicable to the Contributed Assets, the initial valuation ranges for each subject company were adjusted to reflect the actual percentage ownership interest of that subject company that is to be contributed to the Company. Finally, where applicable, the valuation ranges were adjusted to reflect a “Control Premium” or a “Minority Discount.”

The individual valuation approaches and the control premium and minority discount concepts are summarized below. Also summarized below are S&P's valuations for the Contributors' equity interests in each of the individual subject companies.

4.2.1 Observed Publicly Traded Stock Value Approach

The Observed Publicly Traded Stock Value Approach indicates the fair market value for a subject company based on the trading price of the subject company's publicly traded shares. The value is based on the actual trading price per share multiplied by the total number of outstanding shares. This valuation approach uses a single data point and therefore indicates a single fair market value, rather than a range. In order to yield a meaningful result there must be a sufficiently liquid trading market in the subject company's shares.

The values calculated by S&P for 100% of the outstanding common equity of the subject companies whose equity is publicly traded, before taking into account any control premium, are set forth below:

Subject Company	Valuation
D&M	¥20.344 billion
Asahi	¥22.257 billion
Columbia Music Entertainment	¥30.509 billion
Shaklee	¥31.192 billion

4.2.2 Market Multiple Approach

The Market Multiple Approach indicates the fair market value for a subject company based on the observation of ratios between total enterprise value (or total invested capital ("TIC")) and selected financial measures for a group of comparable companies that are publicly traded. Factors taken into account to select the group of comparable companies for each subject company included its industry, as well as one or more of the following factors: the relative size, profitability, growth, liquidity, fixed assets, leverage, working capital, non-cash expenses and interest coverage of the subject company as compared to the potential members of the comparable group. In order to have a meaningful result it is important that there be a liquid trading market for the comparable companies' shares.

In order to calculate the ratios for the comparable companies, the market capitalization of a comparable company is first calculated based on the market price of its common equity and the total number of outstanding shares. The TIC for that company is then derived by adding to the market capitalization the company's outstanding indebtedness and subtracting the company's cash and marketable securities. The financial measures considered for all of the subject companies other than Phoenix and Columbia Music Entertainment were (i) estimated revenue for the current fiscal year, (ii) projected revenue for the following fiscal year, (iii) estimated EBITDA for the current fiscal year and (iv) projected EBITDA for the following fiscal year. For Columbia Music Entertainment, S&P determined that the TIC to EBITDA ratios for the comparable companies were not meaningful. For Phoenix, S&P did not apply the trailing TIC to

EBITDA multiples calculated from comparable companies to Phoenix's estimated negative EBITDA for the current fiscal year because the result would not be meaningful.

For each subject company S&P performed an analysis of several comparable companies, yielding a range of ratios to apply to the comparable financial measures for that subject company. In order to determine a composite ratio to apply to the subject company, S&P chose to place more weight on the observed ratios for some companies and less weight on the observed ratios for others based upon a quantitative and qualitative comparison of the subject company to the comparable companies in the sample with respect to their operating histories (financial performance, liabilities, leverage, liquidity, working capital requirements), current profitability, expected performance (EBITDA, profitability, growth, revenues, risks, industry trends, customer developments), non-operating assets and/or liabilities and the relative size, product mix and diversity of operations of the subject company as compared to the comparable companies.

The ranges of ratios determined by S&P based on the comparable companies it reviewed for each subject company are set forth below:

Subject Company	Trailing TIC: Revenue	Forward TIC: Revenue	Trailing TIC: EBITDA	Forward TIC: EBITDA
Niles	0.50 - 0.60	0.45 - 0.50	5.50 - 6.00	4.50 - 5.00
D&M	0.35 - 0.40	0.30 - 0.35	7.00 - 8.00	4.00 - 5.00
Asahi	0.55 - 0.60	0.50 - 0.55	5.00 - 6.00	4.50 - 5.50
Phoenix	1.4 - 1.7	1.4 - 1.7	12.0 - 13.0	Not applicable
Columbia Music Entertainment	1.00 - 1.10	1.00 - 1.10	Not applicable	Not applicable
Shaklee	1.6 - 1.8	1.5 - 1.7	12.5 - 13.5	12.0 - 13.0
Honsel	0.65 - 0.70	0.60 - 0.65	5.00 - 5.50	4.50 - 5.0

For each subject company the derived range was applied to the applicable financial measure for that subject company to derive a TIC range for the subject company. Based on the several TIC ranges resulting from this application, S&P determined a composite TIC range for the subject company. S&P then adjusted the TIC range for the actual level of indebtedness and cash and marketable securities at the subject company, resulting in an indicated value for 100% of the common equity of the subject company (before taking into account any control premium).

4.2.3 Transaction Approach

The Transaction Approach indicates the fair market value for a subject company based on the observation of transactions in which a controlling interest was acquired in companies comparable to the subject company. For each of the comparable transactions, S&P determined the ratios of the implied TIC of the acquired company based on the purchase price in the acquisition to selected financial measures for the comparable company. S&P determined the group of comparable transactions for each subject company based on a review of comparable acquisitions in the subject company's industry, as well as the amount of time that had passed since each acquisition had taken place. Factors taken into account to select the group of comparable transactions for each subject company included the business description, relative size and profitability of the subject company and the target companies in the potential comparable transactions.

In order to calculate the ratios for the comparable companies, S&P first obtained an implied acquisition price for 100% of the total invested capital of the comparable company. Subject to the exceptions noted below, the financial measures considered for the subject companies were (i) estimated revenue for the current fiscal year and (ii) estimated EBITDA for the current fiscal year. For Asahi, S&P determined that there was insufficient data to produce meaningful ratios of TIC to EBITDA for the comparable acquisitions and this ratio was not calculated. For Phoenix, S&P did not apply the trailing TIC to EBITDA multiples calculated from comparable acquisitions to Phoenix's estimated negative EBITDA for the current fiscal year because the result would not be meaningful and instead used a metric of TIC: Rooms based on comparable acquisitions of hotel properties. For Columbia Music Entertainment and Shaklee, S&P determined that there were insufficient comparable acquisitions from which to derive multiples and therefore did not determine a TIC range for Columbia using the Transaction Approach and estimated a TIC range for Shaklee based on the May 2004 acquisition of Shaklee.

For each subject company S&P performed an analysis of the applicable acquisitions of comparable companies, yielding a range of ratios to apply to the comparable measures for that subject company. In order to determine the selected multiples to apply to the subject company, S&P chose to place more weight on the observed ratios for some acquisitions in the sample and less weight on the observed ratios for others based upon a quantitative and qualitative comparison of the subject company to the target companies in the comparable acquisitions with respect to their business description, relative size and profitability.

The ranges of ratios determined by S&P based on the comparable acquisitions it analyzed for each subject company are set forth below:

Subject Company	Trailing TIC: Revenue	Trailing TIC: EBITDA	TIC: Rooms
Niles	0.50 - 0.60	5.0-6.0	Not applicable
D&M	0.35 - 0.40	7.00	Not applicable
Asahi	0.55 - 0.60	Not applicable	Not applicable
Phoenix	1.5 - 2.0	Not applicable	19.0-20.0
Columbia Music Entertainment	Not applicable	Not applicable	Not applicable
Shaklee	1.5	11.3	Not applicable
Honsel	0.70 - 0.80	5.00 - 6.00	Not applicable

For each subject company the derived range was applied to the applicable measure for that subject company to derive a TIC range. S&P then adjusted the TIC range for the actual level of indebtedness and cash and marketable securities at the subject company, resulting in an indicated value for 100% of the common equity of the subject company.

4.2.4 Income Approach

The Income Approach indicates the fair market value for a subject company based on the present value of the cash flows that it is expected to generate in the future. For each subject company, S&P built a model of its future free cash flows based on the subject company management's forecast for the next several fiscal years. S&P then estimated the "terminal value," as of the end of the last fiscal year forecast in its model, of the company's future cash flows for all subsequent periods.

The models built by S&P involve a number of assumptions relating to: (i) net revenue, (ii) the cost of goods sold, (iii) EBITDA, (iv) depreciation and amortization, (v) the applicable tax rate and the availability of certain net operating loss carry forwards, (vi) capital expenditures and (vii) changes in working capital. For each period, the subject company's net operating profit after tax is calculated, excluding the effects of any outstanding indebtedness. This amount is then adjusted by adding back non-cash items such as depreciation and amortization and reflecting the cash impact of capitalized items such as capital expenditures and the net increase or decrease in working capital, to determine the company's free cash flow for that period. The subject company's indicated TIC is calculated as the present value of its free cash flow for the periods covered by the forecast, plus the present value of the estimated terminal value. We have indicated the portion of the TIC calculated by S&P for each subject company that is related to the present value of the terminal value calculated by S&P.

In order to calculate TIC, an appropriate discount rate must be used. There is a generally accepted model, called the weighted average cost of capital ("WACC"), that is used to determine a company specific discount rate. The WACC represents the required rate of return on total capitalization, and is comprised of a required rate of return on equity plus the current tax-effected rate of return on debt, weighted by the relative percentages of equity and debt that are typical in the industry.

The rate of return on debt capital is the rate a prudent debt investor would require on interest-bearing debt. In the estimation of the rate of return on debt capital for each subject company, S&P considered the yield on corporate bonds, current interest rates for that subject company's outstanding indebtedness and industry-wide borrowing rates.

The return on equity capital is defined as the return that a company should earn to compensate its shareholders for the business and financial risks they bear. S&P applied the Capital Asset Pricing Model ("CAPM"), which is a generally accepted methodology in the determination of the fair rate of return on an equity investment. The CAPM calls for a determination of a risk-free rate of return, which is represented by the market yield to maturity on long-term government bonds; a general market risk premium, which is an estimate of the prevailing return premium on equity capital for a general group of stocks over the risk-free rate; an industry beta, which represents the relative price volatility, or relative risk, of the group of companies similar to the subject companies, when compared to the general market; a small stock premium, which measures additional risk based on a company's size; and, where applicable, an additional company-specific risk premium to account for extra risk associated with the subject companies, which has not been captured in the above measures.

In estimating the appropriate WACC for each one of the subject companies, S&P selected publicly traded companies that were similar in business to each one of the subject companies, and used specific assumptions related to the debt rate, the risk-free rate, market risk premium, industry beta (or where applicable, that subject company's specific beta), small stock premium, company-specific premium, industry capital structure and taxes, that were appropriate to each subject company. As a result, S&P estimated the WACC for each of the subject companies to be as follows:

Subject Company	Estimated WACC
Niles	9.0%
D&M	8.0%
Asahi	9.0%
Phoenix	8.0%
Columbia Music Entertainment	9.0%
Shaklee	7.5%
Honsel.	13.0%

S&P then adjusted the TIC range it calculated for each subject company for the actual level of indebtedness and cash and marketable securities at the subject company, resulting in an indicated value for 100% of the common equity of the subject company.

