RALLYE

2012
ANNUAL REPORT

The original French version of this translated reference document was filed with the *Autorité des Marchés Financiers* (AMF) on April 16, 2013, in accordance with Article L.212-13 of the AMF's General Regulations. It may be used in support of a financial transaction provided that it is accompanied by a Securities Note approved by the *Autorité des Marchés Financiers.* This document contains all the information on the Annual Financial Report. It was prepared by the issuer and its signatories assume responsibility for it.

RALLYE

French public limited company with share capital of €146,074,734

054 500 574 RCS Paris

Registered office: 83, rue du Faubourg Saint-Honoré – 75008 Paris

Phone: +33 (0)1 44 71 13 73 – Fax: +33 (0)1 44 71 13 70

Website: http://www.rallye.fr – E-mail: info@rallye.fr

Contents

RALLYE

CORPORATE BODIES
and Auditors

| **JEAN-CHARLES NAOURI** Chairman of the Board of Directors

BOARD OF DIRECTORS

JEAN-CHARLES NAOURI(1)
Chairman of the Board of Directors

DIDIER LÉVÊQUE
Representing Foncière Euris(1)

PHILIPPE CHARRIER(1)
Independent Director

JEAN CHODRON DE COURCEL(1)
Independent Director

JACQUES DUMAS(1)
Director

JEAN-MARIE GRISARD
Representing Finatis(1)

ODILE MURACCIOLE
Representing Eurisma(1)

GABRIEL NAOURI
Representing Euris(1)

CHRISTIAN PAILLOT(1)
Independent Director

SOCIÉTÉ MATIGNON DIDEROT(1)

ANDRÉ CRESTEY(1)
Non-voting observer (advisor to the Board)

EXECUTIVE MANAGEMENT

DIDIER CARLIER
Chief Executive Officer

FRANCK HATTAB
Deputy Managing Director

STATUTORY AUDITORS

ERNST & YOUNG ET AUTRES
Represented by Pierre Bourgeois

KPMG AUDIT – DEPARTMENT OF KPMG SA(1)
Represented by Patrick-Hubert Petit

(1) Proposed appointment and reappointments to be put to the Ordinary Shareholders' Meeting of May 14, 2013.

CHAIRMAN'S
message

For the Casino Group, 2012 was a year of great change, in particular given the takeover of Grupo Pão de Açúcar in Brazil and the agreement reached with Galeries Lafayette for the acquisition of 50% of Monoprix. This year saw the strengthening of the Group's profile in high growth markets and in the most profitable formats. These changes mark the implementation of a development strategy based on a multi-format, multi-brand, and multi-channel approach as well as on a dual model combining "retailing and real estate".

The strong performance in 2012 – including a significant 22.1% increase in revenue compared with 2011 – confirms this strategy. Organic growth was +4%[1] within a context of contrasting consumption: definitely strong internationally and not very dynamic in France.

The Casino Group's new scope is the confirmation of an expansion begun several years ago and puts Casino firmly among the leading global retailers in terms of consolidated revenue. In 2012, this is also illustrated by the increased contribution of international business to revenue (56%) and current operating income (66%).

The Casino Group benefits from a solid financial structure, thanks to its clear strategy, which is based on fundamentals as efficient as they are well-adapted to the Group's markets. In 2012, the Group launched a €1.5 billion asset disposal and capital increase program, of which €1.45 billion was achieved during the fiscal year. Net financial debt was stabilized and net borrowings were 1.91x EBITDA, an improvement on the announced target of a ratio below 2.2. The Casino Group then did two bond issuances for a total of €1.25 billion, the success of which demonstrates the quality of its name.

After reaching a key stage in its development in 2012, the Casino Group intends to draw on these achievements and face ambitious challenges in 2013. Internationally, it plans to take full advantage of its position in strong growth markets. In France, it plans to concentrate on retailing fundamentals; to continue to expand the convenience formats, including the development of the Monoprix concept, which is firmly in touch with the current urban situation; and to enhance its advantages thanks to the strength of its distribution brands and the fast-growing multi-channel approach.

The Casino Group is confident that its activity and profits will grow in 2013, thanks to its improved international profile and the revitalization of retailing in France.

The key events of 2012 for Groupe GO Sport were the €30 million capital increase with preferential subscription rights for shareholders, underwritten by Rallye, and the appointment of a new Chief Executive Officer, Loïc Le Borgne. This appointment marks a new stage in the redimensioning of the Group, in particular by accelerating the commercial revitalization of its brands.

Consolidated revenue at Groupe GO Sport was €675.6 million in 2012, up 0.7% on a same-store basis and at constant exchange rates. Courir's revenue improved for the third year in a row, up 3.2% on a same-store basis, reflecting the sustainability of its successful new concept. Revenue for the GO Sport brand in France was down slightly on a same-store basis (-0.6%). GO Sport Poland's sales improved markedly, up 5.3% on a same-store basis and at constant exchange rates.

2013 will be a year of rebuilding for Groupe GO Sport, which aims to consolidate its fundamentals so as to prepare well for the launch of a common development strategy for both the Courir and GO Sport banners, a strategy designed to create value, which is based on new growth drivers, namely franchise and e-commerce.

Rallye's consolidated revenue was €42.7 billion, up 21.7% compared to 2011. Its current operating income was €2.0 billion, up 29.3%.

Net financial debt of companies within the Rallye holding company's scope was down €154 million over the year at €2,695 million as of December 31, 2012, in particular due to the disposal of €129 million in assets from the investment portfolio in 2012.

Rallye's investment portfolio was thus valued at €257 million at the end of 2012, down €108 million compared to December 31, 2011, with the asset disposals being partially offset by a €23 million increase in the value of the portfolio in 2012.

Rallye benefits from strong liquidity, with close to €350 million in available cash and almost €1.9 billion in confirmed, unshown, and immediately available credit lines. The average maturity of these lines was extended to 4.4 years following the renegotiation and renewal of more than €500 million in credit lines.

At the General Shareholders' Meeting on May 14, 2013, the Board of Directors will recommend payment of a dividend per share of €1.83, stable compared to 2011. An interim dividend of €0.80 per share was paid on October 10, 2012. The balance of €1.03 will be paid on May 24, 2013.

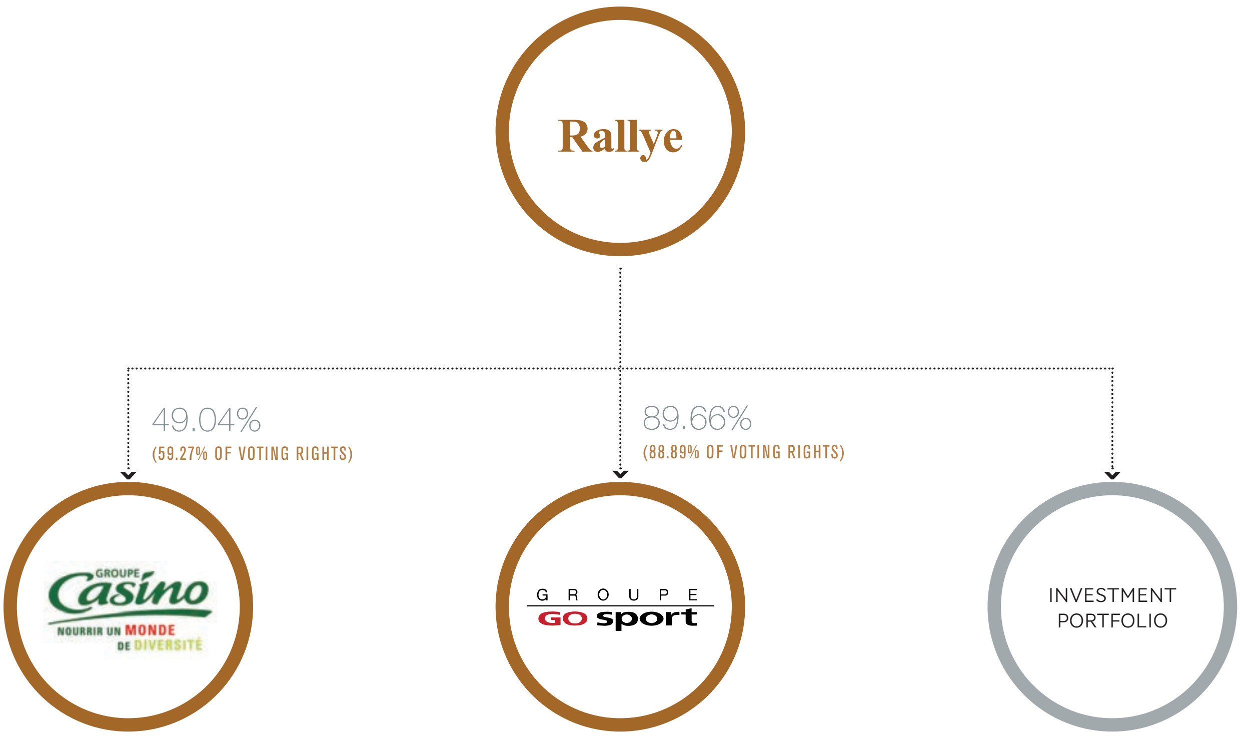
The Group's performance is based on the operational excellence, which is at the heart of its corporate approach. It is the product of individual and collective efforts which benefit from managerial autonomy and the trust placed in our management teams Company-wide, both in France and abroad. I would like to highlight the excellence work carried out by our teams in the implementation of our action plans.

JEAN-CHARLES NAOURI

(1) Excluding fuel and the calendar effect.

SIMPLIFIED GROUP ORGANIZATIONAL CHART

as of December 31, 2012



COMPANIES LISTED ON THE STOCK MARKET

KEY FIGURES OF THE 2012 P&L

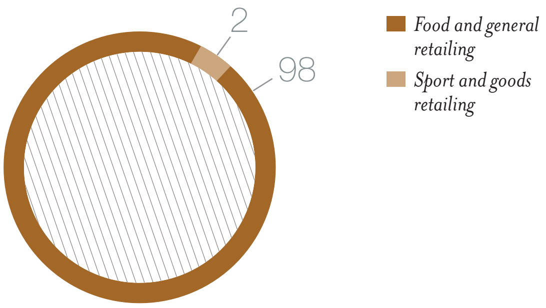
(In € millions)	2011	2012	Var.
Net sales (continuing operations)	**35,057**	42,663	**+21.7%**
EBITDA[(1)]	**2,315**	2,881	**+24.4%**
EBITDA margin	*6.6%*	*6.8%*	*+15 bp*
Current operating income (COI)	**1,551**	2,006	**+29.3%**
COI margin	*4.4%*	*4.7%*	*+28 bp*
Net profit, Group share	**15**	245	
Net underlying profit[(2)], Group share	**42**	72	**+71.4%**

(1) EBITDA = current operating income + current depreciation and amortization expenses.
(2) Underlying net income corresponds to net profit from continuing operations adjusted for the impact of other operating income and expense, non-recurring financial items and non-recurring income tax expense/benefits.