4.2.5 Asset Based Approach

The Asset Based Approach indicates the fair market value for a subject company by aggregating the fair market value of each of the assets of a subject company and subtracting the fair market value of its liabilities. S&P did not conduct an independent valuation analysis using the Asset Based Approach for each of the contributed interests because the Asset Based Approach is generally only the best indicator of value for a company that has been in a continual loss position and is not expected to improve its operations in the foreseeable future. However, S&P considered as an indicator of value of the Phoenix Interests a recent appraisal report prepared by independent valuation experts in connection with the valuation of Phoenix's property in connection with a recent debt bank financing, which is discussed in more detail in Section 4.2.4.4.

4.2.6 Control Premium

The valuation obtained through the Observed Publicly Traded Stock Value Approach and the valuation range obtained through the Market Multiple Approach are developed from observed per-share prices for trades of small non-controlling blocks of shares. When these approaches are considered to value a controlling interest in a company, S&P concluded that it may be appropriate to include a premium above the market value to represent the additional value associated with control of the company. This is because it has been observed that in certain types of transactions, a buyer may be willing to pay a higher price per-share in order to obtain a controlling block of shares. The difference between these two prices per-share is referred to as a “control premium.”

In its report, S&P observed that a controlling block of shares in a company typically has a lower level of liquidity as compared to a small non-controlling block of shares in the same company held by a typical minority investor. This reduced liquidity is due to a number of factors, such as the tendency of dispositions by a controlling shareholder to have significant adverse market impacts, “change of control” and similar provisions in agreements to which the company is a party, and securities law requirements that may require transfers of controlling blocks to be made by tender offers or similar regulated transactions. S&P noted that the impact of this reduced liquidity is already factored into the observed control premiums indicated by actual transactions, and that in the prevalence of transactions, the net effect of the benefits to holding a controlling block of shares significantly outweigh the liquidity impacts to the controlling shareholder.

S&P estimated control premia that a buyer would be willing to pay over the basic per-share price calculated for each of the subject companies using the Observed Publicly Traded Stock Value Approach and the Market Multiple Approach through an analysis of control premia sought and paid (excluding outliers) in recent and pending acquisitions of control of comparable companies in the same industries as the subject companies.

S&P calculated the premium paid in the comparable acquisitions as the difference between the per-share price paid by the acquiror and the closing price for completed transactions or the announced price for pending transactions for the comparable company's common shares 1-day, 5-days and 30-days prior to announcement of the applicable transaction.

In concluding a control premium to apply to each subject company, S&P used their professional judgment and placed emphasis on the observed 30-day and 5-day control premiums for the companies in the sample and took into account a variety of factors, including the attractiveness of the industry and the subject company as well as the expected growth and profitability of the subject company.

The control premium S&P concluded for each subject company are set forth below:

Subject Company	Control Premium
Niles	20%
D&M	20%
Asahi	20%
Phoenix	20%
Columbia Music Entertainment	N/A
Shaklee	N/A
Honsel	20%

4.2.7 Minority Discount

The valuation range obtained through the Transaction Approach is developed from comparisons to transactions in which a controlling interest in the comparable company was acquired. Similarly, the valuation obtained through the Income Approach assumes control of 100% of the subject company. When these approaches are considered to value a non-controlling interest in a company it may be appropriate to reflect a discount below the calculated value to represent the lower value associated with holding a non-controlling position. This discount is referred to as a "minority discount."

S&P decided that because the interests in Columbia Music Entertainment to be contributed to the Company represent the largest single block of Columbia Music Entertainment's outstanding shares, but represent a percentage ownership of only 25.5% and provide voting rights over only 49.6% of Columbia Music Entertainment's outstanding shares, the valuation obtained through the Income Approach should be discounted by 5% for Columbia Music Entertainment. S&P decided that because the interests in Shaklee to be contributed to the Company represent a significant portion of Shaklee's outstanding shares, but there is another 40.7% shareholder whose representative is the Chief Executive Officer of Shaklee, the valuation obtained through the Income Approach should be discounted by 16.67% for Shaklee.

4.2.8 Pledge of Shares

In the case of four of the subject companies, Asahi Tec, Honsel, Phoenix and Shaklee, S&P noted that the shares of the subject company held by the RHJ Funds are currently pledged as security to the lenders under that subject company's senior credit facility. S&P reviewed the agreements related to the pledges for each of these subject companies to determine whether these pledges would have an effect on the value of shares of the subject companies. S&P considered that the only recourse that the lenders have to the pledgors under the pledge agreements is to liquidate the pledged securities. S&P further noted that the lenders already have direct claims as creditors against all of the assets of the subject companies, and as a result of liens on the assets of the subject companies, are in a senior position relative to any other creditors.

S&P stated its view that since the lenders already have recourse to the assets of these subject companies, that there is no incremental value provided to the lenders by way of the pledges. S&P expressed the view that the value of these subject companies is not enhanced or diminished by the existence of these pledges and the value of the shares of these subject companies that are being contributed to RHJI is not adversely affected as a result of the pledges.

4.3 Subject Company Valuations

S&P analyzed the subject companies using each of the valuation approaches described above. For each subject company, S&P reviewed the results of the individual valuation approaches and determined a composite fair market value range for each subject company. The table below sets forth the composite fair market value ranges determined by S&P for the Contributors' interests in each of the subject companies.

Contributed Asset	S&P Valuation Range (Home Country Currency)	S&P Valuation (Euros)[1]
Niles Interests	¥12 - 17 billion	€86.7 - 122.8 million
D&M Interests	¥11 - 13 billion	€79.4 - 93.9 million
Asahi Interests	¥12 - 14 billion	€86.7 - 101.1 million
Phoenix Interests	¥12 - 17 billion	€86.7 – 122.8 million
Columbia Music Entertainment Interests	¥6.8 - 7.8 billion	€49.1 – 56.3 million
Shaklee Interests	¥12 - 13 billion	€86.7 – 93.9 million
Honsel Interests	€100 - 125 million	€100 – 125 million

We summarize the analysis performed by S&P for each subject company below.

4.3.1 Niles

S&P determined the value of the Contributors' interests in Niles using the Market Multiple Approach, the Transaction Approach and the Income Approach. Based on the range obtained from each approach, S&P determined a composite value range. The table below sets forth the valuation ranges determined by S&P for the Contributors' interests in Niles using each approach and the composite range determined by S&P.

Approach	*S&P Valuation*
MARKET APPROACH	
Market Multiple Approach	¥11 - 16 billion
Transaction Approach	¥10 - 15 billion

[1] The exchange rates used for the conversions were based on a 20 day average as of March 15, 2005: €1=¥138.478.

INCOME APPROACH	¥16 - 20 billion
COMPOSITE EQUITY VALUE RANGE	**¥12 - 17 billion**

The results of each approach to valuation taken by S&P are summarized below.

4.3.1.1 Market Multiple Approach

S&P analyzed the value of Niles using the Market Multiple Approach and determined a composite TIC value range of ¥27 - 31 billion for 100% of Niles. This range was based on the application of the concluded range of revenue and EBITDA multiples set forth below determined by S&P based on its review of a sample of comparable companies to the same financial measures for Niles. For purposes of their analysis, S&P divided the sample between Japanese companies and companies in the rest of the world. We have also presented the minimum, maximum, average and median multiples calculated by S&P.

	Trailing TIC: Revenue	Forward TIC: Revenue	Trailing TIC: EBITDA	Forward TIC: EBITDA
Concluded range	0.50 - 0.60	0.45 - 0.50	5.50 - 6.00	4.50 - 5.00
Japanese companies				
Minimum	0.34	0.32	4.28	3.67
Maximum	0.87	0.80	7.19	5.52
Average	0.56	0.52	5.40	4.33
Median	0.55	0.51	5.06	4.06
Rest of world companies				
Minimum	0.20	0.21	3.64	3.52
Maximum	0.43	0.41	6.76	7.84
Average	0.35	0.33	5.05	5.31
Median	0.38	0.36	4.90	4.95

The group of comparable companies to Niles in the sample used by S&P in its valuation of Niles under the Market Multiple Approach consisted of (i) Japanese companies: Tokai Rika Co., Ltd, U-Shin Ltd., DENSO Corporation, Calsonic Kansei Corporation, Keihin Corp., Imasen Electric Industrial Co., Ltd., Toyoda Gosei, Tokyo Cosmos Electric Co., Ltd, (ii) the French company: Valeo and (iii) US companies: Delphi Corporation, TRW Automotive and Dana Corp.

S&P adjusted the composite TIC range for Niles' actual levels of cash and debt, as well as inclusion of S&P's estimated control premium of 20%, to determine a value range for the equity interests in Niles to be contributed to the Company as described below.

COMPOSITE TOTAL INVESTED CAPITAL VALUE		**¥27.0 - 31.0 billion**
Niles debt and minority interests	–	¥19.525 billion
Cash and cash equivalents	+	¥2.403 billion
TOTAL EQUITY VALUE		**¥9.878 - 13.878 billion**
Control Premium	+	20% of the Total Equity Value
TOTAL EQUITY VALUE ON A CONTROL BASIS		**¥11.854 - 16.654 billion**
Contributors' percentage ownership of Niles	x	96.2%
VALUE OF THE NILES INTERESTS		**¥11 - 16 billion**

4.3.1.2 Transaction Approach

S&P analyzed the value of 100% of Niles using the Transaction Approach and determined a composite TIC value range of ¥27.0 - 33.0 billion. This range was based on the application of a TIC: Revenue multiple range of 0.50 and 0.60, determined by S&P based on its review of a sample of acquisitions of comparable companies, to Niles' estimated revenue for the fiscal year ended March 31, 2005 and a TIC:EBITDA multiple range of 5.00 and 6.00 to Niles' estimated EBITDA for the fiscal year ended March 31, 2005.

The table below sets forth the minimum, maximum, average and median TIC: Revenue and TIC: EBITDA multiples calculated by S&P based on the comparable acquisitions they reviewed.

	Trailing TIC: Revenue	Trailing TIC: EBITDA
Minimum	0.2	2.8
Maximum	0.8	6.7
Average	0.4	4.1
Median	0.4	3.8

The table below sets forth the comparable acquisitions in the sample used by S&P in its valuation of Niles using the Transaction Approach.

Target	Acquiror	Closing Date	Stake Acquired
Toyoda machine Works Ltd.	Koyo Seiko Co Ltd.	03-Feb-05	100%
Tokico, Ltd.	Hitachi Ltd.	01-Oct-04	58%
Kiriu Corp.	Sumitomo Corp.	30-Jul-04	100%
Jidosha Denki Kogyo Co Ltd	Mitsuba Corp.	26-Jul-04	64%
Tochigi Fuji Industrial Co. Ltd.	GKN PLC	11-May-04	51%
Davis Industries Inc	Tesma International Inc	2-Jan-04	100%
Nippon Gasket Co., Ltd.	Taiho Kogyo Co. Ltd.	19-Nov-03	41%
Safety Components International Inc	Zapata Corp	6-Oct-03	30%
Safety Components International Inc	Zapata Corp	29-Sep-03	57%
Util Capital Tool	Infestitori Associati II	22-Jul-03	100%
Asahi	Ripplewood	3-Jun-03	48%
TRW Automotive, Inc.	Blackstone Group LP	3-Mar-03	100%

S&P adjusted the composite TIC range for 100% of Niles for the actual levels of Niles' cash and debt to determine a value range for the equity interests in Niles to be contributed to the Company as described below.

COMPOSITE TOTAL INVESTED CAPITAL VALUE		**¥27.000 - 33.000 billion**
Niles debt and minority interests	–	¥19.525 billion
Cash and cash equivalents	+	¥2.403 billion
TOTAL EQUITY VALUE		**¥9.878 - 15.878 billion**
Contributors' percentage of ownership of Niles	x	96.2%
VALUE OF THE NILES INTERESTS		**¥10 - 15 billion**

4.3.1.3 Income Approach

S&P analyzed the value of 100% of Niles using a discounted cash flow analysis and determined a composite TIC value range of ¥32 - 36 billion. S&P developed a model of the future cash flows of Niles based on estimates provided by Niles management for fiscal years 2004 - 2008 and estimates for future periods with respect to net revenue, cost of goods sold, sales, general and administrative expenses, depreciation and amortization and capital expenditures, and the effective tax rate applicable to Niles. The model developed by S&P incorporated annual growth rates of net revenue of between (5.1%) and 16.6% for the period from 2004 through 2008, and a forecast perpetual annual growth rate of 1.5% for all periods subsequent to 2008. In addition, S&P included the utilization of Niles' existing net operating losses.

S&P calculated the weighted average cost of capital for Niles using the factors identified below:

Risk Free Rate	1.51%
Cost of Debt	3.08%
Market Risk Premium	5.00%
Beta	1.02
Small Stock Premium	3.50%
Company-specific risk premium	3.00%
Weighted Average Cost of Capital	9.0%

Cash flows were discounted to present value using a discount rate of 9.0% to determine the TIC range for 100% of Niles, which was then adjusted for Niles' actual levels of cash and debt to determine a value range for the equity interests in Niles to be contributed to the Company as described below.

Total Invested Capital		**¥32 - 36 billion**
Niles debt and minority interests	–	¥19.525 billion
Cash and cash equivalents	+	¥2.403 billion
Present value of net operating losses	+	¥2.027 billion
TOTAL EQUITY VALUE		**¥16.905 - 20.905 billion**
Contributors' percentage of ownership of Niles	x	96.20%
VALUE OF THE NILES INTERESTS		**¥16 – 20 billion**

Approximately 83% of the TIC range calculated by S&P for Niles under the Income Approach is attributable to the present value of the terminal value estimated by S&P of future cash flows for all periods beyond 2008.

4.3.1.4 Control Premium

For purposes of the Market Multiple Approach, S&P concluded a control premium for Niles of 20% based on its review of the 1-day, 5-day and 30-day premia evidenced in the recent and pending acquisitions of companies in the automotive products and accessories industry set forth below:

Closing Date	Target	Target Country	Acquiror	1-Day Premium	5-Day Premium	30 Day Premium
3-Feb-05	Toyoda Machine Works Ltd.	Koyo Seiko Co. Ltd.	100.00%	8.13%	12.05%	29.38%
01-Oct-04	Tokico, Ltd.	Japan	Hitachi Ltd.	18.50%	22.68%	28.47%
26-Jul-04	Jidosha Denki Kogyo Co Ltd	Japan	Mitsuba Corp.	-33.95%	-44.18%	-9.42%
11-May-04	Tochigi Fuji Industrial Co. LTD	Japan	GKN PLC	4.92%	7.91%	4.29%
3-Jun-03	Asahi	Japan	Ripplewood Holdings LLC	5.06%	10.66%	36.72%
6-Oct-03	Safety Components International Inc.	United States	Zapata Corp	-5.83%	2.82%	18.88%
29-Sep-03	Safety Components International Inc	US	Zapata Corp	10.38%	-5.19%	21.94%
26-Feb-01	Delco Remy International Inc	US	Citigroup, N.A.	74.70%	58.33%	35.71%
15-Dec-00	Simpson Industries Inc	US	Simpson Industries Inc	28.33%	26.83%	25.24%
28-Nov-00	Masco Tech Inc	US	Heartland Industrial Partners LP	46.96%	46.19%	48.51%
7-Jul-00	Arvin Industries Inc	US	ArvinMeritor Inc	-42.12%	-35.81%	-23.03%

4.3.2 D&M

S&P determined the value of the Contributors' interests in D&M using the Observed Publicly Traded Stock Value Approach, the Market Multiple Approach , the Transaction Approach and the Income Approach. Based on the range obtained from each approach S&P determined a composite fair market value range. The table below sets forth the valuation ranges determined by S&P for the Contributors' interests in D&M using each approach and the composite range determined by S&P.

Approach	*S&P Valuation*
MARKET APPROACH	
Observed Publicly Traded Stock Value Approach	¥13 billion
Market Multiple Approach	¥10 - 13 billion
Market Transaction Approach	¥10 - 12 billion
INCOME APPROACH	¥9 - 12 billion
COMPOSITE EQUITY VALUE RANGE	**¥11 - 13 billion**

The results of each approach to valuation taken by S&P are summarized below.

4.3.2.1 Observed Publicly Traded Stock Value Approach

S&P analyzed the value of the D&M Interests to be contributed to the Company using the Observed Publicly Traded Stock Value Approach and determined a value of ¥13 billion. This value was based on the total number of common shares of D&M outstanding on March 11, 2005, the average closing price of D&M's common shares on the Tokyo Stock Exchange for the 10 trading days ending March 11, 2005, an estimated control premium of 20% and the percentage ownership represented by the D&M Interests to be contributed to the Company. The calculations made by S&P in its determination are set forth below.

Number of common shares of D&M outstanding on March 11, 2005		87.8 million
Average price per share of D&M common stock for 10 trading days ending March 11, 2005	x	¥231.80
TOTAL EQUITY VALUE		**¥20.344 billion**
Control Premium (discussed below)	+	20% of the Total Equity Value
TOTAL EQUITY VALUE ON A CONTROL BASIS		**¥24.413 billion**
Contributors' percentage ownership of D&M	x	51.71%
VALUE OF THE D&M INTERESTS		**¥13 billion**

4.3.2.2 Market Multiple Approach

S&P analyzed the value of D&M using the Market Multiple Approach and determined a composite TIC value range of ¥30 - 35 billion for 100% of D&M. This range was based on the application of the concluded revenue and EBITDA multiples set forth below determined by S&P based on its review of a sample of comparable companies to the same financial measures for D&M. For purposes of their analysis, S&P divided the sample between Japanese companies and companies in the United States. We have also presented the minimum, maximum, average and median multiples calculated by S&P.

	Trailing TIC: Revenue	Forward TIC: Revenue	Trailing TIC: EBITDA	Forward TIC: EBITDA
Concluded range	0.35 - 0.40	0.30 - 0.35	7.00 - 8.00	4.00 - 5.00
Japanese companies				
Minimum	0.34	0.32	4.24	4.15
Maximum	0.73	0.72	12.26	6.50
Average	0.50	0.48	7.27	5.48
Median	0.48	0.44	7.35	5.63
United States companies				

Minimum	0.34	0.31	8.05	13.86
Maximum	2.57	2.20	17.24	13.86
Average	1.08	0.97	12.92	13.86
Median	0.70	0.41	13.47	13.86

The group of comparable companies to D&M in the sample used by S&P in its valuation of D&M under the Market Multiple Approach consisted of Japanese companies and US companies with significant operations in Japan (i) for which audio and home theater components and systems are a significant portion of their business, (ii) which have experienced growth in other business segments, such as digital video and audio markets and (iii) which have a diverse customer base. The following companies were deemed by S&P most directly comparable to D&M: (i) Japanese companies: Victor Company of Japan, Pioneer Corp, Yamaha Corp, Kenwood and Onkyo and (ii) US companies: Harmen International Industries, Inc., Emerson Radio Corp., Rockford Corporation and Boston Acoustics, Inc.

S&P adjusted the composite TIC range for D&M's actual levels of cash and debt, as well as inclusion of S&P's estimated control premium of 20% to determine a value range for the equity interests in D&M to be contributed to the Company as described below.

COMPOSITE TOTAL INVESTED CAPITAL VALUE		**¥30 - 35 billion**
D&M debt and minority interests	–	¥16.148 billion
Cash and cash equivalents	+	¥2.678 billion
TOTAL EQUITY VALUE		**¥16.530 - 21.530 billion**
Control Premium	+	20% of the Total Equity Value
TOTAL EQUITY VALUE ON CONTROL BASIS		**¥19.836 - 25.836 billion**
Contributors' percentage ownership of D&M	x	51.71%
VALUE OF THE D&M INTERESTS		**¥10 - 13 billion**

4.3.2.3 Transaction Approach

S&P analyzed the value of 100% of D&M using the Transaction Approach and determined a composite TIC value range of ¥32.0 - 37.0 billion. This range was based on the application of a TIC: Revenue multiple range of 0.35 and 0.40 and a TIC: EBITDA multiple of 7.00, determined by S&P based on its review of a sample of acquisitions of comparable companies, to D&M's estimated revenue and EBITDA for the fiscal year ended March 31, 2005.

The table below sets forth the minimum, maximum, average and median TIC: Revenue multiples calculated by S&P based on the comparable acquisitions they reviewed.

	Trailing TIC: Revenue	Trailing TIC: EBITDA

Minimum	0.19	6.79
Maximum	0.92	6.94
Average	0.44	6.87
Median	0.21	6.87

The table below sets forth the comparable acquisitions in the sample used by S&P in its valuation of D&M using the Transaction Approach.