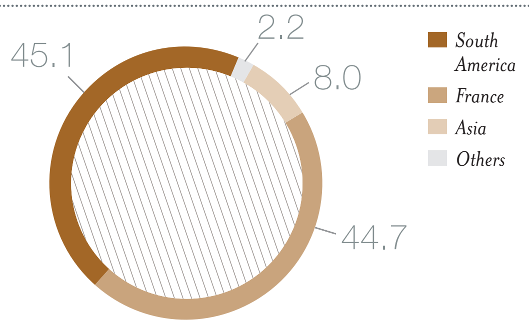
KEY FIGURES

as of December 31, 2012

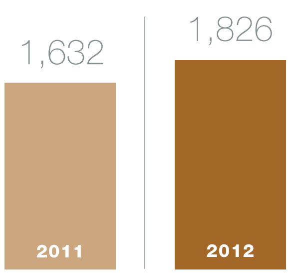
NET SALES
BY LINE OF BUSINESS
AT DECEMBER 31, 2012 (IN %)



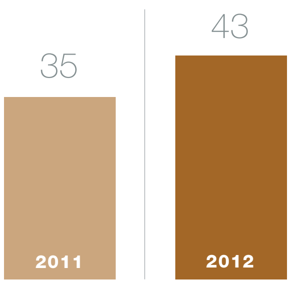
NET SALES
BY GEOGRAPHIC AREA
AT DECEMBER 31, 2012 (IN %)



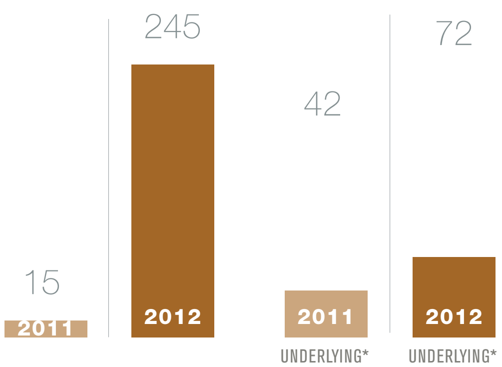
SHAREHOLDERS' EQUITY
GROUP'S SHARE
(IN € MILLIONS)



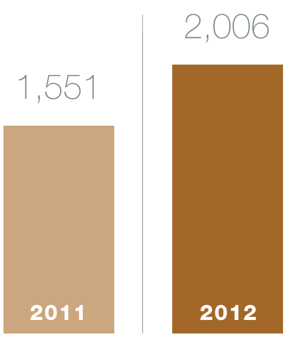
NET SALES
(IN € BILLIONS)



NET INCOME GROUP'S SHARE
(IN € MILLIONS)



CURRENT OPERATING INCOME
(IN € MILLIONS)



* Underlying net income corresponds to net profit from continuing operations adjusted for the impact of other operating income and expense, non-recurring financial items and non-recurring income tax expense/benefits.

MANAGEMENT REPORT

Significant events

CASINO

- On **January 12, 2012,** Casino implemented a Sponsored Level I American Depositary Receipt (ADR) program in the United States. Deutsche Bank is the depository bank for these ADRs, which may be exchanged in the United States on the OTC market. Under this program, each Casino share is represented by five ADRs.
- On **February 9, 2012,** Mercialys announced the launch of a new strategy focused on "Foncière Commerçante" (Commercial Property). Mercialys also announced the repayment of contributions from its shareholders and a new financial structure. As part of its new strategy, on **April 20, 2012,** Mercialys paid a special dividend from reserves and the balance of the dividend for the 2011 fiscal year, for a total of €1,060 million, of which €532 million was paid to the Group.
- On **February 28, 2012,** the Casino Group acquired a minority stake in Monshowroom.com, with the option of becoming a majority shareholder at a later date. The acquisition of this company, which is specialized in the online sales of multi-brand prêt-à-porter and accessories, strengthens the Group's market position in the e-commerce sector.
- On **March 1, 2012,** Casino successfully placed a bond issue for €600 million with an 8-year maturity. This bond line has a coupon of 3.99% and was significantly oversubscribed by a diversified investor base.
- On **March 29, 2012,** Big C Thailand, a subsidiary of the Casino Group, announced that its Board of Directors had approved a capital increase through the private placement of a maximum of 23.6 million shares representing approximately 2.9% of Big C's capital. This capital increase is part of the strategic plan announced in October 2011, which aims to strengthen Big C's co-leadership position in Thailand and make it a major player in the region. The private placement was subject to a vote by shareholders on April 30 and raised €102 million on May 3.
- In preparation for the change in control of GPA, as provided for in the shareholders' agreement of Wilkes, GPA's holding company, Casino notified its partner Mr. Abilio DINIZ on **March 21, 2012** that it intended to exercise its contractual option to nominate the Chairman of Wilkes' Board of Directors. Wilkes' Extraordinary Shareholders' Meeting was held on **June 22, 2012,** in São Paulo. It approved the nomination of Jean-Charles NAOURI, Chairman and CEO of Casino, as Chairman of the Board of Directors of Wilkes. On the same date, GPA's Extraordinary Shareholders' Meeting approved the nomination of Mssrs. Eleazar de CARVALHO FILHO, Luiz Augusto de CASTRO NEVES, and Roberto OLIVEIRA DE LIMA, whom Casino had proposed as Directors. Including these nominations, eight Directors have been nominated by the Group. Following these events, the Casino Group fully-consolidates GPA since **July 2, 2012.**

| **MONOPRIX,** Versailles, France

| **PÃO DE AÇÚCAR,** São Paulo, Brazil

| **FRANPRIX,** Lyon, France

| **LEADER PRICE,** Brétigny-sur-Orge, France

- On **June 28, 2012,** as part of the refinancing of the Carrefour Thailand acquisition, Big C Thailand approved a loan of 32 billion baht (i.e. €802 million), of which 23 billion baht (€570 million) had been used as of December 31, 2012.
- On **July 26, 2012,** Casino and the Galeries Lafayette Group signed a settlement agreement covering the disposal of the Galeries Lafayette Group's 50% stake in Monoprix to Casino. The transaction should be finalized by October 30, 2013, at a price of €1.175 million, indexed beginning April 1, 2013. This acquisition by Casino is subject to approval by the French Competition Authority. Jean-Charles NAOURI, Chairman & Chief Executive Officer of Casino, was nominated as a Board member of Monoprix during the Shareholders' Meeting held on the same date. He was nominated Chairman & Chief Executive Officer on **November 30, 2012,** to replace Philippe Houzé. The Board also approved the nomination of Stéphane Maquaire as Deputy Managing Director.
- On **July 30, 2012,** Casino announced that it had successfully placed a €650 million bond issue with a 7-year maturity. This new bond line has a coupon of 3.157% and is the lowest bond coupon ever achieved by the Group.
- On **August 23, 2012,** the Casino Group announced the acquisition of one million shares with voting rights in Wilkes, GPA's holding company. This acquisition is due to the Diniz family exercising its first put option, as provided for in the agreements between Casino and the Diniz family.
- On **January 7, 2013,** Casino notified the French Competition Authority of the proposed merger. As no changes will be made to the agreements between Casino and Galeries Lafayette before the latter's exit, Monoprix remains proportionately consolidated in the 2012 accounts.
- On **January 18, 2013,** Casino announced the successful placement of a €750 million bond issue with a 10-year maturity. This new bond line has a coupon of 3.311% and takes Casino's average bond debt maturity to 5.1 years.

| **GÉANT CASINO,** Annemasse, France

| **CASINO SHOP,** Lyon, France

| **MONOP' STATION,** Strasbourg, France

RALLYE

INCOME FROM THE PAYMENT OF THE BALANCE OF THE 2011 DIVIDEND AND THE 2012 INTERIM DIVIDEND IN SHARES

Rallye's Annual Shareholders' Meeting of May 23, 2012, resolved to pay a dividend of €1.83 per share for fiscal year 2011, unchanged as compared to the 2010 dividend. An interim dividend of €0.80 per share was paid on October 6, 2011, leaving a balance of €1.03. The shareholders could choose to receive up to 100% of their dividend as shares. 35.3% of the voting rights were exercised in favor of payment in shares, allowing Rallye to increase equity capital by €16.7 million by creating 774,497 new shares (1.64% of the capital). The balance of the dividend, €30.6 million, was paid in cash on **June 28, 2012.**

Moreover, the Board of Directors, in its September 6, 2012, meeting, decided to distribute an interim dividend of €0.80 per share for the 2012 fiscal year which may be paid, at each shareholder's discretion, in new Company shares. 85% of the voting rights were exercised in favor of payment in shares, allowing Rallye's to increase equity capital by €32.7 million by creating 1,501,723 new shares. The interim divided cash payment of €5.7 million was made on **October 10, 2012.**

FONCIÈRE EURIS AND RALLYE SELL THEIR INVESTMENT IN THE MANUFAKTURA SHOPPING CENTER IN POLAND

On **October 29, 2012,** Rallye and Foncière Euris announced the sale of the Manufaktura regional shopping center in Lodz, Poland to an open fund belonging to the German group Union Investment Real Estate GmbH, effective as of October 31, 2012. This €390 million transaction (before debt repayment) was carried out based on a capitalization rate of 5.95% of rents. Sellers Foncière Euris, Rallye, and Apsys each owned a third of the shopping center. Foncière Euris and Rallye each received a net amount of just above €60 million from this sale.

THE NET FINANCIAL DEBT OF THE RALLYE HOLDING COMPANY'S SCOPE DECREASED BY €154 MILLION FOR THE 2012 FISCAL YEAR

The net financial debt of the holding company's scope was €2.695 million as of December 31, 2012, down €154 million compared to December 31, 2011 (€2.849 million). This change is mainly due to the sale of €129 million in investment portfolio assets in 2012.

| **BIG C,** Hô Chi Minh, Vietnam

| **LIBERTAD,** Rafaela, Argentina

GROUPE GO SPORT

GROUPE GO SPORT CAPITAL INCREASE

On **April 25, 2012,** Groupe GO Sport initiated a €30 million capital increase with continued preferential subscription rights, guaranteed by Rallye, its reference shareholder.

This capital increase was intended (i) to fund the investment plan of almost €15 million, whose main goal is to continue the commercial revitalization strategy for the GO Sport and Courir brands and (ii) to strengthen the Company's financial structure.

This capital increase was successfully finalized on **May 18, 2012.** The operation was fully subscribed for a gross amount of €30,220,184, corresponding to the issue of 7,555,046 new shares at €4 per share. In accordance with their commitments, Rallye and its fully-owned subsidiaries, Miramont Finance et Distribution, Matignon Sablons and Alpétrol ("Rallye") participated significantly in the operation by subscribing: (i) on an as-of-right basis, 6,784,228 new shares for a total of €27,136,912 (Rallye having bought 639,778 PSRs on the market) and (ii) on an excess-share basis, 623,849 new shares that were not subscribed by other shareholders, representing the balance of the number of new shares to be issued.

SIGNING OF A MEMORANDUM OF UNDERSTANDING WITH THE HERVIS SPORTS AND TWINNER GROUPS REGARDING A PURCHASING PARTNERSHIP

On **April 30, 2012,** Groupe GO Sport announced the end of its purchasing partnership agreement with Sport 2000. At the same time, it announced the signing of a new purchasing partnership agreement with the Austrian group Hervis Sport, one of the leading sporting goods retailers in Central and Eastern Europe, as part of the "Sport Trade Marketing International" (STMI) joint venture. On **June 25, 2012,** this partnership was expanded when Twinner joined STMI. This purchasing partnership will allow all three groups to improve their supply conditions and market share by offering more attractive prices to their customers on a wider range of products.