Target	Acquiror	Closing Date	Stake Acquired
Roxio, Inc./Consumer Software Division	Sonic Solutions	20-Dec-04	100%
Locatel Europe SAS	Platina SA	14-May-04	100%
Recotun Corp.	Audiovox Corp.	16-Jul-03	100%

S&P adjusted the composite TIC range for 100% of D&M for the actual levels of D&M's cash and debt to determine a value range for the equity interests in D&M to be contributed to the Company as described below.

COMPOSITE TOTAL INVESTED CAPITAL VALUE		**¥32.000 - 37.000 billion**
D&M debt and minority interests	–	¥16.148 billion
Cash and cash equivalents	+	¥2.678 billion
TOTAL EQUITY VALUE		**¥18.530 - 23.530 billion**
Contributors' percentage of ownership of D&M	x	51.71%
VALUE OF THE D&M INTERESTS		**¥10 - 12 billion**

4.3.2.4 Income Approach

S&P analyzed the value of 100% of D&M using a discounted cash flow analysis and determined a composite TIC value range of ¥29 - 34 billion. S&P developed a model of the future cash flows of D&M based on estimates provided by D&M management for fiscal years 2004 - 2008 and estimates for future periods with respect to net revenue, cost of goods sold, sales, general and administrative expenses, depreciation and amortization and capital expenditures, and the effective tax rate applicable to D&M. The model developed by S&P incorporated annual growth rates of net revenue of between 5.0% and 13.1% for the period from 2004 through 2008, and a forecast perpetual annual growth rate of 2.0% for all periods subsequent to 2008. In addition, S&P included the utilization of D&M's existing net operating losses.

S&P calculated the weighted average cost of capital for D&M using the factors identified below:

Risk Free Rate	1.51%
Cost of Debt	1.93%
Market Risk Premium	5.00%
Beta	1.30
Small Stock Premium	2.60%
Company-specific risk premium	2.00%
Weighted Average Cost of Capital	8.0%

Cash flows were discounted to present value using a discount rate of 8.0% to determine the TIC range for 100% of D&M, which was then adjusted for D&M's actual levels of cash and debt to determine a value range for the equity interests in D&M to be contributed to the Company as described below.

Total Invested Capital		**¥29 - 34 billion**
D&M debt and minority interests	-	¥16.148 billion
Cash and cash equivalents	+	¥2.678 billion
Present Value of Net Operating Losses	+	¥1.931 billion
TOTAL EQUITY VALUE		**¥17.461 - 22.461 billion**
Contributors' percentage of ownership of D&M	x	51.71%
VALUE OF THE D&M INTERESTS		**¥9 - 12 billion**

Approximately 84% of the TIC range calculated by S&P for D&M under the Income Approach is attributable to the present value of the terminal value estimated by S&P of future cash flows for all periods beyond 2008.

4.3.2.5 Control Premium

For purposes of the Observed Publicly Traded Stock Value Approach and the Market Multiple Approach, S&P concluded a control premium for D&M of 20% based on its review of the 1-day, 5-day and 30-day premia evidenced in the recent and pending acquisitions of companies in the household audio and video equipment industry. The sample reviewed by S&P is set forth below:

Closing Date	Target	Target Country	Acquiror	1-Day Premium	5-Day Premium	30 Day Premium
1-Jul-04	Sorrento Networks Corp.	US	Zhone Technologies Inc	28.6%	17.0%	-6.1%
3-May-04	LGP Allgon Holding AB	Sweden	Powerwave Technologies Inc	24.4%	26.4%	41.8%
12-Feb-04	Applied International Holdings	Hong Kong	Macro Link Sdn Bhd	0.0%	0.0%	50%
23-Jan-04	Blick PLC	UK	Stanley Works Ltd	2.9%	3.6%	28.2%
4-Sep-03	Netro Corp	US	SR Telecom Inc	28.0%	22.0%	29%
15-Jul-03	Allen Telecom Inc	US	Andrew Corp	55.5%	62.6%	102.7%

6-Jun-03	VINA Technologies Inc	US	Axel Johnson Inc	82.14%	96.2%	59.4%
22-Apr-03	Allgon AB	Sweden	LGP Allgon Holding AB	-74.1%	-75.0%	-75.4%

4.3.3 Asahi

S&P determined the value of the Contributors' interests in Asahi using the Observed Publicly Traded Stock Value Approach, the Market Multiple Approach, the Transaction Approach and the Income Approach. Based on the range obtained from each approach S&P determined a composite fair market value range. The table below sets forth the valuation ranges determined by S&P for the Contributors' interests in Asahi using each approach and the composite range determined by S&P.

Approach	*S&P Valuation*
MARKET APPROACH	
Observed Publicly Traded Stock Value Approach	¥16 billion
Market Multiple Approach	¥12 - 15 billion
Transaction Approach	¥11 - 13 billion
INCOME APPROACH	¥10 - 13 billion
COMPOSITE EQUITY VALUE RANGE	**¥12 - 14 billion**

The results of each approach to valuation taken by S&P are summarized below.

4.3.3.1 Observed Publicly Traded Stock Value Approach

S&P analyzed the value of the Asahi Interests to be contributed to the Company using the Observed Publicly Traded Stock Value Approach and determined a value of ¥16 billion. This value was based on the total number of common shares and preferred shares of Asahi outstanding on March 11, 2005, the average closing price of Asahi's common shares on the Tokyo Stock Exchange for the 9 trading days ending on March 11, 2005, an estimated control premium of 20% and the percentage ownership represented by the Asahi Interests to be contributed to the Company. The calculations made by S&P in its determination are set forth below.

Number of common shares of Asahi outstanding on March 11, 2005		60.219 million
Common shares issuable upon the conversion of preferred shares of Asahi outstanding on March 11, 2005	+	28.572 million
TOTAL SHARES		**88.791 million**
Average price per share of Asahi common stock for 9 trading days ending March 11, 2005	x	¥250.67
TOTAL EQUITY VALUE		**¥22.257 billion**
Control Premium (discussed below)	+	20% of the Total Equity Value
TOTAL EQUITY VALUE ON A CONTROL BASIS		**¥26.708 billion**
Contributors' percentage ownership of Asahi	x	58.42%
VALUE OF THE ASAHI INTERESTS		**¥16 billion**

4.3.3.2 Market Multiple Approach

S&P analyzed the value of Asahi using the Market Multiple Approach and determined a composite TIC value range of ¥30 - 34.0 billion for 100% of Asahi. This range was based on the application of the concluded revenue and EBITDA multiples set forth below determined by S&P based on its review of a sample of comparable companies to the same financial measures for Asahi. We have also presented the minimum, maximum, average and median multiples calculated by S&P.

	Trailing TIC: Revenue	Forward TIC: Revenue	Trailing TIC: EBITDA	Forward TIC: EBITDA
Concluded range	0.55 - 0.60	0.50 - 0.55	5.00 - 6.00	4.50 - 5.50
Minimum	0.52	0.47	4.53	3.73
Maximum	0.86	0.82	7.04	6.51
Average	0.71	0.67	5.93	5.12
Median	0.70	0.66	6.30	5.12

The group of comparable companies to Asahi in the sample used by S&P in its valuation of Asahi under the Market Multiple Approach consisted of (i) Aisin Seiki Co Ltd, (ii) Hitachi Metals Ltd, (iii) Topy Industries Inc., (iv) Ryobi Ltd and (v) Automobile Foundry Co. Ltd.

S&P adjusted the composite TIC range for Asahi's actual levels of cash and debt, as well as inclusion of S&P's estimated control premium of 20% to determine a value range for the equity interests in Asahi to be contributed to the Company as described below.

COMPOSITE TOTAL INVESTED CAPITAL VALUE		**¥32.000 - 34.000 billion**
Asahi debt and minority interests	-	¥16.354 billion
Cash and cash equivalents	+	¥3.521 billion
TOTAL EQUITY VALUE		**¥17.158 - 21.158 billion**
Control Premium	+	20% of the Total Equity Value
TOTAL EQUITY VALUE ON A CONTROL BASIS		**¥20.590 - 25.390 billion**
Contributors' percentage ownership of Asahi	x	58.42%
VALUE OF THE ASAHI INTERESTS		**¥12 - 15 billion**

4.3.3.3 Transaction Approach

S&P analyzed the value of 100% of Asahi using the Transaction Approach and determined a composite TIC value range of ¥32 - 35 billion. This range was obtained by application of a TIC: Revenue multiple between 0.55 and 0.60 to Asahi estimated revenue for the fiscal year ended March 31, 2005. This range of multiples was determined by S&P based on its review of a sample of acquisitions of comparable companies to Asahi.

The table below sets forth the minimum, maximum, average and median TIC: Revenue multiples calculated by S&P based on the comparable acquisitions they reviewed.

	Trailing TIC: Revenue
Minimum	0.2
Maximum	0.5
Average	0.4
Median	0.4

The comparable acquisitions in the sample used by S&P are set forth below:

Target	**Acquiror**	**Closing Date**	**Stake Acquired**
Tokico, Ltd.	Hitachi Ltd.	01-Oct-04	58%
Jidosha Denki Kogyo Co Ltd	Mitsuba Corp.	26-Jul-04	64%
Kiriu Corp.	Sumitomo Corp.	30-Jul-04	100%
Tochigi Fuji Industrial Co. Ltd.	GKN PLC	11-May-04	51%

Target	Acquiror	Closing Date	Stake Acquired
Nippon Gasket Co., Ltd.	Taiho Kogyo Co. Ltd.	19-Nov-03	41%
Asahi	Ripplewood	3-Jun-03	48%

S&P adjusted the composite TIC range for 100% of Asahi for the actual levels of Asahi's cash and debt, as well as inclusion of S&P's estimated control premium to determine a value range for the equity interests in Asahi to be contributed to the Company as described below.

COMPOSITE TOTAL INVESTED CAPITAL VALUE		**¥32.000 - 35.000 billion**
Asahi debt and minority interests	-	¥16.354 billion
Cash and cash equivalents	+	¥3.512 billion
TOTAL EQUITY VALUE		**¥19.158 - 22.158 billion**
Contributors' percentage of ownership of Asahi	x	58.42%
VALUE OF THE ASAHI INTERESTS		**¥11 - 13 billion**

4.3.3.4 Income Approach

S&P analyzed the value of 100% of Asahi using a discounted cash flow analysis and determined a composite TIC value range of ¥28 - 32 billion. S&P developed a model of the future cash flows of Asahi based on estimates provided by Asahi management for fiscal years 2004 - 2008 and estimates for future periods with respect to net revenue, cost of goods sold, sales, general and administrative expenses, depreciation and amortization and capital expenditures, and the effective tax rate applicable to Asahi. The model developed by S&P incorporated annual growth rates of net revenue of between (5.3)% and 8.9% for the period from 2004 through 2008, and a forecast perpetual annual growth rate of 1.5% for all periods subsequent to 2008. In addition, S&P included the utilization of Asahi's existing net operating losses.