SIGNING OF AN EXCLUSIVE PARTNERSHIP AGREEMENT WITH PARIS SAINT-GERMAIN

On **July 11, 2012,** Groupe GO Sport announced the signing of an exclusive partnership agreement with Paris Saint-Germain. This two-year agreement provides for high visibility of the brand's logo on all *Parc des Princes* scoreboards and digital advertising screens.

APPOINTMENT OF A NEW CHIEF EXECUTIVE OFFICER

On **July 20, 2012,** Groupe GO Sport announced the appointment of Loïc LE BORGNE as the new Chief Executive Officer of Groupe GO Sport. This appointment marks a new stage in the redimensioning of the Group, in particular by accelerating the commercial revitalization of its banners.

| **EXITO,** Medelinn, Columbia

MANAGEMENT REPORT

Subsequent events

CASINO BOND ISSUE

On January 18, 2013, under its EMTN program, Casino issued a bond of €750 million with a 10-year maturity (2023) and a coupon of 3.31%.

ACQUISITION OF DISTRIBUTION SUD-OUEST

On February 1, 2013, Franprix – Leader Price signed an agreement to acquire the Distribution Sud-Ouest master franchise which covers 70 stores, of which it owned a 49% stake as of December 31, 2012. This acquisition is subject to approval by the French Competition Authority.

ACQUISITION OF 38 FRENCH NORMA STORES

On February 1, 2013, Franprix – Leader Price signed an agreement with the French Norma group to acquire 38 existing stores and 4 planned new stores in Southeast France. The memorandum of understanding foresees a completion date of May 31, 2013, once the conditions precedents have been met.

RALLYE BOND ISSUE

On March 11, 2013, under its EMTN program, Rallye issued a bond of €300 million with a 6-year maturity (2019) and a coupon of 4.25%.

This is the lowest bond coupon ever reached by Rallye (excluding exchangeable bonds).

CONTINUATION OF PROCESS TO ACQUIRE MONOPRIX SHARES

On April 5, 2013, Casino implemented its right to allow the 50% stake in Monoprix, which had until then been held by Galeries Lafayette, to be held by a subsidiary of Crédit Agricole Corporate & Investment Bank, in accordance with the conditions set out in the settlement agreement signed on July 26, 2012.

The sale by Galeries Lafayette was completed, as previously announced, at a price of €1,175 million, financed by Casino.

This holding arrangement* will be in place until the French Competition Authority has completed its examination of the case. This decision is expected during the course of the summer and will allow Casino to complete the acquisition of the shares.

* In accordance with the regulatory framework for merger control procedures.

MANAGEMENT REPORT

Business review

–

The Rallye Group operates within the specialized food distribution industry through its majority holdings in Casino and Groupe GO Sport.

- As Rallye's main asset, representing 98% of consolidated sales, Casino is one of the world leaders in food sales. In France, its sales performance is based on a mix of brands and formats that is well suited to the economic environment and deep long-term trends in society; Casino's rollout abroad is centered on emerging markets with high growth potential, with a priority on Latin America and Southeast Asia where its subsidiaries have strong local roots and a leading position.
- Groupe GO Sport specializes in retail sporting goods through its GO Sport and Courir brands.

Moreover, Rallye manages a diversified investment portfolio, comprising both financial investments in the form of direct stakes or stakes held through special funds and commercial property development programs.

CASINO

The Group's growth profile was strengthened in 2012 by two transforming operations: the acquisition of GPA in July and the agreement signed with Galeries Lafayette to acquire the latter's 50% stake in the capital of Monoprix.

Consolidated net revenue for 2012 reached €41,971 million versus €34,361 million in 2011 (up strongly by +22.1%). Exchange rates had a negative impact of 1.6%. The scope of consolidation effect was positive at +20.3%, due to the full consolidation of GPA.

Revenue in France held up well, with sales remaining nearly stable on an organic basis, excluding the calendar effect, thanks to convenience stores.

Internationally, organic sales growth (+8.5%) continued at a sustained and regular pace in all of the Group's markets. The full consolidation of GPA at the start of the second half-year of 2012 significantly increased the contribution of international business to Group revenue (56%) and current operating income (66%).

FRANCE (44% OF THE CASINO GROUP'S CONSOLIDATED NET REVENUE AND 34% OF ITS CONSOLIDATED CURRENT OPERATING INCOME)

(In € millions)	2011	2012	% change
NET SALES			
France	**18,748**	**18,447**	**-1.6%**
Casino France	12,365	12,158	-1.7%
Monoprix*	1,973	2,010	+1.9%
Franprix / Leader price	4,410	4,279	-3.0%
CURRENT OPERATING INCOME			
France	**750**	685	**-8.6%**
Casino France	458	400	-12.5%
Monoprix	128	122	-4.3%
Franprix / Leader price	164	163	-0.8%
CURRENT OPERATING MARGIN			
France	**4.0%**	3.7%	**-28 bp**
Casino France	3.7%	3.3%	-41 bp
Monoprix	6.5%	6.1%	-39 bp
Franprix / Leader price	3.7%	3.8%	+8 bp

* At 50%.

Revenue from business in France was €18,447 million in 2012 versus €18,748 in 2011, down 1.6% (0.8% on an organic basis).

Current operating income was €685 million, down 8.6% as compared to 2011.

The current operating margin was 3.7%, down 28 bp as compared to 2011.

→ DETAILS BY CASINO FORMAT IN FRANCE

- **Franprix-Leader Price** suffered a drop in total sales (-3.0%) to €4,279 million (versus €4,410 million in 2011).
  - Leader Price sales declined 0.8% for the year on an organic basis, excluding the calendar effect. The brand thus confirms its realignment thanks to repositioned price indices, improved product lines with the strong involvement of Jean-Pierre Coffe, the continued store refurbishments, and the expansion: 18 stores were thus opened during the year.
  - Franprix sales declined 1% on an organic basis, excluding the calendar effect. Own brands were relaunched in stores with a notable increase in the number of Leader Price products at less than one euro and with targeted price cuts. The store network was upgraded and 39 stores were opened in 2012.

  Franprix-Leader Price's operating margin reached 3.8%, up 8 bp over 2011. This was in line with the business plan, thanks to control of sales margins and significant cost cutting. The successful renewal of sales momentum is due to the repositioning of price indices and store refurbishments. In-store efficiency, as well as the productivity of logistics and support functions, has been improved.
- **Monoprix** sales improved by 1.7% on an organic basis, excluding fuel and the calendar effect, thanks to a strong performance in food. Growth in textiles outpaced market growth. Expansion continued in all formats (Citymarchés, Monop', Naturalia, etc.), with 36 store openings in 2012.

  Overall, sales at Monoprix as consolidated by the Group increased 1.9% to €2,010 million (versus €1,973 million in 2011). The operating margin for Monoprix remains at a high 6.1%, thanks to a good product mix (food, perfume, textiles, and home equipment).
- Casino France
  - Sales at **Géant Casino** hypermarkets stood at €5,246 million, down 7.7% on an organic basis, excluding fuel and the calendar effect. Non-food sales were down due to a strong reduction in non-food shelf displays in 2012. In food, the price indices for entry-price and private-label products were realigned at the end of the third quarter.

    The roll out of the multi-channel strategy continued with Cdiscount. Combined non-food same-store sales (Géant + Cdiscount) were up slightly to €2.3 billion (+0.6%).
  - In 2012, **Casino Supermarkets** posted 1.8% organic sales growth, excluding fuel and the calendar effect, boosted by seven store openings. Sales thus reached €3,687 million versus €3,619 million in 2011 (a total increase of 1.9%).

    The entry-price and private-label price indices were realigned from the fourth quarter. Finally, the roll out of local products under the *"Le Meilleur d'Ici"* label continued.
  - **Small supermarkets** saw a slight dip in sales (-0.6% on an organic basis, excluding the calendar effect), to €1,480 billion, as compared to €1,485 billion in 2011. Expansion continued with 422 store openings (including 144 "Coop d'Alsace" stores that joined the network). Finally, 11 Casino Shopping and 77 Casino Shop stores were open at the end of 2012.
  - **Other businesses,** which mainly include Cdiscount, Mercialys, and Casino Restauration, posted sales of €1,746 million versus €1,638 million in 2011, i.e. an increase of 6.6% (+10.6% on an organic basis).

    This increase was boosted by **Cdiscount's** very strong momentum, with sales growth of 16.3%. Total business volume was up 22% over 2012, including marketplace, which represented almost 10% of the website's total business volume at the end of December. At the same time, sales on mobile applications (smartphones and tablets) are growing rapidly and reached 8% of revenue at the end of 2012. Finally, 3,000 Cdiscount physical pick-up points were deployed at the end of 2012 in the Group's various French stores.

Casino France's operating margin stood at 3.3%, down 41 bp. Significant price cuts were launched during the second half-year, financed by the reallocation of promotional and marketing costs. Ambitious cost-cutting measures were implemented (stores, IT, structures). Against a backdrop of lower sales, in particular in non-food in hypermarkets, the overall margin was down slightly.

INTERNATIONAL (56% OF THE CASINO GROUP'S CONSOLIDATED NET REVENUE AND 66% OF ITS CONSOLIDATED CURRENT OPERATING INCOME)

(In € millions)	2011	2012	% change	Organic change[1]
Net sales	15,613	23,524	+50.7%	+8.5%
Current operating income	798	1,316	+64.9%	+14.2%
Current operating margin	*5.1%*	*5.6%*	*+48 bp*	

(1) Based on a comparable scope of consolidation and constant exchange rates, excluding the impact of property disposals.

International **sales** were up 50.7% to €23,524 million, thanks to the full consolidation of GPA at the start of the second half of 2012. The scope of consolidation effect was thus positive at +45.7%. The foreign exchange effect was negative over the year at -3.5%. Restated for these effects, international **organic sales growth** improved strongly (+8.5%).

International **current operating income** was €1,316 million compared to €798 million in 2011 (up +64.9%). The current operating margin was up 48 bp to +5.6%, reflecting a marked improvement in the margin in Latin America.

International business contributed 56% to the Group's revenue and 66% to its current operating income (versus a contribution of 45% to revenue and 52% to current operating income in 2011).

→ LATIN AMERICA

- Brazil (GPA proportionately consolidated at 40.3% up to July 1, 2012, then fully consolidated from July 2, 2012 forward);
- Columbia;
- Uruguay;
- Argentina.

(In € millions)	2011	2012	% change
Net sales	11,826	19,51	+62.8%
Current operating income	565	1,60	+87.7%
Current operating margin	*4.8%*	*5.5%*	*+73 bp*

Latin America sales stood at €19,251 million compared to €11,826 million in 2011 (up +62.8%).

The foreign exchange effect was negative at -6.4%. The scope of consolidation effect was positive at +60.4% due to the full consolidation of GPA in the second half-year.

On an organic basis, Latin America posted strong growth (+8.8%), boosted by very strong sales on a same-store basis throughout the region (+7.0% excluding fuel).

In **Brazil,** GPA posted excellent organic growth at 9%. In the area of food, GPA Food sales on a same-store basis were up 6.5%[1] thanks to the strong performance of Assai stores (cash & carry). In the non-food area, Viavarejo (which includes the Casas Bahia and Ponto Frio brands) saw sustained growth with sales on a same-store basis up 7.5%[1].

In **Columbia and Uruguay,** Exito's sales grew strongly to €4.3 billion (+18.3% reported), boosted by organic growth and Exito's improved market share in Columbia. The expansion is rapid and focused on the discount and convenience store formats: 86 stores were opened in 2012, of which 44 were Surtimax and 28, Exito Express. Finally, Exito's best practices are gradually being rolled out in Uruguay, where performance was strong in 2012.

Latin America's **current operating income** was €1,060 million in 2012 (up +87.7%). In Brazil, the cash & carry margin continued to improved and to take advantage of synergies between Casas Bahia and Ponto Frio. In Columbia, performance was very satisfactory in all formats and the expansion costs are well under control.

→ ASIA

- Thailand;
- Vietnam.

(In € millions)	2011	2012	% change
Net sales	2,895	3,407	+17.7%
Current operating income	212	241	+13.5%
Current operating margin	*7.3%*	*7.1%*	*-26 bp*

In Asia, sales rose by +17.7% to €3,407 million (as compared to €2,895 million in 2011). The foreign exchange effect was a positive 6.9%. On an organic basis, there was sustained growth (+10.8%), led by a very strong performance in same-store sales (+4.8%) and the significant contribution from the expansion.

In **Thailand,** Big C's total growth reached +16.1%. Organic sales growth was very strong at 9.3%[1], despite the post-flood situation at the end of 2011. This growth was driven in particular by successful innovative commercial initiatives and the development of the loyalty card, as well as by sustained expansion, notably in small formats and shopping malls adjacent to the hypermarkets. The financial structure was also strengthened thanks to debt refinancing and the successful private placement. In 2012, 129 stores were opened, including 76 Mini Big C, 41 Pure, five hypermarkets and shopping malls, and seven supermarkets.

Vietnam continues to post very high organic sales growth of 21.9%, excluding the calendar effect, despite the economic slowdown. During the year, three hypermarkets, three adjacent shopping malls, and seven convenience stores were opened.

Asia's **current operating income** increased 13.5% to €241 million, driven by Thailand, where the sales margin was excellent thanks to the strong contribution from shopping malls.

(1) Data published by the companies.

CASINO'S KEY FIGURES

Casino's key figures for 2012 compared to 2011 are as follows:

(In € millions)	2011	2012	Change
Net sales	34,361	41,971	+22.1%
EBITDA	2,287	2,853	+24.7%
Current operating income	1,548	2,002	+29.3%
Current operating margin	4.5%	4.8%	
Income before corporate income tax	987	1,880	+90.5%
Net income			
• continuing operations, Group share	577	1,065	+84.4%
• discontinued operations, Group share	(9)	(2)	
Net income, Group share	568	1,062	+87.1%
Net financial debt	5,379	5,451	

Current operating income improved by an impressive 29.3%.

The current operating margin was up 26 bp, at 4.8%:

- the operating margin in France decreased by 28 bp;
- the international operating margin improved by 48 bp, reflecting an increase in profitability in Brazil and Colombia.

Net income from continuing operations, Group share, reached €1,065 million (+84.4%) and adjusted net income, Group share, was €564 million.

As of December 31, 2012, the Group's net financial debt stood at €5,451 million, compared to €5,379 million as of December 31, 2011. The net financial debt-to-EBITDA ratio dropped to 1.91x.

The price of Casino's shares as of December 31, 2012 was €72.10, with a market capitalization of €8.1 billion. Rallye owned 49.0% of Casino's shares and 59.3% of its voting rights.

GROUPE GO SPORT

2012 was a year of contrasts for Groupe GO Sport:

- During the first half-year, Groupe GO Sport's EBITDA declined, penalized by measures taken to sustain revenue, but it nevertheless strengthened its position by taking two significant steps:
  - On the financial front, during the first half-year of 2012, Groupe GO Sport raised €30 million through a capital increase which was underwritten and significantly oversubscribed by Rallye, which in particular allowed the Group to strengthen its financial structure.
  - On the operating front, on April 30, 2012, Groupe GO Sport announced the end of its purchasing partnership agreement with Sport 2000. At the same time, it announced the signing of a new purchasing partnership agreement with the Austrian group Hervis Sport, one of the leading sporting goods retailers in Central and Eastern Europe, as part of the "Sport Trade Marketing International" (STMI) joint venture. On June 25, 2012, this partnership was expanded when Twinner joined STMI. This purchasing partnership will allow all three groups to improve their supply conditions and market share by offering more attractive prices to their customers on a wider range of products.
- During the second half-year 2012, Loïc LE BORGNE was appointed Chief Executive Officer of Groupe GO Sport, replacing François NEUKIRCH. The Board of Directors wishes, through this appointment, to mark the beginning of new phase in the redimensioning of the Group. EBITDA in this second half-year was up 28% compared to the second half-year of 2011, despite weak consumer activity in France, in particular in the fourth quarter. The end of the year saw the launch of GO Sport's e-commerce website, which marks the beginning of the brand's multi-channel strategy, and the introduction of GO Sport franchises in France with three stores[1].

As of December 31, 2012, consolidated sales at Groupe GO Sport were €675.6 million, up 0.7% on a same-store-network basis and at constant exchange rates, as compared to the first half of 2011.

In France, the sales of the GO Sport brand were flat over 2012 (down 0.6% on a same-store basis as compared to 2011). GO Sport continued its active communication and partnership strategy in 2012 with the aim of strengthening the brand's foothold in sport, as reflected in the exclusive 2-year partnership agreement signed with Paris Saint-Germain.

GO Sport also became the partner of choice of the big brand names in 2012 by posting good performance in recently commercialized brands (The North Face, Under Armour, and Le Coq Sportif Lifestyle). The La Défense flagship store has shown good commercial momentum since its reopening in May 2012, with double-digit sales growth.

In Poland, the GO Sport brand posted solid growth in 2012 of 5.3% on a same-store basis and at constant exchange rates. This good performance is mainly due to targeted commercial operations with international brands, in particular during the Euro 2012, and the rapid development of the loyalty program. The second half-year of 2012 was marked by the successful opening of the Lodz store at the end of August.

Courir posted improved sales in 2012 for the third year in a row (+3.2% on a same-store basis, which improved the banner's profitability. This good performance reflects the banner's long-term success.

(1) Of which two stores, previously integrated, were converted into franchises in September 2012.

Courir thus continued to implement its new concept by opening two new stores in France, one in Levallois and the other in Montreuil, and remodeling nine stores during the year.

The franchise business contributed revenue of €7.3 million in 2012 as compared with €7.9 million in 2011.

Current operating income was -€9.8 million (versus -€12.1 million in 2011) following a marked improvement in the second half-year. This was due to good overall cost control and particularly to good management of payroll expenses and significant efforts realized to reduce shrinkage.

Net financial debt was up €15.6 million at €101.8 million as of December 31, 2012.

During 2012, the Group opened one GO Sport store in France (in Lyon Confluence), one store in Poland, six international franchise stores, one franchise store in France (excluding the two stores that were previously integrated and converted into franchises), and two Courir stores in France. The Group also streamlined its network, closing eight GO Sport stores (3 stores in France and 5 foreign franchise stores) and seven Courir stores (5 stores in France and 2 franchise stores).

Thus, as of December 31, 2012, the Group network had a total of 345 outlets (176 GO Sport stores, including 35 franchise stores, of which three in France, and 169 Courir stores (including 12 franchise stores).

GO Sport's key figures for 2012 as compared to 2011 were as follows:

(In € millions)	2012	2011
Net sales	675.6	680.4
Current operating income	(9.8)	(12.1)
Operating income	(9.2)	(8.1)
Profit before tax	(15.7)	(13.4)
Net income	(21.9)	(20.0)
Free cash flow[1]	11.1	11.1
Investment net of disposals	(16.5)	(21.6)

(1) Before taxes and the cost of financial debt.

GO Sport's share price as of December 31, 2012, was €4.25, with a market capitalization of €48.2 million. Rallye held 89.7% of the shares and 88.9% of the voting rights at that date.

INVESTMENT PORTFOLIO

Rallye's investment portfolio was valued at €257 million as of December 31, 2012, compared to €365 million as of December 31, 2010, i.e. a significant decrease of €108 million. This change is mainly due to the disposal of assets worth €129 million and the €23 million revaluation of the portfolio in 2012.

In accordance with the strategic decision to reduce the size of the portfolio, the planned sale of assets continued in 2012, with €129 million in assets being sold over the entire fiscal year:

- In 2012, Rallye disposed of some fifteen lines from its financial investment portfolio, mainly in the LBO and energy segments, with, in most cases, a significant return on the capital invested.
- In terms of **real estate developments,** at end-October 2012 Rallye sold its stake in the Manufaktura shopping center, one of the largest shopping centers in Poland, to Union Investment Real Estate GmbH. This transaction was carried out based on a capitalization rate of 5.95% of rents, with Rallye receiving a net amount of approximately €60 million.

At the end of 2012, the portfolio included financial investments with a market value[1] of €206 million (vs. €272 million at the end of 2011) and real estate developments measured at historical cost[2] of €51 million (vs. €93 million at the end of 2011).

The €206 million in **financial investments** are broadly diversified by region: 45% in North America, 25% in Asia, 23% in Europe, and 6% in the rest of the world. Investments are also widely diversified by sector: the LBO/Capital development segment represents 30% of financial investments, real estate funds, 30%, energy, 20%, and the remaining 20% is invested in other segments. The diversification of financial investments is not limited to region and sector, but also includes the type of investment, partner and scale, generating a strong spreading of risks, which is further enhanced by the large number of investments and their small size. As of December 31, 2012, the portfolio had around 80 lines[3], of which 80% had an estimated value of €4 million or less, with a maximum amount of net invested cash of €17 million per line.

At end-2012, the investment portfolio included six **real estate developments** for a total value of €51 million. These are high-quality real estate assets, mostly held through Foncière Euris, and very broadly diversified geographically (spread across three countries):

- two real estate assets **in Poland:** a shopping center in Gdynia near Gdansk, for which an extension is currently being built and should be finished by the end of 2013, and land in Poznan which is earmarked for a shopping center;
- two real estate assets **in Germany:** a shopping center (Loop5) near Frankfurt, opened in October 2009, and land near the Alexa shopping center in Berlin;
- two shopping centers in France: the Ruban Bleu center in Saint-Nazaire, open for business since May 2008 and subject to a lease-purchase agreement since August 2009, and the Paris-Beaugrenelle center, which was partially disposed of in 2010, which is due to open in the fall of 2013.

In 2012, the financial investment portfolio contributed €38 million to Rallye's current operating income, as compared to €40 million in 2011.

(1) The market value of the financial investments is the book value entered into the consolidated financial statements (IAS 39 – fair value) and is based on the most recent external valuations available (General fund Partners), adjusted where applicable based on the latest information available.
(2) Real estate developments are entered based on historic cost and are not restated before the sale of investments (IAS 16).
(3) Number of lines with an estimated value of more than €0.1 million.