S&P calculated the weighted average cost of capital for Asahi using the factors identified below:

Risk Free Rate	1.51%
Cost of Debt	3.60%
Market Risk Premium	5.00%
Beta	1.37
Small Stock Premium	3.50%
Company-specific risk premium	2.00%
Weighted Average Cost of Capital	9.0%

Cash flows were discounted to present value using a discount rate of 9.0% to determine the TIC range for 100% of Asahi. The discount rate was determined using a weighted average cost of capital which reflects the observed volatility of Asahi shares. The TIC range was then adjusted for Asahi's actual levels of actual levels of cash and debt to determine a value range for the equity interests in Asahi to be contributed to the Company as described below.

Total Invested Capital		**¥28 - 32 billion**
Asahi debt and minority interests	-	¥16.354 billion
Cash and cash equivalents	+	¥3.512 billion
Present Value of Net Operating Losses	+	¥2.331 billion
TOTAL EQUITY VALUE		**¥17.489 - 21.489 billion**
Contributors' percentage of ownership of Asahi	x	58.42%
VALUE OF THE ASAHI INTERESTS		**¥10 - 13 billion**

Approximately 81% of the TIC range calculated by S&P for Asahi under the Income Approach is attributable to the present value of the terminal value estimated by S&P of future cash flows for all periods beyond 2008.

4.3.3.5 Control Premium

For purposes of the Observed Publicly Traded Stock Value Approach and the Market Multiple Approach, S&P concluded a control premium for Asahi of 20% based on its review of the 1-day, 5-day and 30-day premia evidenced in the recent and pending acquisitions of companies in the automotive products and accessories industry in Japan. The sample reviewed by S&P is set forth below:

Closing Date	Target	Acquiror	1-Day Premium	5-Day Premium	30 Day Premium
01-Oct-04	Tokico, Ltd.	Hitachi Ltd.	18.50%	22.68%	28.47%
26-Jul-04	Jidosha Denki Kogyo Co Ltd	Mitsuba Corp.	-33.95%	-44.18%	-9.42%
11-May-04	Tochigi Fuji Industrial Co. Ltd.	GKN PLC	4.92%	7.91%	4.29%
3-Jun-03	Asahi	Ripplewood	5.06%	10.66%	36.72%

4.3.4 Phoenix

S&P determined the value of Phoenix using the Market Multiple Approach, the Transaction Approach, the Income Approach and the Asset Based Approach. Based on the range obtained from each approach S&P determined a composite fair market value range. The table below sets forth the valuation ranges determined by S&P using each approach and the composite range determined by S&P.

Approach	*S&P Valuation*
MARKET APPROACH	
Market Multiple Approach	¥10 – 18 billion
Transaction Approach	¥12 – 15 billion
INCOME APPROACH	¥13 – 18 billion

ASSET-BASED APPROACH	¥11 – 15 billion
COMPOSITE EQUITY VALUE RANGE	**¥12 – 17 billion**

The results of each approach to valuation taken by S&P are summarized below.

4.3.4.1 Market Multiple Approach

S&P analyzed the value of Phoenix using the Market Multiple Approach and determined a composite TIC value range of ¥18 - 25 billion. This range was based on the application of the concluded revenue multiples set forth below determined by S&P based on its review of a sample of comparable companies to the same financial measures for Phoenix. We have also presented the minimum, maximum, average and median multiples calculated by S&P. S&P did not apply Trailing TIC: EBITDA multiples to Phoenix's estimated negative EBITDA for the fiscal year ended March 31, 2005, because the results would not be meaningful.

	Trailing TIC: Revenue	Forward TIC: Revenue	Trailing TIC: EBITDA *	Forward TIC: EBITDA
Concluded range	1.4 - 1.7	1.4 – 1.7	12.0 - 13.0	N/A
Minimum	1.16	1.10	6.08	N/A
Maximum	4.22	5.42	18.36	N/A
Average	1.85	2.03	14.07	N/A
Median	1.39	1.37	15.09	N/A

* Not used as result would not be meaningful.

The group of comparable companies to Phoenix in the sample used by S&P in its valuation of Phoenix under the Market Multiple Approach consisted of (i) Fujita Kanko, (ii) Resort Trust Inc., (iii) Royal Hotel Ltd., (iv) Imperial Hotel Ltd., (v) Misawa Resort Co Ltd and (vi) Kokusai Kanko Kaikan Co.

S&P adjusted the composite TIC range for Phoenix’s actual levels of cash and debt and the expected proceeds from the sale of the Kitago and Kogen golf facilities, as well as inclusion of S&P’s estimated control premium of 20% to determine a value range for the equity interests in Phoenix to be contributed to the Company as described below.

COMPOSITE TOTAL INVESTED CAPITAL VALUE		**¥18 - 25 billion**
Phoenix debt	-	¥11.784 billion
Cash and cash equivalents	+	¥707 million
Cash proceeds from the sale of Kitago and Kogen Golf facilities	+	¥1.355 billion
TOTAL EQUITY VALUE		**¥8.278 – 15.278 billion**
Control Premium (discussed below)	+	20% of the Total Equity Value
TOTAL EQUITY VALUE ON A CONTROL BASIS		**¥9.934 – 18.334 billion**
Contributors' percentage ownership of Phoenix	+	100%
VALUE OF THE PHOENIX INTERESTS		**¥10 – 18 billion**

4.3.4.2 Transaction Approach

S&P analyzed the value of Phoenix using the Transaction Approach and determined a composite TIC value range of ¥22 - 25 billion. This range was determined by S&P based on its review of the range obtained by application of a TIC: Revenue multiple between 1.5 and 2.0, to Phoenix estimated revenue for the fiscal year ended March 31, 2005 and a TIC: Rooms multiple between 19.0 and 20.0 to Phoenix's 1,255 rooms as of December 31, 2004, and after giving effect to the planned disposition of the Kitago and Kogen facilities. Each of the multiples was determined by S&P based on its review of a sample of acquisitions of comparable companies to Phoenix. S&P did not determine an EBITDA multiple for Phoenix due to insufficient data.

The table below sets forth the minimum, maximum, average and median TIC: Revenue multiples and TIC: Rooms multiples calculated by S&P based on the comparable acquisitions they reviewed.

	Trailing TIC: Revenue	TIC: Rooms
Minimum	1.1	7.8
Maximum	4.3	34.0
Average	2.5	2.0
Median	2.6	19.0

The comparable acquisitions in the sample used by S&P for purposes of determining a TIC: Revenue multiples are set forth below:

Target	**Acquiror**	**Closing Date**	**Stake Acquired**
Gresham Hotel Group PLC	Precinct Investments Ltd	Pending	100%

Target	Acquiror	Closing Date	Stake Acquired
Hilton Alexandria Old Town Hotel	LaSalle Hotel Properties	28 May 2004	100%
Host Marriott Corp.	Highland Hospitality Corp	11 May 2004	100%
Indianapolis Marriott Downtown	LaSalle Hotel Properties	10 February 2004	100%
Daiei Group	Morgan Stanley	Pending	100%
Jarvis Hotels PLC	Kayterm PLC	6 February 2004	100%
ResortQuest International Inc.	Gaylord Entertainment Co.	20 November 2003	100%
Lansdowne Resort LP	LaSalle Hotel Properties	17 June 2003	100%
Galaxie	Duke Street Capital Leisure Investment	Pending	100%

The comparable acquisitions in the sample used by S&P for purposes of determining a TIC: Rooms multiple are set forth below:

Target	Acquiror	Closing Date	Rooms Acquired
Renaissance Gifu Hotel	Kintetsu Hotel Systems	3 February 2003	192
Sunroute Plaza Tokyo	Orix	1 April 2002	707
Hotel Okura Kobe	AIG	1 March 2002	485
Holiday Inn Tokyo	Naito House	1 January 2002	119

S&P adjusted the composite TIC range for Phoenix for the actual levels of Phoenix's cash and debt and the expected proceeds from the sale of the Kitago and Kogen golf facilities to determine a value range for the equity interests in Phoenix to be contributed to the Company as described below.

COMPOSITE TOTAL INVESTED CAPITAL VALUE		**¥22.0 - 25.0 billion**
Phoenix debt	-	¥11.784 billion
Cash and cash equivalents	+	¥707 million
Cash proceeds from the sale of Kitago and Kogen golf facilities	+	¥1.355 billion

TOTAL EQUITY VALUE	**¥12.278 – 15.278 billion**
Contributors' percentage ownership of Phoenix	100%
VALUE OF THE PHOENIX INTERESTS	**¥12 – 15 billion**

4.3.4.3 Income Approach

S&P analyzed the value of Phoenix using a discounted cash flow analysis and determined a composite TIC value range of ¥20 - 25 billion. S&P developed a model of the future cash flows of Phoenix based on estimates provided by Phoenix management for fiscal years 2005 - 2009 and estimates for future periods with respect to net revenue, cost of goods sold, sales, general and administrative expenses, depreciation and amortization and capital expenditures, and the effective tax rate applicable to Phoenix. Over the long run, Phoenix's capital expenditures were assumed to be equal to its depreciation and amortization expense.

The future cash flow model developed by S&P incorporated the assumptions set forth below for occupancy rates:

	2004	2005	2006	2007	2008	2009
Occupancy Rate	40.7%	50.3%	56.8%	65.7%	69.7%	72.4%

Phoenix management expressed its view to S&P that it anticipated to achieve the occupancy rates described in the table above by increasing the appeal of the resort through the renovations and improvements to be undertaken in Phases I and II of the development program described in the listing prospectus. Phoenix management expressed its belief that the renovations and other improvements would broaden the appeal of the resort to a larger demographic group, including families, retirees, corporations and business conferences.

The model developed by S&P incorporated annual growth rates of net revenue of between -2.2% and 12.6% for the period from 2004 through 2009, and a forecast perpetual annual growth rate of 3.0% for all periods subsequent to 2009. In addition, S&P included the utilization of Phoenix's existing net operating losses.

S&P calculated the weighted average cost of capital for Phoenix using the factors identified below:

Risk Free Rate	1.51%
Cost of Debt	2.96%
Market Risk Premium	5.00%
Beta	1.18
Small Stock Premium	3.50%
Company-specific risk premium	2.00%
Weighted Average Cost of Capital	8.0%

Cash flows were discounted to present value using a discount rate of to 8.0% to determine the TIC range for Phoenix, which was then adjusted for Phoenix's actual levels of cash and debt to determine a value range for the equity interests in Phoenix to be contributed to the Company as described below.