MANAGEMENT REPORT

Financial overview

–

CONSOLIDATED FINANCIAL STATEMENTS

MAIN CHANGES TO THE SCOPE OF CONSOLIDATION

- In 2012, the Group started the process of handing over control of Mercialys. After the actual sale of Mercialys shares, the Group's stake was decreased to 40.17%. The disposal process also included the reorganization of the Company's governance and of the agreements between Casino and Mercialys. However, as of December 31, 2012, this process was not entirely finalized. The loss of control will be recognized at Mercialys' next Shareholders' Meeting. In accordance with IFRS 5, all of Mercialys' assets and liabilities, including its net financial debt, were included in a separate line of the balance sheet as of December 31, 2012, as "assets held for sale" and "liabilities associated with assets held for sale" respectively (see Note 10.2 of the notes to the consolidated financial statements).
- As the Casino Group had finalized the exclusive takeover of GPA as of July 2, this sub-group is fully consolidated as of this date. During the first half-year, GPA was recognized proportionately in the Group accounts at 40.32%. Pro-forma data was also established to reflect the full integration of GPA as of January 1, 2012 (see Note 2.3 to the notes to the consolidated financial statements).
- The Casino Group has fully consolidated the Barat franchise within the Franprix-Leader Price Group since the end of the first quarter of 2012.
- The Casino Group has fully consolidated the companies owning 21 stores in the Southeast of France within the Franprix-Leader Price Group since July 2012.

PROFIT

Rallye's consolidated net sales excluding taxes were €42.7 billion versus €35.1 billion in 2011, a gain of 21.7%. Sales are broken down in detail under the business overview for each operating subsidiary.

Sales by activity in the last two years were as follows:

(In € millions)	2012		2011	
	Amount	%	Amount	%
Food and general retailing	41,971	98.4	34,361	98.0
Sporting goods retail	676	1.6	680	1.9
Other business[1]	16	0.0	16	0.1
Total	42,663	100.0	**35,057**	**100.0**

(1) Holding company business and investment portfolio.

Revenue by geographical region in the last two years was as follows:

(In € millions)	2012		2011	
	Amount	%	Amount	%
France	19,072	44.7	19,380	55.3
Latin America	19,251	45.1	11,826	33.7
Asia	3,407	8.0	2,895	8.3
Other	933	2.2	956	2.7
Total	42,663	100.0	**35,057**	**100.0**

Current operating income rose by 29.3% to €2,006 million, mainly due to a +29.3% increase in Casino's current operating income. Current operating income is broken down in detail under the business review for each operating subsidiary.

Other operating income and expenses was €365 million, compared to -€169 million in 2011.

The cost of net financial indebtedness was -€708 million, up 4.7% over 2011. Other operating income and expenses was -€67 million, versus €19 million in 2011.

Income before taxes was €1,596 million compared to €726 million in 2011, a gain of 120.0%.

The share of income from affiliated companies was €6 million, compared to -€9 million in 2011.

Net income attributable to owners of the Company was €245 million in 2012.

Rallye Group's headcount in 2012 was 321,385 people. Group employees break down as follows by business line in the last two years:

(In € millions)	2012	%	2011	%
Food retail[1]	316,711	98.5	223,050	97.8
Sporting goods retail	4,607	1.4	4,876	2.1
Other activities	67	-	69	-
Total	321,385	**100.0**	**227,995**	**100.0**

(1) The headcount of affiliated companies is not included in "headcount"; the headcount in joint ventures is recognized in proportion to the Group's holdings.

FINANCIAL STRUCTURE

Equity capital attributable to the Company's owners was €1,826 million as of December 31, 2012, compared to €1,632 million as of December 31, 2011. This increase is specifically due, in particular, to:

- recognition of €192 million in negative exchange differences;
- payment of €86 million in dividends, including a €38 million interim dividend for 2012, paid on October 10, 2012;
- a €48 million increase in equity capital through the creation of 774,497 new shares in payment of the balance of the 2011 dividend, and 1,501,723 new shares in payment of the interim dividend for 2012;
- changes in interests without gain or loss of control of subsidiaries (€162 million);
- net income, Group share, for 2012 of €245 million;
- transactions in treasury shares or €1 million.

As of December 31, 2012, the EBITDA/financial expense coverage ratio (EBITDA is current operating income adjusted for current operating depreciation and amortization) was 4.07, compared to 3.42 in 2011.

Rallye Group's net financial debt was €8,355 million as of December 31, 2012 compared to €8,412 million as of December 31, 2011, distributed among the following entities:

- Casino, with net financial debt of €5,451 million compared to €5,379 million at the end of 2011;
- Groupe GO Sport, whose net financial debt rose to €102 million from €86 million as of December 31, 2011;
- companies within the Rallye holding company's scope, with net financial debt of €2,695 million compared to €2,849 million at the end of 2011;
- Rallye's investment subsidiaries, with net financial debt of €107 million (versus €98 million in 2011), corresponding to specific financing packages for real estate developments in the investment portfolio without recourse against the holding companies.

The ratio of net financial debt to consolidated equity (gearing) stood at 61% in 2012 compared to 106% in 2011 and breaks down as follows:

(In € millions)	2012	2011
Net financial debt	8,355	8,412
Consolidated equity	13,714	7,913
Gearing	61%	106%

Also, the financial structure of companies within the Rallye holding company's scope, defined as Rallye plus all its wholly owned subsidiaries that act as holding companies and which own either Casino shares, Groupe GO Sport shares and the investment portfolio, is best understood by looking at two indicators:

- coverage of net financial of companies within the Rallye holding company's scope by dividends received; and
- coverage of net debt of companies within the Rallye holding company's scope by assets at fair value.

In 2012, companies within the Rallye holding company's scope received dividends totaling €166 million: 1.36x their net financial expense. The increase in the coverage ratio compared with 2011 (1.02x) came from the increase in dividends received and the decrease in net financial expenses. N.B.: in 2010, the ratio was 1.34.

As of December 31, 2012, the restated net assets of companies within the Rallye holding company's scope totaled €4,321 million. These comprised €3,983 million of Casino shares, €43 million of Groupe GO Sport shares and €257 million in the investment portfolio (other assets totaled €38 million). As of December 31, 2012, the net financial debt of companies within the Rallye holding company's scope totaled €2,695 million; Rallye's restated assets were therefore 1.60x the net financial debt of companies within the Rallye holding company's scope. The equivalent coverage ratios as of December 31, 2011 and 2010 were 1.44 and 1.71, respectively.

RALLYE FINANCIAL STATEMENTS

PROFIT

In total, Rallye made an operating loss of €33.2 million compared to a €32.2 million loss as of December 31, 2011.

The Rallye parent company employed 30 people as of December 31, 2012.

Rallye's financial income totaled €157.3 million, compared to €72.6 million as of December 31, 2011.

It breaks down into the following main items:

→ INCOME

- Revenue and dividends collected from subsidiaries and holdings, especially from:
  - Casino: €68.9 million;
  - L'Habitation Moderne de Boulogne: €166.1 million.
- Income from the Group's cash management of €3.5 million.

→ EXPENSES

- Allocations to provisions for:
  - impairment to the value of Parande investment securities of €6.1 million;
  - bond redemption and bond issue premiums of €7.1 million;
  - net charges on forward contracts (speculative swaps and swaptions) of €19.5 million.

Other interest and similar income mainly refers to remuneration of current accounts with subsidiaries. Interest and similar charges are mostly interest on borrowings.

The exceptional income of €46.0 million includes exceptional gains of €46.6 million from the disposal of Casino stock and treasury shares.

Net income for the year totaled €169.9 million, compared to €80.3 million as of December 31, 2011.

The French law on modernization of the economy, which affects payment periods to suppliers, had no significant impact on Rallye in 2012.

FINANCIAL STRUCTURE

Equity totaled €1,888.4 million as of December 31, 2012, versus €1,755.3 million on December 31, 2011, mainly due to:

- €169.9 million in net income for 2012;
- a €48.4 million increase in equity capital through the creation of 774,497 new shares in payment of the balance of the 2011 dividend, and 1,501,723 new shares in payment of the interim dividend for 2012.

And, conversely:

- payment of €84.4 million in dividends, including a €37.3 million interim dividend for 2012.

DIVIDEND

Rallye will offer at the General Shareholders' Meeting of May 14, 2013, the payment of a net dividend per share of €1.83 in respect of 2012, the same as in 2011 and 2010. An interim dividend of €0.80 per share against 2012 earnings was paid on October 10, 2012, leaving an outstanding balance of €1.03.

This interim dividend can be collected in new Company shares at the shareholder's discretion. The issue price for the new shares was set at €21.17, which corresponds to 90% of the average opening price for the twenty trading sessions preceding September 6, 2012, less the interim dividend.

Eighty-five percent of the voting rights opted were exercised in favor of payment in shares. This operation increased Rallye's equity capital by €32.7 million by the creation of 1,501,723 new shares which were immediately included in the Company's outstanding shares. Cash payment of the interim dividend totaled €5.7 million.

The Company's dividend distribution policy is presented under the heading "further information" on page 197 of this reference document.

Rallye's balance sheet for the fiscal year ended December 31, 2012 shows net income of €169,931,442.58, which the Board of Directors proposes to allocate as follows:

(In €)

Net income for the year	169,931,442.58
Legal reserve	(667,625.40)
Retained earnings	94,878,793.84
Net income available for distribution	**264,142,611.02**
Dividend paid to shareholders[1]	(87,904,209.34)
Balance allocated to retained earnings	**176,238,401.68**

(1) The balance of the dividend to be paid to shareholders is calculated based on the number of shares making up the share capital as of December 31, 2012 and will be adjusted according to the number of shares issued, where applicable, between January 1, 2013, and the date on which the balance of the dividend is paid following the exercise of stock options eligible for the payment of the dividend balance.

The net dividend per share will thus be set at €1.83.

New shares offered as payment of the above-mentioned interim dividend, as well as those issued following the exercise of stock options after the payment of the interim dividend, only provide entitlement to the payment of the balance of the dividend (i.e. €1.03 per share). This balance shall be available for payment on May 24, 2013.

The amount of the dividend in respect of 2012 for treasury shares, will be allocated to retained earnings.

The whole of this dividend is eligible for the 40% rebate allowed under Article 158-3-2 of the French General Tax Code, except where the flat-rate tax provided for under Article 117 *quater* of the General Tax Code applies.

The dividends paid for the last three fiscal years are as follows:

(In €)	2011	2010	2009
Dividend	1.83	1.83	1.83

A table comparing net income for the past year and the four preceding years appears on page 166 of this report.

No non-deductible expenses under Article 223-4 of the French General Tax Code have been incurred by the Company in the course of last fiscal year.

STOCK MARKET INFORMATION

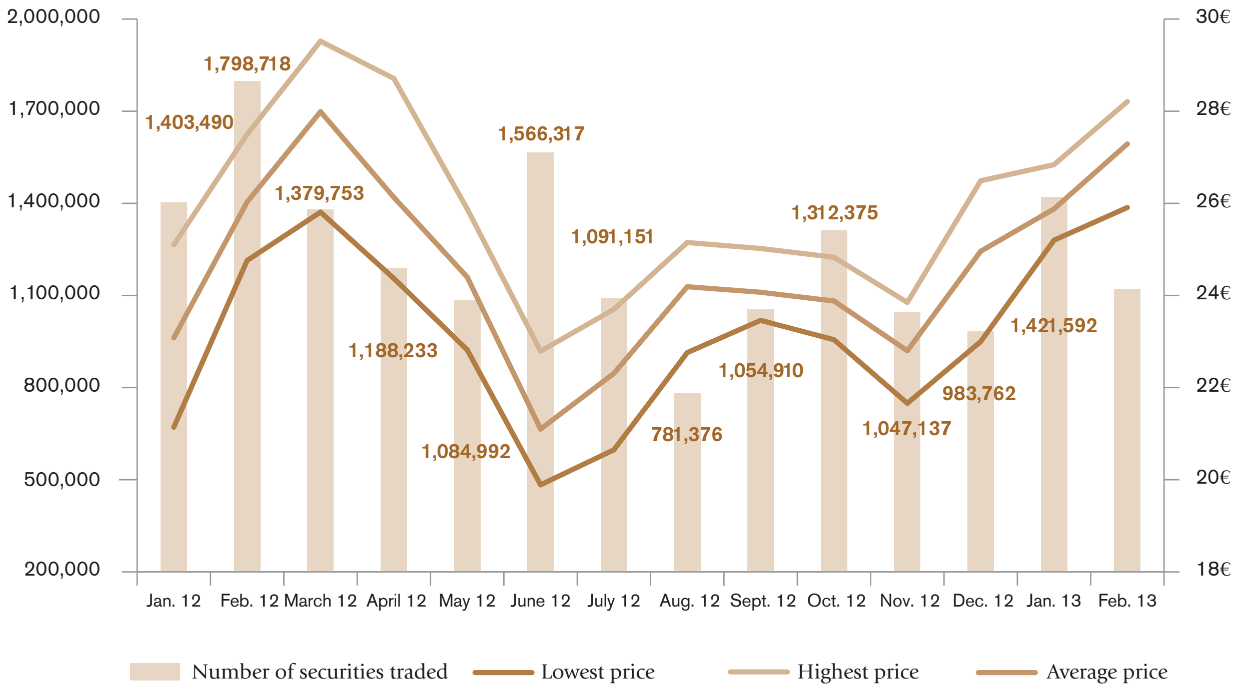
Rallye shares are listed in Compartment A of the NYSE – Euronext Paris market.

Code: ISIN: FR0000060618

High (March 16, 2012)	€29.515
Low (June 14, 2012)	€19.885
Share price as of December 31, 2012	€25.415
Trading volume 2012 (number of shares)	€14,692,214
Trading volume 2012 (value)	€357 million

As of December 31, 2012, Rallye had a stock market capitalization of €1,237 million.

RALLYE SHARE – MONTHLY CHANGE IN STOCK PRICE 2012 AND START OF 2013



MANAGEMENT REPORT

Outlook

(Unaudited figures)

OUTLOOK

CASINO

Casino is confident that its activity and profits will grow in 2013.

→ INTERNATIONAL: GROWTH

- Growth should continue in 2013, driven by the emergence of an increasing number of middle classes with higher purchasing power.
- The Group's brands, which benefit from a very good price image and are very actively expanding in growth formats and commercial real estate, should thus see a continued increase in activity and profits.

→ IN FRANCE: STABILIZATION OR REVITALIZATION OF SALES

- Decrease in prices, in particular in hypermarkets;
- Decrease in expenses;
- Expansion in key formats.

→ THUS, FOR 2013 THE GROUP SEEKS:

- Strong growth in reported revenue;
- Organic growth for its business and COI;
- To maintain a solid financial structure with a net debt/EBITDA ratio of less than 2x.

GROUPE GO SPORT

GO Sport will implement an action plan that requires minimum capital expenditure aimed at consolidating the fundamentals of specialized distribution to accelerate its commercial revitalization and improve profitability. GO Sport will thus concentrate on five main projects in 2013, which constitute the basis of its new strategy: increasing in store footfall in particular by strengthening the brand's foothold in sport; homogenizing the network with the GO Sport universe easily identifiable in all stores; improving customer relations; developing franchise in France; and improving profitability by optimizing its purchasing conditions and steering its promotional policy.

Courir will consolidate its achievements to improve its market share. It will concentrate on strengthening its position in order to become a reference brand in fashion trainers among 15-25 year olds. Courir will continue to develop its MyCourir loyalty program and its social networking communication policy. It will step up its efforts to improve profitability thanks to the optimization of purchasing conditions and efficient stock control. Finally, the brand will begin the necessary preparatory work for the future launch of an e-commerce website and of the franchise format in France, drawing on its experience with GO Sport.

2013 will be a rebuilding year for Groupe GO Sport, which aims to consolidate its fundamentals so as to prepare well for the launch of a common development strategy for both banners, a strategy designed to create value, which is based on the new growth drivers, namely franchise and e-commerce.

RALLYE

Rallye benefits from strong liquidity with close to €350 million in available cash and almost €1.9 billion in confirmed, unused, and immediately available credit lines. The average maturity of these lines was extended to 4.4 years following the renegotiation and renewal of more than €500 million in credit lines.

Rallye has confirmed its commitment to dispose of all the assets in its investment portfolio at the best possible exit price in order to continue to improve its financial structure.

MANAGEMENT REPORT

Capital and shareholding structure

–

SHARE CAPITAL

Rallye's share capital as of December 31, 2012, totaled €146,074,734, divided into 48,691,578 shares with a par value of €3 each. As of December 31, 2011, it was €139,398,480, divided into 46,466,160 shares with a par value of €3 each.

This change corresponds to the portion of the 2011 dividend balance payment and the 2012 interim dividend paid in shares, as well as the exercise of stock options, which led to the creation of a total of 2,225,418 shares.

SHAREHOLDING STRUCTURE

As of December 31, 2012, Foncière Euris held 56.06% of the capital and 71.11% of the voting rights.

As of December 31, 2012, Rallye held 567,431 shares, representing 1.17% of the capital.

To the Company's knowledge, no other shareholder held more than 5% of the capital or voting rights as of December 31, 2012.

The following instances were declared in which thresholds were crossed in 2012:

Informant	Date threshold crossed	Manner in which threshold crossed	Number of shares declared	% of capital	% of voting rights
Financière de l'Échiquier	19/01/2012	above	1,860,264	4.00	2.63
Financière de l'Échiquier	15/02/2012	below	1,833,664	3.95	2.60
UBS	13/06/2012	above	486,590	1.05	0.68
UBS	19/06/2012	below	41,192	0.09	0.06
Tocqueville Finance	16/10/2012	below	475,559	0.98	0.65

Pursuant to the provisions of Article 223-22 of the AMF General Regulations governing transactions in Rallye shares conducted by corporate officers or related persons, shareholders are notified of the following:

Informant	Financial instrument	Date	Nature of transaction	Average weighted price	Amount
Foncière Euris [1]	Shares	03/12/2012	Sale of shares as part of an Equity Swap	€27.24	€5,437,921.20
	Shares	06/28/2012	Option to take the 2011 dividend balance in shares	€21.47	€14,773,592.88
	Shares	10/10/2012	Option to lake the 2012 interim dividend in shares	€21.17	€21,041,476.93
Didier Carlier [1]	Shares	05/02/2012	Exercising of stock options	€14.24	€168,032.00
	Shares	06/28/2012	Option to take the 2011 dividend balance in shares	€21.47	€24,497.27
	Shares	10/10/2012	Option to take the 2012 interim dividend in shares	€21.17	€34,845.82
	Shares	12/12/2012	Sale	€25.30	€30,182.90
	Shares	10/18/2012	Sale	€25.95	€49,201.20
Didier Levêque [1]	Shares	01/03/2012	Sale	€22.6003	€27,120.36
	Shares	05/04/2012	Sale	€25.40	€12,649.20
	Shares	05/10/2012	Sale	€25.30	€12,650.00
	Shares	05/16/2012	Exercising of stock options	€14.24	€118,192.00
	Shares	05/16/2012	Sale	€24.36	€8,184.96
	Shares	05/22/2012	Sale	€23.92	€11,098.88
	Shares	08/31/2012	Sale	€23.90	€34,224.80€
	Shares	10/10/2012	Option to take the 2012 interim dividend in shares	€21.17	€26,568.35
	Shares	12/12/2012	Sale	€25.2552	€14,622.77
	Shares	12/13/2012	Sale	€25.265	€23,749.10
	Shares	10/19/2012	Sale	€26.31	€26,310.00
Odile Muracciole [1]	Shares	10/15/2012	Sale	€24.00	€24,000.00
	Shares	10/18/2012	Sale	€23.80	€18,873.40
	Shares	10/19/2012	Sale	€24.65	€24,650.00
	Shares	10/19/2012	Sale	€24.00	€28,728.00
	Shares	10/19/2012	Sale	€24.50	€24,500.00
	Shares	10/22/2012	Sale	€24.70	€24,700.00

(1) Director.

Declarations of the above share transactions have been posted online on the AMF's website.

To the Company's knowledge, no other corporate officer traded Company shares in 2012.

SHARE EQUIVALENTS

As part of the Group's employee promotion and merit policy, Rallye grants stock options and/or bonus shares to its employees.

Pursuant to Article L.225-180 of the French Commercial Code, as authorized by the General Meeting of Shareholders, shares are also awarded to employees at the parent companies, Euris and Foncière Euris. These companies are part of the same group, they participate in strategy consulting and development assignments in particular, and offer legal and administrative advice to Rallye.

STOCK OPTIONS

The Board of Directors was authorized by the Extraordinary Shareholders' Meetings of June 6, 2007 and May 19, 2010 to award stock subscription options to employees of Rallye and related companies.

As of December 31, 2012, there were 598,535 options outstanding conferring the right to subscribe to 598,535 shares under the following stock option plans:

Grant date	Date after which options may be exercised	Expiration date	Number of beneficiaries on initial grant	Subscription price (1)	Number of options granted:		Number of options exercised as of 12/31/2010	Number of options(2) not exercised at 12/31/2012
					to Company officers	to top ten employee beneficiaries		
10/01/2007	01/01/2011	03/31/2013	60	48.73	50,866	52,434	-	127,520
04/23/2008	07/23/2011	10/23/2013	66	43.15	80,234	72,624	-	182,991
04/27/2009	10/27/2011	10/26/2014	13	14.24	151,852	62,937	74,505	153,275
12/09/2009	06/09/2012	06/08/2015	1	24.62	-	-	-	12,000
09/06/2010	03/05/2013	03/05/2016	12	26.44	42,263	37,439	-	122,749

(1) Options are granted based on the undiscounted market price.
(2) Number of options originally granted, less canceled and exercised options (56,215 options were canceled and 23,703 were exercised during 2012).

BONUS SHARES

The Board of Directors was authorized by the Extraordinary Shareholders' Meetings of June 4, 2008 and May 4, 2011 to award bonus shares to employees of Rallye and related companies.

As of December 31, 2012, there were 456,189 unvested bonus shares relating to the following plans:

	Vesting date of bonus shares granted	Date from which the acquired shares can be sold	Number of beneficiaries on initial grant	Number of shares granted		Total number of shares granted at 12/31/2012(3)
				to Company officers	to top ten employee beneficiaries	
09/06/2010	03/06/2013(1)	03/06/2015	61	21,132	42,675	137,587
06/08/2011	06/08/2014(2)	06/08/2016	58	31,548	40,040	132,719
05/23/2012	05/23/2015(2)	05/23/2017	58	40,381	55,000	185,883

(1) Vesting of bonus shares is subject to the beneficiary being employed by the Company on the share vesting date, and 50% of the share allotment is subject to a performance criteria: i.e. that the ratio of consolidated EBITDA to consolidated debt, measured annually based on the consolidated financial statements, must be greater than 2.75.
(2) Vesting of bonus shares is subject to the beneficiary being employed by the Company on the share vesting date and to two performance criteria: for 50% to the EBITDA/financial expense coverage and for 50% to the level of cost of debt.
(3) Corresponds to the original number of shares granted, less rights canceled upon the departure of beneficiaries (1,598 were canceled in fiscal year 2012).