Total Invested Capital		**¥20.0 – 25.0 billion**
Phoenix debt	-	¥11.784 billion
Cash and cash equivalents	+	¥707 million
Cash proceeds from the sale of Kitago and Kogen golf facilities	+	¥1.355 billion
Present Value of Net Operating Losses	+	¥2.317 billion
TOTAL EQUITY VALUE		**¥12.595 – 17.595 billion**
Contributors' percentage ownership of Phoenix		100%
VALUE OF THE PHOENIX INTERESTS		**¥13 - 18 billion**

Approximately 88% of the TIC range calculated by S&P for Phoenix under the Income Approach is attributable to the present value of the terminal value estimated by S&P of future cash flows for all periods beyond 2009.

4.3.4.4 Asset Based Approach

S&P considered as an indicator of value an appraisal report prepared by Daiwa in 2004 in connection with the valuation of Phoenix's property for the purpose of determining the value of collateral available to secure a recent bank financing.

Daiwa concluded that the value range for Phoenix's property was ¥23 billion to ¥27 billion. In order to determine the value of the Phoenix Interests as of March 11, 2005, S&P derived an adjusted balance sheet, based on Phoenix's December 31, 2004 balance sheet, adjusted for the estimated sales proceeds for the Kitago and Kogen golf facilities, property value determined by Daiwa (after giving effect to the sale of the Kitago and Kogen golf facilities) and new property acquired since the Daiwa appraisal. Using the adjusted balance sheet, S&P calculated adjusted total assets, from which it subtracted actual current and long-term liabilities to determine the adjusted equity value.

		Low Range	**High Range**
Cash		¥0.707 billion	¥0.707 billion
Cash proceeds from the sale of Kitago and Kogen golf facilities	+	¥1.355 billion	¥1.355 billion
Current assets (other than Cash)	+	¥1.911 billion	¥1.911 billion
Property, as valued by Daiwa, plus asset additions since Daiwa appraisal	+	¥23.824 billion	¥27.824 billion
less value of Kitago and Kogen golf facilities	-	¥1.355 billion	¥1.355 billion
Other assets	+	¥417 million	¥417 million
Adjusted total assets	=	¥26.859 billion	¥30.859 billion
Less:			
Current liabilities	-	¥2.748 billion	¥2.748 billion
Long-term liabilities	-	¥13.063 billion	¥13.063 billion

Adjusted equity value	=	¥11.048 billion	¥15.048 billion
Contributors' percentage ownership of Phoenix	=	100%	100%
VALUE OF THE PHOENIX INTERESTS		**¥11 billion**	**¥15 billion**

4.3.4.5 Control Premium

For purposes of the Market Multiple Approach, S&P concluded a control premium for Phoenix of 20% based on its review of the 1-day, 5-day and 30-day premia evidenced in the recent and pending acquisitions of companies in the hotels and motels industries. The sample reviewed by S&P is set forth below:

Closing Date	Target	Target Country	Acquiror	1 Day Premium	5 Day Premium	30 Day Premium
Pending	Pandox AB	Sweden	Sundt AS/Eiendomsspar	NA	NA	25%
Pending	MacDonald Hotels PLC	UK	MacDonald Hotels PLC	1.47%	16.23%	17.94%
Pending	Burswood Ltd	US	Publishing & Broadcasting Ltd.	15.90%	16.88%	16.88%
Pending	Gresham Hotel Group PLC	UK	Precinct Investments Ltd	8.50%	9.40%	16.63%
Pending	CDL Hotels New Zealand Ltd	New Zealand	KIN Holdings Ltd.	12.94%	16.41%	24.73%
6 Feb. 2004	Jarvis Hotels PLC	UK	Kayterm PLC	1.04%	7.42%	N/A
20 Nov. 2003	ResortQuest International Inc	US	Gaylord Entertainment Co.	49.31%	52.61%	85.73%

4.3.4.6 Parent Guarantee

In connection with the contribution to the Company of the RHJ Funds' assets as a whole, the Company will assume a guarantee currently provided by the RHJ Funds of a portion of Phoenix's obligations under its senior credit facility. As of December 31, 2004, there was approximately €85.1 million total outstanding principal amount under the senior credit facility The Company will guarantee the scheduled payments of principal to be made through September 30, 2008, aggregating approximately €22.6 million. In addition, the Company will guarantee up to approximately €4.3 million of Phoenix's obligation to make a prepayment with the proceeds of the disposition of the Kitago and Kogen golf facilities. The Company will also guarantee the payment of interest accruing on the senior credit facility through September 30, 2006. As of December 31, 2004, these scheduled interest payments aggregated to approximately €7.4 million.

At our request, S&P performed a valuation analysis of the guarantee. S&P used the Black-Scholes option pricing model, treating the guarantee as an option to "put" the guaranteed obligation to RHJI, as guarantor. The principal factors for the model and the values used by S&P are set forth below:

Asset value of the Phoenix Seagaia Resort (fair value of equity + total liabilities)	¥26.8 - ¥32.8 billion
Amount of guaranteed obligation (face)	¥3,725 million
Time to maturity	3.6 years as of valuation date, based on scheduled quarterly principal payments: ¥175 million (for Dec. 2004 - Sept. 2005) ¥237.5 million (for Dec. 2005 - Sept. 2007) ¥175 million (for Dec. 2007 - Sept. 2008) and prepayment obligation of up to ¥600 million in June 2006.
Risk Free Rate	1.495% (benchmark yield for 10-year Japanese Treasury obligations)
Implied volatility	40%

For purposes of determining the face amount of the obligation, S&P did not take into account the possible reduction of the guaranteed amount that would become effective upon Phoenix's achievement of certain EBITDA targets. S&P estimated Phoenix's implied volatility to be 40%, which was based on an average implied volatility for a selection of industry comparables of 24.9%, and adjusted upward by S&P because in their judgment the assets of Phoenix are generally more volatile than those of the larger and more diversified companies in their sample. The sample of companies reviewed by S&P and the implied volatilities for those companies as reported by Bloomberg are set forth below.

Company	Implied Volatility
Four Seasons Hotels Inc.	28.16%
MGM Mirage	29.12%
Marriott International Inc.	21.86%
Starwood Hotels & Resorts Worldwide Inc.	22.29%
Fairmont Hotels & Resorts Inc.	24.46%
Hilton Hotels Corp.	23.38%
Average	24.9%

S&P concluded that the value of the guarantee was between ¥3 - ¥8 million, or 0.02% to 0.07% of the equity value of Phoenix Seagaia Resort, depending on the assumed equity value for Phoenix Seagaia Resort. At the lower end of the valuation range of Phoenix Seagaia Resort, the guarantee has a higher value and represents a higher percentage of the equity value.

S&P noted that the Black-Scholes option pricing model assumes that the subject guarantor is a risk free entity, which tends to overstate the value of a guarantee when the guarantor is not risk-free. Therefore, they believe that the values they concluded upon for the guarantee represent the maximum value of the guarantee. S&P further noted that the weighted average cost of capital used by S&P in its valuation of Phoenix under the Income Approach is in part based on Phoenix's actual cost of debt, which reflects the existence of the guarantee. S&P

determined that based on its analysis of the value of the guarantee, it does not believe that the existence of the guarantee necessarily resulted in a lower interest rate on Phoenix's debt and therefore a lower weighted average cost of capital.

S&P concluded, based on their analysis, that the value of the guarantee is immaterial and is not meaningful when compared to the value of the Seagaia interests. Therefore, there was no impact on the valuation ranges determined by S&P based on the existence of the guarantee.

4.3.5 Columbia Music Entertainment

S&P determined the value of the Contributors' interests in Columbia Music Entertainment using the Observed Publicly Traded Stock Value Approach, the Market Multiple Approach and the Income Approach. S&P determined there were insufficient comparable acquisitions to apply the Transaction Approach. Based on the range obtained from each approach, S&P determined a composite fair market value range. The table below sets forth the valuation ranges determined by S&P for Contributors' interests in Columbia Music Entertainment using each approach and the composite range determined by S&P.

Approach	*S&P Valuation*
MARKET APPROACH	
Observed Publicly Traded Stock Value Approach	¥7.8 billion
Market Multiple Approach	¥6.8 - 7.85 billion
INCOME APPROACH	¥5.9 - 7.8 billion
COMPOSITE EQUITY VALUE RANGE	**¥6.8 - 7.8 billion**

The results of each approach to valuation taken by S&P are summarized below.

4.3.5.1 Observed Publicly Traded Stock Value Approach

S&P analyzed the value of the Columbia Music Entertainment Interests to be contributed to the Company using the Observed Publicly Traded Stock Value Approach and determined a value of ¥6.4 billion. This value was based on the total number of common shares of Columbia Music Entertainment outstanding on March 11, 2005, the average closing price of Columbia Music Entertainment's common shares on the Tokyo Stock Exchange for the 20 trading days ending March 11, 2005, and the percentage ownership represented by the Columbia Music Entertainment Interests to be contributed to the Company. The calculations made by S&P in its determination are set forth below.

Number of common shares of Columbia Music Entertainment outstanding on March 11, 2005		168.562 million
Common shares issuable upon the conversion of preferred shares of Columbia Music Entertainment outstanding on March 11, 2005	+	92.308 million
TOTAL SHARES		**260.870 million**
Average price per share of Columbia Music Entertainment common stock for 20 trading days ending March 11, 2005	x	¥116.95
TOTAL EQUITY VALUE		**¥30.509 billion**
Contributors' percentage ownership of Columbia Music Entertainment	x	25.5%
VALUE OF THE COLUMBIA MUSIC ENTERTAINMENT INTERESTS		**¥7.8 billion**

4.3.5.2 Market Multiple Approach

S&P analyzed the value of Columbia Music Entertainment using the Market Multiple Approach and determined a composite TIC value range of ¥31 - 35.1 billion for 100% of Columbia Music Entertainment. This range was based on the application of the concluded revenue multiples set forth below determined by S&P based on its review of a sample of two comparable companies to the same financial measures for Columbia Music Entertainment. We have also presented the minimum, maximum, average and median multiples calculated by S&P. S&P did not calculate EBITDA multiples due to insufficient data.

	Trailing TIC: Revenue	Forward TIC: Revenue
Concluded Range	1.00 - 1.10	1.00 - 1.10
Minimum	1.06	0.98
Maximum	1.47	1.53
Average	1.27	1.25
Median	N/A	N/A

The comparable companies to Columbia Music Entertainment included in the sample used by S&P in its valuation of Columbia Music Entertainment under the Market Multiple Approach consisted of (i) Avex Inc. and (ii) EMI Group.