COMPANY PURCHASES OF TREASURY STOCK

As of December 31, 2012, the Company held 567,431 treasury shares acquired over the previous fiscal years to cover stock option plans and bonus share allocations granted to employees and corporate officers. These shares represented 1.17% of the Company's share capital. Their total acquisition cost was €11.4 million and they had a nominal value of €1.7 million.

As of December 31, 2012, these treasury shares were entirely allocated to cover the bonus shares and stock option plans.

Moreover, Rallye implemented a liquidity agreement with Rothschild & Cie Banque to encourage trading on the stock in the market. As of December 31, 2012, the balance of the account was zero.

424,471 shares had been bought and 511,221 had been sold under the 2012 purchase program at an average price of €23.31 and €24.39, respectively.

Shareholders at this Meeting are being asked to renew the authorization for the Company to purchase its own shares, pursuant to Articles L.225-209 *et seq.* of the French Commercial Code.

The Board of Directors will be authorized, with the option to sub-delegate, to purchase the Company's shares for the following purposes:

- to cover the stock option plans granted to employees and corporate officers, in compliance with Articles L.225-177 *et seq.* of the French Commercial Code, as well as all corporate savings plans and stock ownership plans;
- to allot bonus shares to employees and officers of the Company within the framework laid down by Articles L.225-197-1 *et seq.* of the French Commercial Code;
- to ensure active trading of the Company's shares under the liquidity agreement signed with an investment services firm, in accordance with the Code of Conduct issued by the AMAFI and approved by the AMF;
- to hold shares for delivery to holders of Company securities who exercise their right to receive shares through redemption, conversion, exchange, presentation of a warrant or any other instrument entitling them to receive existing shares;
- to hold shares in reserve to use at a later date as a means of exchange or payment in mergers or acquisition in accordance with the market practices authorized by the AMF;
- to cancel shares as part of the Company's capital reduction program, within the limit of a maximum of 10% of the Company's share capital per 24-month period.

The maximum purchase price is set at €75 per share.

The Board of Directors, however, may adjust the aforesaid maximum price if there is a change in the par value per share, a capital increase through the capitalization of retained earnings and a bonus share allocation, a stock split or reverse stock split, a capital amortization or reduction, a distribution of reserves or other assets, and any other operation affecting equity, in order to reflect the impact of such transactions on the share value.

Under the terms of the authorization, the Company may hold a maximum of 10% of its share capital as of December 31, 2012. This corresponds to a maximum of 4,869,157 shares and a maximum amount of €365.2 million.

The aforementioned shares may be acquired, sold, transferred or exchanged by any means and at any time, on the stock market or off, over the counter, including as blocks of shares or through the use of derivatives such as call options. The maximum share of capital that may be transferred in the form of blocks of shares may be as high as the entire amount of the repurchase program.

The shares can also be loaned, in accordance with the provisions of Articles L.432-6 *et seq.* of the French Monetary and Financial Code.

The Company may not continue to implement its repurchase program in the event of a takeover bid or public offer relating to shares, bonds or other securities issued by the Company or at the Company's initiative.

The shareholders' authorization of the share repurchase program will expire at the next Shareholders' Meeting convened to approve the 2013 financial statements and management report, and no later than November 14, 2014.

MANAGEMENT REPORT

Social, societal, and environmental responsibility

–

(Decree 2012-557 of April 24, 2012)

Corporate social responsibility is a concept whereby companies voluntarily integrate social, societal, environmental and governance concerns into their strategy, management, and interaction with stakeholders.

ORGANIZATION OF CSR (CORPORATE SOCIAL RESPONSIBILITY) WITHIN RALLYE

CSR PROCEDURE

Rallye specializes in the food and sporting goods retailing sector through its majority stakes in the Casino Group and Groupe GO Sport. Moreover, Rallye has a diversified investment portfolio, which it has been selling since 2008. In accordance with a strategic decision, Rallye is no longer making new investments. The breakdown of this portfolio is available in the management report of this reference document in the chapter entitled "Business review."

As part of the overall analysis of risks relating to the Company's business, Rallye applies good governance practices designed to ensure the longevity of the business and which are described in the Chairman's report on corporate governance and internal control procedures on page 49 of this reference document.

As part of the day-to-day management of the Group, Rallye is involved in normal business relationships with all its subsidiaries. The prevention of conflicts of interest is described in the management report on page 46 of this reference document.

In each company in which Rallye is a shareholder – Casino (in the sector based on food retail) and Groupe GO Sport (sporting goods retail) – challenges relating to Corporate Social Responsibility are managed directly by the management teams. Nevertheless, in its role as shareholder, Rallye ensures that the commitment of its subsidiaries in terms of CSR presented in their respective reports complies with regulations.

Due to its size and business, Rallye's exchanges with stakeholders mainly involve communication with the financial community. The Group lets its main subsidiaries communicate with their own stakeholders.

RALLYE'S BUSINESS AND ITS IMPACT ON THE ENVIRONMENT

Rallye's premises include only three office buildings, which have no particular impact on the environment. The impact of the Group's business is mainly indirect as it is at the subsidiary level. For this reason, implementing a specific environmental policy within its own scope is not particularly relevant. Rallye has nonetheless decided to gradually implement environmental management within its scope.

For example, Rallye is committed to selective waste sorting. All employees at its head office have been made aware of this policy. Paper used by the teams, printer cartridges, and used batteries are collected for recycling. Plastics, cardboard, and metals (mainly cans) will also be part of the recycling process from 2013.

Moreover, in order to reduce its energy consumption, Rallye has replaced all its computer server equipment with more energy-efficient models. To further improve energy efficiency, all classic light bulbs will be gradually replaced during 2013 by low-energy bulbs.

Finally, numerous meetings are held *via* teleconference in order to reduce the amount of travel.

RALLYE'S HUMAN RESOURCES POLICY

In order to attract and retain talent, Rallye works to recruit and train employees and offers them the best possible working environment.

As of December 31, 2012, Rallye employed 28 persons who were all based in France. The percentage of women occupying managerial positions remained stable at some 54%. Under 30s accounted for 11% of the workforce, 61% were between 30 and 50 years old, and 29% over 50.

Part-time workers accounted on average for 14% of the workforce and the rate of absenteeism due to illness was 3.17% in 2012.

Apart from the investment team and the management team, the majority of the workforce had support roles within the Finance Department and Legal Department.

The Company also uses external service providers for the running of its premises (security, maintenance, reception, etc.). It strives to build strong, high-quality ties with these service providers to ensure long-lasting and secure relationships.

Improving the employability of its employees is a priority for the Company. It ensures that all employees have the required level of know-how at all times to successfully carry out their duties by offering training. During 2012, nine employees received training, with the average number of training hours per employee at 14 hours (some training courses continued from 2012 on into early 2013).

Regular meetings with employees and exchanges aim to optimize working conditions and relations. Moreover, annual interviews are conducted to manage the professional improvement of employees and define increases in their compensation.

Finally, Rallye ensures that all recruitment, career development (training and promotion), and compensation decisions are made on a non-discriminatory basis, according to employees' capabilities and without other criteria than their virtues and talents.

COMPENSATION POLICY

At Rallye, annual interviews give all employees the opportunity to manage their professional development and define how their compensation is determined.

Since it is convinced that employee shareholding is key to a successful long-term partnership with its staff, Rallye has always encouraged such shareholding through Company savings plans or the issue of bonus shares of stock options to the vast majority of employees.

PROMOTING HEALTH AND SAFETY IN THE WORKPLACE

Rallye complies with health and safety legislation and regulations (keeping premises clean and properly heated and lit, maintenance of equipment, fire prevention, etc.). No workplace accidents occurred during 2012.

Considering the nature of Rallye's business, no specific exchanges took place with employees in terms of health and safety.

ORGANIZATION OF CSR (CORPORATE SOCIAL RESPONSIBILITY) WITHIN RALLYE SUBSIDIARIES

Through its social and environmental actions, the Group aims to promote good workplace relations, to act as a supportive and responsible retailer, and to express its commitment to preserving the environment.

Rallye is Casino's and Groupe GO Sport's majority shareholder. The financial statements of these companies are thus fully consolidated in the Group's consolidated financial statements. The key elements of their Corporate Social Responsibility policies are presented in the following chapters and full details are included in Casino's and Groupe GO Sport's management reports and in Casino's sustainable development report.

The Casino Group's commitments in terms of the environment have been in place since 2003 and were confirmed by the Group's adhesion to the United Nations' Global Compact and by the Group's CSR policy. In order to prevent and manage the environmental risks associated with the Group's business, the CSR Department's Environmental Division is responsible for environmental priorities, coordinating the sharing of best practices, and monitoring action plans. The division works actively to continuously improve the Group's environmental performance with the support of, in France, environmental references, the "Green excellence" workshops and a collaborative platform which allows participants in these workshops to share and publish best practices within their field in favor of environmental protection. In the international subsidiaries, the division works with the support of the heads of CSR and the operational teams.

Groupe GO Sport is committed to its CSR approach and promotes its sustainable development measures by communicating information of an ethical or citizen-based nature and requesting that its suppliers comply with all the ethical rules established by the various bodies concerned.

SCOPE

The key CSR indicators of Casino's subsidiaries are published each year in the business and societal and environmental performance report, and are available on the Group's website: www.groupe-casino.fr. GPA and Grupo Exito, both members of the United Nations' Global Compact, also publish an annual CSR/Sustainable Development report in GRI (Global Reporting Initiative) format, which is available on the websites www.gpari.com.br and www.grupoexito.com.co/. Monoprix and Big C Thailand publish CSR information in their reports.

Except in specifically mentioned exceptions, the social, societal, and environmental information presented relates to all businesses under the operational control of the Casino Group or its majority-owned subsidiaries in France and abroad.

The data excludes affiliates, franchises and lessee-managers.

The total integration consolidation method is used (the data is 100% integrated).

Prepared in accordance with Financial reporting, data is reported on the following scopes of consolidation:

- The "France" scope of consolidation includes activities under the Casino, Monoprix, Cdiscount, Franprix, and Leader Price brands and the support functions (logistics, purchasing, human resources, etc.).
- The "Latin America" scope of consolidation includes Grupo Pão de Açúcar – GPA (excluding ViaVarejo), Libertad SA, Grupo Exito, and Disco Devoto.
- The "Asia/Indian Ocean" scope of consolidation includes Big C Thailand, Big C Vietnam, and Vindemia (excluding Mayotte, Mauritius and Madagascar).
- The "Group" scope of consolidation includes the consolidated data.

For Groupe GO Sport, the information provided below covers all of its consolidated subsidiaries: Groupe GO Sport, GO Sport France, Courir France, and GO Sport Poland.

Detailed social, societal, and environmental information for the Casino, Guichard Perrachon and Groupe GO Sport entities are presented in the «management report» section of their respective reference documents and can be consulted at www.groupe-casino.fr/fr and http://www.groupegosport.com/.

SOCIAL RESPONSIBILITY

One of the key elements of the Company's economic and social performance is the development of men and women.

ENCOURAGING PROFESSIONAL AND SOCIAL DEVELOPMENT

The number of working hours of the employees in each of the Rallye Group's subsidiaries is defined within the strict legal framework of each entity in accordance with local regulations.

Compensation policies are managed by the Human Resources department of each entity and are tailored to the specifics of each activity, employees' legal status, and local issues.