S&P adjusted the composite TIC range for Columbia Music Entertainment's actual levels of cash and debt to determine a value range for the equity interests in Columbia Music Entertainment to be contributed to the Company as described below.

COMPOSITE TOTAL INVESTED CAPITAL VALUE		**¥31 - 35.1 billion**
Columbia Music Entertainment debt	-	¥5.691 billion
Cash and cash equivalents	+	¥1.371 billion
TOTAL EQUITY VALUE		**¥26.680 - 30.780 billion**
Contributors' percentage ownership of Columbia Music Entertainment	x	25.5%

VALUE OF THE COLUMBIA MUSIC ENTERTAINMENT INTERESTS ¥6.8 - 7.85 billion

4.3.5.3 Income Approach

S&P analyzed the value of 100% of Columbia Music Entertainment using a discounted cash flow analysis and determined a composite TIC value range of ¥27.6 - 35.4 billion. S&P developed a model of the future cash flows of Columbia Music Entertainment based on estimates provided by Columbia Music Entertainment management for fiscal years 2005 - 2009 and estimates for future periods with respect to net revenue, cost of goods sold, sales, general and administrative expenses, depreciation and amortization and capital expenditures, and the effective tax rate applicable to Columbia Music Entertainment. The model developed by S&P incorporated annual growth rates of net revenue of between (0.1%) and 3.0% for the period from 2004 through 2009, and a forecast perpetual annual growth rate of 2.0% for all periods subsequent to 2009. In addition, S&P included the utilization of Columbia Music Entertainment's existing net operating losses.

S&P calculated the weighted average cost of capital for Columbia Music Entertainment using the factors identified below:

Risk Free Rate	1.51%
Cost of Debt	3.5%
Market Risk Premium	5.00%
Beta	1.29
Small Stock Premium	2.60%
Company-specific risk premium	n/a
Weighted Average Cost of Capital	9.0%

Cash flows were discounted to present value using a discount rate of 9.0% to determine the TIC range for 100% of Columbia Music Entertainment, which was then adjusted for Columbia Music Entertainment's actual levels of cash and debt and to include a minority discount to determine a value range for the equity interests in Columbia Music Entertainment to be contributed to the Company as described below.

Total Invested Capital		**¥27.600 - 35.400 billion**
Columbia Music Entertainment debt	-	¥5.691 billion
Cash and cash equivalents	+	¥1.371 billion
TOTAL EQUITY VALUE		**¥23.280 - 31.080 billion**
Minority Discount		5% of Total Equity Value
TOTAL EQUITY VALUE ON A MINORITY BASIS		**¥22.116 - 29.526 billion**
Present Value of Net Operating Losses	+	¥1.064 billion
TOTAL EQUITY VALUE		**¥23.180 - 30.590 billion**
Contributors' percentage of ownership of Columbia Music Entertainment	x	25.5%
VALUE OF THE COLUMBIA MUSIC ENTERTAINMENT INTERESTS		**¥5.9 - 7.8 billion**

Approximately 83% of the TIC range calculated by S&P for Columbia under the Income Approach is attributable to the present value of the terminal value estimated by S&P of future cash flows for all periods beyond 2008.

4.3.5.4 Minority Discount

For purposes of the Income Approach, S&P estimated a minority discount of 5% to apply to the valuation obtained through the discounted cash flow analysis. S&P's estimated minority discount was based on the fact that the interest in Columbia shares included in the Contributed Assets represent the largest single block of Columbia Music Entertainment's outstanding shares, but represent a percentage ownership of only 25.5% and provide voting rights over only 49.6% of outstanding Columbia Shares. This discount was intended to adjust for the fact that the TIC obtained through the Income Approach would generally be applicable to a majority controlling interest in Columbia.

4.3.6 Shaklee

S&P determined the value of the Contributors' interests in Shaklee using the Observed Publicly Traded Stock Value Approach, the Market Multiple Approach, the Transaction Approach and the Income Approach. Based on the range obtained from each approach S&P determined a composite fair market value range. The table below sets forth the valuation ranges determined by S&P for the Contributors' interests in Shaklee using each approach and the composite range determined by S&P.

Approach	*S&P Valuation*
MARKET APPROACH	
Observed Publicly Traded Stock Value Approach	¥12 billion
Market Multiple Approach	¥10 - 11 billion
Transaction Approach	¥7 - 9 billion
INCOME APPROACH	¥12 - 15 billion

COMPOSITE EQUITY VALUE RANGE	**¥12 - 13 billion**

The results of each approach to valuation taken by S&P are summarized below.

4.3.6.1 Observed Publicly Traded Stock Value Approach

S&P analyzed the value of the Shaklee Interests to be contributed to the Company using the Observed Publicly Traded Stock Value Approach and determined a value of ¥12 billion. This value was based on the total number of common shares of Shaklee outstanding on March 11, 2005, the average closing price of Shaklee's common shares on JASDAQ for the 20 trading days ending March 11, 2005 and the percentage ownership represented by the Shaklee Interests to be contributed to the Company. The calculations made by S&P in its determination are set forth below.

Number of common shares of Shaklee outstanding on March 11, 2005		24.75 million
Average price per share of Shaklee common stock for 20 trading days ending March 11, 2005	x	¥1260.00
TOTAL EQUITY VALUE		**¥31.192 billion**
Contributors' percentage ownership of Shaklee	x	40.70%
VALUE OF THE SHAKLEE INTERESTS		**¥12.694 billion**
Holding Company Debt	-	¥1.049 billion
Real Estate	+	¥0.551 billion
ADJUSTED VALUE OF THE SHAKLEE INTERESTS		**¥12.0 billion**

4.3.6.2 Market Multiple Approach

S&P analyzed the value of Shaklee using the Market Multiple Approach and determined a composite TIC value range of ¥40.9 - 45.1 billion for 100% of Shaklee. This range was based on the application of the concluded revenue and EBITDA multiples set forth below determined by S&P based on its review of a sample of comparable companies to the same financial measures for Shaklee. We have also presented the minimum, maximum, average and median multiples calculated by S&P.

	Trailing TIC: Revenue	Forward TIC: Revenue	Trailing TIC: EBITDA	Forward TIC: EBITDA
Concluded range	1.6 - 1.8	1.5 - 1.7	12.5 - 13.5	12.0 - 13.0
Minimum	0.82	0.81	7.56	8.72
Maximum	3.13	2.48	18.83	13.34
Average	1.72	1.54	13.14	10.80
Median	1.50	1.26	13.00	10.31

The group of comparable companies to Shaklee in the sample used by S&P in its valuation of Shaklee under the Market Multiple Approach consisted of (i) Avon Products, Inc., (ii) NBTY, Inc., (iii) Nu Skin Enterprises, Inc., (iv) Reliv' International, Inc., (v) Usana Health Sciences, Inc., (vi) Mannatech, Inc., (vii) Nature Sunshine Products, Inc. and (viii) Fancl Corporation.

S&P adjusted the composite TIC range for Shaklee's actual levels of cash and debt to determine a value range for the equity interests in Shaklee to be contributed to the Company as described below.

COMPOSITE TOTAL INVESTED CAPITAL VALUE		**¥40.895 - 45.090 billion**
Shaklee debt	-	¥20.488 billion
Cash and cash equivalents	+	¥4.690 billion
TOTAL EQUITY VALUE		**¥25.097 - 29.292 billion**
Contributors' percentage ownership of Shaklee	X	40.70%
VALUE OF THE SHAKLEE INTERESTS		**¥10.214 - 11.921 billion**
Holding company debt	-	¥1.049 billion
Real Estate	+	¥0.551 billion
ADJUSTED VALUE OF THE SHAKLEE INTERESTS		**¥10 - 11 billion**

4.3.6.3 Transaction Approach

S&P analyzed the value of 100% of Shaklee using the Transaction Approach and determined an implied TIC value range of ¥34.485 - 38.563 billion. This value was based on the May, 2004 acquisition of Shaklee by the RHJ Funds and Silver Holdings LLC. S&P determined to use this prior transaction based on its review of a sample of acquisitions of comparable companies to Shaklee. The comparable acquisitions in the sample used by S&P are set forth below:

Target	Acquiror	Closing Date	Stake Acquired
Del Laboratories, Inc.	Kelso & Co	28-Jan-05	100%
Shaklee	Joint Venture	27-May-04	81%
Lichtwer Pharma	3i Group PLC	2-Mar-04	100%
Unza Holdings Bhd	Unza Holdings Pto Ltd.	5-Jan-04	100%
Rexall Sundown	NBTY INC	25-Jul-03	100%

S&P adjusted the implied TIC from the May, 2004 acquisition of Shaklee for the actual levels of cash and debt to determine a value range for the equity interests in Shaklee to be contributed to the Company as described below.

IMPLIED TOTAL INVESTED CAPITAL		**¥34.485 - ¥38.563 billion**
Shaklee debt	-	¥20.488 billion
Cash and cash equivalents	+	¥4.690 billion
TOTAL EQUITY VALUE		**¥18.687 - ¥22.764 billion**
Contributors' percentage of ownership of Shaklee	x	40.70%
VALUE OF THE SHAKLEE INTERESTS		**¥7.605 - ¥9.265 billion**
Holding company debt	-	¥1.049 billion
Real Estate	+	¥0.551 billion
ADJUSTED VALUE OF THE SHAKLEE INTERESTS		**¥7 - 9 billion**

4.3.6.4 Income Approach

S&P analyzed the value of 100% of Shaklee using the Income Approach and determined a composite TIC value range of ¥51.381 - 61.867 billion. S&P developed a model of the future cash flows of Shaklee based on estimates provided by Shaklee management for fiscal years 2005 - 2013 and estimates for future periods with respect to net revenue, cost of goods sold, sales, general and administrative expenses, depreciation and amortization and capital expenditures, and the effective tax rate applicable to Shaklee. The model developed by S&P incorporated annual growth rates of net revenue of between (-3.9)% and 10.0% for the period from 2004 through 2013, and a forecast perpetual annual growth rate of 2.0% for all periods subsequent to 2013.

S&P calculated the weighted average cost of capital for Shaklee using the factors identified below:

Risk Free Rate	1.51%
Cost of Debt	3.13%
Market Risk Premium	5.00%
Beta	0.70
Small Stock Premium	2.60%
Company-specific risk premium	n/a
Weighted Average Cost of Capital	7.5%

Cash flows were discounted to present value using a discount rate of 7.5% to determine the TIC range for 100% of Shaklee, which was then adjusted for Shaklee's actual levels of cash and debt and a minority discount determined by S&P to be 16.67% to determine a value range for the equity interests in Shaklee to be contributed to the Company as described below.

Total Invested Capital		**¥51.381 - 61.867 billion**
Shaklee debt	-	¥20.488 billion
Cash and cash equivalents	+	¥4.690 billion
TOTAL EQUITY VALUE		**¥35.583 - 46.069 billion**

Contributors' percentage of ownership of Shaklee	x	40.70%
VALUE OF THE SHAKLEE INTERESTS		**¥14.481 - 18.749 billion**
Minority Discount	-	16.67% of the value of the Shaklee Interests
VALUE OF THE SHAKLEE INTERESTS ON A MINORITY BASIS		**¥12.068 – 15.624 billion**
Holding company debt	-	¥1.049 billion
Real Estate	+	¥0.551 billion
ADJUSTED VALUE OF THE SHAKLEE INTERESTS ON A MINORITY BASIS		**¥12 - 15 billion**

Approximately 67% of the TIC range calculated by S&P for Shaklee under the Income Approach is attributable to the present value of the terminal value estimated by S&P of future cash flows for all periods beyond 2013.

4.3.6.5 Minority Discount

For purposes of the Income Approach, S&P applied an estimated minority discount of 16.67%. This discount was intended to reflect the fact that the TIC obtained through the Income Approach would be applicable to the acquisition of a controlling interest in Shaklee, but S&P determined that the Contributors' status as 40.7% shareholders, where there is another 40.7% shareholder, means that the Contributors do not have full control over Shaklee. However the Contributors' level of access to management and control over Shaklee is greater than a typical minority shareholder would have.

4.3.7 Honsel

S&P determined the value of the Contributors' interests in Honsel using the Market Multiple Approach, the Transaction Approach, a variant on the Transaction Approach based on the completed acquisition of a controlling interest in Honsel by the RHJ Funds and the Income Approach. Based on the range obtained from each approach S&P determined a composite value range. The table below sets forth the valuation ranges determined by S&P for the Contributors' interests in Honsel using each approach and the composite range determined by S&P.

Approach	*S&P Valuation*
MARKET APPROACH	
Company Transaction Value	€110 million
Market Multiple Approach	€90 – 130 million
Transaction Approach	€100 - 150 million
INCOME APPROACH	€90 - 110 million
COMPOSITE EQUITY VALUE RANGE	**€100 - 125 million**

The results of each approach to valuation taken by S&P are summarized below.

4.3.7.1 Market Multiple Approach

S&P analyzed the value of Honsel using the Market Multiple Approach and determined a composite TIC value range of €550 - 600 million. This range was based on the application of the concluded revenue and EBITDA multiples set forth below determined by S&P based on its review of a sample of comparable companies to the same financial measures for Honsel. We have also presented the minimum, maximum, average and median multiples calculated by S&P.

	Trailing TIC: Revenue	Forward TIC: Revenue	Trailing TIC: EBITDA	Forward TIC: EBITDA
Concluded range	0.65 - 0.70	0.60 - 0.65	5.00 - 5.50	4.50 - 5.00
Minimum	0.55	0.52	4.05	3.61
Maximum	0.95	0.78	7.01	5.74
Average	0.71	0.65	5.32	4.66
Median	0.64	0.60	4.38	4.47

The group of comparable companies to Honsel in the sample used by S&P in its valuation of Honsel under the Market Multiple Approach consisted of (i) Montupet SA, (ii) Kolbenschmidt Pierburg, (iii) Georg Fischer Ltd, (iv) Le Belier and (v) Borg Warner.

S&P adjusted the composite TIC range for Honsel's actual levels of cash and debt, as well as inclusion of S&P's estimated control premium of 20%, to determine a value range for the equity interests in Honsel to be contributed to the Company as described below.

COMPOSITE TOTAL INVESTED CAPITAL VALUE		**€550 - 600 million**
Honsel debt and minority interests	-	€473 million
Cash and cash equivalents	+	€59 million
TOTAL EQUITY VALUE		**€136 - 186 million**
Control Premium (discussed below)	+	20% of the Total Equity Value
TOTAL EQUITY VALUE ON A CONTROL BASIS		**€163 - 223 million**
Contributors' percentage ownership of Honsel	+	57.9%
VALUE OF THE HONSEL INTERESTS		**€90 - 130 million**

4.3.7.2 Transaction Approach

S&P analyzed the value of Honsel using the Transaction Approach and determined a composite TIC value range of €580 - 680 million. This range was the average of the range obtained by application of a TIC: Revenue multiple between 0.7 and 0.8 to Honsel estimated revenue for the twelve months ended 31 December 2004 and the range obtained by application of a TIC: EBITDA multiple between 5.0 and 6.0 to Honsel estimated EBITDA for the twelve months ended 31 December 2004. Each of the multiples was determined by S&P based on its review of a sample of acquisitions of comparable companies to Honsel.

The table below sets forth the minimum, maximum, average and median TIC:Revenue and TIC:EBITDA multiples calculated by S&P based on the comparable acquisitions they reviewed.

	Trailing TIC: Revenue	Trailing TIC: EBITDA
Minimum	0.22	2.86
Maximum	2.54	13.32
Average	0.97	6.32
Median	0.76	5.41

The comparable acquisitions in the sample used by S&P are set forth below:

Target	**Acquiror**	**Closing Date**	**Stake Acquired**
Tesma International, Inc.	Mangna International, Inc.	4-Feb-05	56%
Rhythm Corp	The Carlyle Group LLC	30-Nov-04	100%
Tokico Ltd.	Hitochi Ltd.	1-Oct-04	58%
Korea Asset Management Corp.	Doosam Heavy Industries	29-Nov-04	51%
Tochigi Fuji Industrial Co. Ltd.	GKN PLC	11-May-04	51%
Davis Industries Inc	Tesma International Inc	2-Jan-04	100%
Stackpole Limited	Tomkins PLC	17-Jun-03	100%
GE Jenbacher AG	General Electric Co.	28-Apr-03	100%
TRW Automotive, Inc.	Blackstone Group LP	3-Mar-03	100%
Tongil Heavy Industries Co	CNI Consortium	10-Feb-03	100%

S&P adjusted the composite TIC range for the actual levels of Honsel's cash and debt to determine a value range for the equity interests in Honsel to be contributed to the Company as described below.

COMPOSITE TOTAL INVESTED CAPITAL VALUE		€580 - 680 million
Honsel debt and minority interests	-	€473 million
Cash and cash equivalents	+	€59 million
TOTAL EQUITY VALUE		**€166 - 266 million**
Contributors' percentage of ownership of Honsel	x	57.9%
VALUE OF THE HONSEL INTERESTS		**€100 - 150 million**

4.3.7.3 Company Transaction

In addition to the standard Transaction Approach, S&P performed a transaction-based valuation of Honsel based on the recently completed acquisition of the Honsel Interests by the RHJ Funds as follows:

Total value of the Honsel transaction		€661 million
Honsel debt	-	€470 million
EQUITY VALUE OF HONSEL TRANSACTION		**€191 million**
Contributor's percentage ownership of Honsel	x	57.9%
VALUE OF THE HONSEL INTERESTS		**€110 million**

4.3.7.4 Income Approach

S&P analyzed the value of Honsel using a discounted cash flow analysis and determined a composite TIC value range of €570 - 610 million. S&P developed a model of the future cash flows of Honsel based on estimates provided by Honsel management for fiscal years 2004 - 2009 and estimates for future periods with respect to net revenue, cost of goods sold, sales, general and administrative expenses, depreciation and amortization and capital expenditures, and the effective tax rate applicable to Honsel. The model developed by S&P incorporated annual growth rates of net revenue of between 4.2% and 5.8% for the period from 2004 through 2009, and a forecast perpetual annual growth rate of 3.0% for all periods subsequent to 2009.

S&P calculated the weighted average cost of capital for Honsel using the factors identified below:

Risk Free Rate	4.24%
Cost of Debt	10.00%
Market Risk Premium	5.00%
Beta	1.12
Small Stock Premium	2.60%

Company-specific risk premium	2.00%
Weighted Average Cost of Capital	13.0%

Cash flows were discounted to present value using a discount rate of 13.0% to determine the TIC range. The discount rate was determined using a weighted average cost of capital which reflects the observed volatility of shares of companies in the automotive industry and the application of an additional risk premium based on S&P's assessment of Honsel. The TIC range was then adjusted for Honsel's actual levels of cash and debt to determine a value range for the equity interests in Honsel to be contributed to the Company as described below.

Total Invested Capital		**€570 - 610 million**
Honsel debt and minority interests	-	€473 million
Cash and cash equivalents	+	€59 million
TOTAL EQUITY VALUE		**€156 - 196 million**
Contributors' percentage ownership of Honsel		57.9%
VALUE OF THE HONSEL INTERESTS		**€90 - 110 million**

Approximately 71% of the TIC range calculated by S&P for Honsel under the Income Approach is attributable to the present value of the terminal value estimated by S&P of future cash flows for all periods beyond 2009.

4.3.7.5 Control Premium

For purposes of the Market Multiple Approach, S&P concluded a control premium of 20% based on its review of the 1-day, 5-day and 30-day premia evidenced in the recent and pending acquisitions of companies in the motor vehicles parts and accessories industry. The sample reviewed by S&P is set forth below:

Closing Date	Target	Target Country	Acquiror	1-Day Premium	5-Day Premium	30-Day Premium
4-Feb-05	Tesma International, Inc.	Canada	Magna International, Inc.	39.5%	41.1%	45.9%
1-Oct-04	Tokico Ltd.	Japan	Hitachi Ltd.	18.5%	22.7%	28.5%
11-May-04	Tochigi Fuji Industrial Co. Ltd.	Japan	GKN PLC	4.9%	7.9%	4.3%
6-Oct-03	Safety Components International Inc	U.S.	Zapata Corp	-5.8%	2.8%	18.9%
29-Sep-03	Safety Components International Inc	U.S.	Zapata Corp	10.4%	-5.2%	21.9%
26-Sep 03	McLaren Performance Technologies Inc	U.S.	Linamar Corporation	62.9%	74.1%	146.7%
17-Jun-03	Stackpole Limited	Canada	Tomkins PLC	99.3%	127.6%	171.9%
3-Jun-03	Asahi	Japan	Ripplewood Holdings LLC	5.1%	10.7%	36.7%

Closing Date	Target	Target Country	Acquiror	1-Day Premium	5-Day Premium	30-Day Premium
28-Apr-03	GE Jenbacher AG	Austria	General Electric Co.	16.2%	20.6%	28.8%