The Casino Group has always been committed to the professional and social development of its employees, who contribute to its operational performance. To strengthen the human resources culture, which in turn boosts this operational performance, the Casino Group has defined four "CLES" [key] values: "Conquest [winning over], Loyalty, Exacting, and Solidarity" and implemented a model to assess managerial attitudes and behavior aimed at promoting career development and internal mobility. The Group's human resources policies take into account working hours, compensation, and training.

Furthermore, training is one of the key factors in developing and maintaining the employability of its employees. In line with the Casino Group's targets, entities have dedicated teams or structures in place for certain professions, which organize employee in-house training.

Groupe GO Sport is continuing its drive to consolidate the number of full-time contracts in its stores. It also favors chosen part-time contracts over non-chosen part-time contracts, i.e., those that do not correspond to the initial wishes of new hires. Training is also an integral part of the employee development policy.

PROMOTING HEALTH AND SAFETY IN THE WORKPLACE

The Casino Group has been committed for many years to improving the safety and physical and psychological health of its employees. Implementation of action plans is ensured by the human resources departments of each subsidiary in order to reduce risks and ensure continuous improvement.

Groupe GO Sport also strives to constantly improve health and safety conditions for its employees. For example, GO Sport France's safety commission, which is part of the works council, carried out inspections. These inspections led to the immediate resolution of technical problems and to compliance with health and safety guidelines.

COMMITMENT TO DIVERSITY AND EQUALITY

The Group's subsidiaries are committed to various programs aimed at combating racial and sexual discrimination in access to jobs and favoring the integration of disabled workers within the Company.

Considering the diversity of its activities, the kind of profiles recruited, and the number of employees, the Casino Group has been committed for almost twenty years to combating all types of discrimination. The Group considers diversity to be an economic performance factor and has thus defined a voluntarist policy aimed at recruiting a diverse workforce and promoting professional equality at all levels and in all business processes.

The Group's main areas of commitment include: social origin, sex, disability, age (youth and seniors), gender, sexual orientation, and religious diversity.

For Groupe GO Sport, 2012 was marked by the continuing implementation of plans made in the 2011-2013 Company-wide agreement to promote the professional integration and continuing employment of disabled employees. Throughout the year, Groupe GO Sport also continued with its commitment to favor disabled employees through various partnerships and cooperative endeavors, and to fight discrimination.

WORKPLACE FIGURES

Due to the wide scope of the Casino Group compared to Groupe GO Sport in terms of business volume, as well as varying calculation methods between the two entities, data for Groupe GO Sport is not included below. However, this data is available in Groupe GO Sport's reference document.

2012 workplace indicators(1)	Unit	Casino Group
Number of employees as of December 31	No.	318,599
Percentage of total workforce represented by women	%	55%
Under 30s(2)	No.	111,779
30 to 50 year olds(2)	No.	114,481
Over 50s(2)	No.	22,641
Percentage of part-time workers(3)	%	29%
Number of permanent contract recruitments	No.	65,842
Number of economic layoffs	No.	246
Number of workers declared disabled as of Dec. 31, 2012(4)	No.	5,635
Average number of hours training per employee per year	hours	14.6
Number of workplace accidents(5)	No.	8,587

(1) Except for the number of employees as of December 31, the data does not include ViaVarejo and for the «Indian Ocean» scope of consolidation only includes businesses located on Reunion.
(2) For the breakdown of personnel by age group, the data does not include Cdiscount's fixed-term contracts.
(3) This percentage only covers the "France" scope of consolidation.
(4) Excluding Franprix Leader Price and Disco Devoto.
(5) With absence of at least one day. Excluding Big C Vietnam.

ENVIRONMENTAL RESPONSIBILITY

The Group's environmental impact is mainly at the Casino and Groupe GO Sport level. The environmental policies of Rallye's subsidiaries aim to minimize the impact on the environment and the use of natural resources, to improve eco-responsibility, and to adopt a more ecological approach.

WASTE MANAGEMENT

Recycling and reducing waste from operations is one of the priorities of the Casino Group's environmental policy. The main types of waste generated by the sites are cardboard, plastic, paper, and fermentable products. Each of the Group's entities manages its own waste in accordance with local rules and regulations.

Moreover, to encourage its customers to sort and recycle their used products, the Casino Group runs awareness-raising campaigns aimed at consumers.

Groupe GO Sport is a member of various eco-organizations and contributes to the financing of waste recycling and treatment.

SUSTAINABLE USE OF RESOURCES

Improving the energy efficiency of its stores is a priority for all of the Casino Group's entities. The two main sources of energy consumption of mainly electrical origin are store lighting and food refrigeration. Since 2012, the Group has tasked its GreenYellow subsidiary with implementing an energy efficiency improvement program at its main sites by means of energy performance contracts. Moreover, to support the development of renewable energy sources, the Casino Group launched an ambitious program in 2007 to develop solar photovoltaic installations.

The Group's business, both in France and abroad, mainly consumes water from municipal networks, and is mostly used for sanitary purposes.

Since Groupe GO Sport mainly leases its stores, it is not responsible for their maintenance. Its main concerns therefore include reducing electricity consumption and greenhouse gas emissions.

CONTRIBUTION TO THE FIGHT AGAINST CLIMATE CHANGE

Beginning in 2005, in order to manage its greenhouse gas emissions, the Casino Group has identified the various carbon impacts of its business in France through numerous initiatives, including an initial carbon audit (which was renewed in 2009) on a sample of 400 sites. The Group decided, as part of the internationalization of its business, to standardize its subsidiaries' greenhouse gas inventory practices so as to compare performances and allow data to be consolidated. The Group thus carried out in 2012 a consolidated greenhouse gas audit of its businesses in 2011 and 2012. This 2011-2012 Group inventory, covering the majority of subsidiaries, is thus used as a reference year to monitor the efficiency of the reduction plans in effect.

The main sources of emissions from the Group's direct activities (excluding product impact) are: refrigerant fluid refills relating to leaks from refrigeration equipment; fuel required to transport goods; the energy consumption at its sites; the fuel used to transport customers and employees.

PROTECTING BIODIVERSITY

The Casino Group has included its commitment to protecting biodiversity in its Group ethics charter *via* its CSR targets.

In 2012, the Casino Development Department drew up and implemented a guide of best practices for land management and the protection of biodiversity. The delegated project management teams have been trained in these practices.

Due to Groupe GO Sport's business, specialized in sporting goods retailing, this subject is not considered to be relevant.

ENVIRONMENTAL FIGURES

Due to the wide scope of the Casino Group compared to Groupe GO Sport in terms of business volume, as well as to certain different calculation methods the two entities use, data for Groupe GO Sport is not included below. However, this data is available in Groupe GO Sport's reference document.

Environmental data of importance to Casino	Unit	Total Casino Group
Reduction of greenhouse gas emissions[1]		
Greenhouse gas emissions Scope 1 = direct emissions related to fuel (gas and fuel) and refrigerant fluid refills	CO_2	1,420,000
Greenhouse gas emissions Scope 2 = indirect emissions related to energy consumed (electricity, vapor, heat, cold)	CO_2	820,000
Sustainable use of resources		
Energy consumption		
Electricity	MWh	4,820,286
Gas[2]	MWh	265,160
Water consumption[3]	m^3	15,536,684
Number of workplace audits on supplier production sites in 2012	No.	154

Comments on the scope of available data: data covers the majority of sites with a coverage rate ranging between 66% and 98% depending on the indicator and entity.
(1) Excluding Sudeco and Disco Devoto.
(2) Excluding Libertad and Big C Thailand.
(3) Excluding Franprix, Leader Price.

The Casino Group is listed in the following socially responsible investment (SRI) indexes: FTSE4GOOD, Ethibel and Dow Jones World and Europe Sustainability Indexes. These indices include the companies ranked highest based on ethical, social, environmental, and governance criteria. The Group's initiatives are regularly awarded. In 2012, in France, the Casino Group was awarded the Grand Prix Essec for Responsible Distribution, the Prix Washburn and the *Trophée du Capital Humain* for its social innovation policy.

SOCIETAL RESPONSIBILITY

Beyond uniquely environmental measures, the Group's policy has a societal dimension, which is expressed by major themes aimed at encouraging responsible consumption.

A COMMITTED LOCAL PLAYER

The Casino Group encourages the development of convenience stores in the countries in which it operates. It participates actively in local life in its territories, (town centers, suburban areas, and rural areas), contributes to the development of the local economy and to local solidarity by encouraging its brands, through its CSR policies, to strengthen their solidarity partnerships, develop acts of solidarity locally at the store level, and support the work of foundations. These measures are applied within each of the Group's entities, according to the local context.

OUTSOURCING AND SUPPLIERS

Due to its retailing activities, the Casino Group's corporate social responsibility approach is not limited to its internal practices alone, but also takes into account the risks and challenges associated with its supply chain. The policies implemented to take into account the social and environmental impact of its subcontractors mainly affect: the Group's suppliers of own-brand products located in countries considered as "at risk," the stores' local suppliers, transport service providers, and packaging manufacturers. Their objective is to strengthen the Group's social and ethical approach, support local production networks, and favor the CSR – corporate social responsibility – policies of small-and-medium-enterprises. For example, numerous initiatives to reduce the environmental impact of Casino-branded products have been taken: eco-design and reduction of product packaging; development of more environmentally friendly product ranges; development of environmental labeling on foodstuff packaging.

In order to involve its business partners in its sustainable development approach, Groupe GO Sport asks its suppliers and their subcontractors to sign its general purchase conditions, which contain the code of ethics to be followed. These rules are comprised of the codes of ethics of the *Fédération du commerce et de la distribution* (FCD), the ethics commission within the *Fédération professionnelle des entreprises du sport* (FPS) and recommendations by the International Labor Organization summarized in the SA 8000 standard.

PREVENTING CORRUPTION

The Group supports the fight against corruption and is committed to enforcing current legislation. To do so, it has adopted procedures, raised awareness among its employees and implemented control procedures.

As part of the day-to-day management of the Group, Rallye is involved in normal business relationships with all its subsidiaries. The absence of conflicts of interest is described in the management report on page 47 of this reference document.

CONSUMER HEALTH AND SAFETY

The Casino Group's aim, which is reflected in its corporate slogan "Nourishing a World of Diversity," is to offer high-quality products to the greatest number of people possible while at the same time enabling its customers to consume in a more responsible manner. Two priorities have been set: acting with the health of consumers in mind through offering more balanced food choices and encouraging more environmental friendly consumption.

Diet, which is at the heart of health and social issues, is a major concern for the Casino Group, which is developing a product policy, which combines safety, nutritional balance, health, pleasure, and respect for the environment. Thus, regardless of the type of own-brand product range, product quality and safety are top priorities for the Group. A comprehensive system guarantees the sale of healthy, safe, and quality products from the drawing up of specifications right through to store operations.

Consumer health is also a major concern for Groupe GO Sport. Its suppliers must do all they can to protect customers' health and the environment. For example, in line with the European REACH directive, they are prohibited from supplying substances of very high concern (SVHC) to human health, or which are toxic and biodegrade slowly. They must provide a letter of guarantee twice a year certifying that no products or packaging exceed the tolerated weight limit of 0.1% of SVHC per product. Suppliers also undertake not to use banned or dangerous products (banned dyes, pesticides, nickel, chrome, etc.).

RESPECTING HUMAN RIGHTS AND THE FUNDAMENTAL PRINCIPLES OF THE ILO

The "CSR Spirit" program is a key element of the Casino Group's CSR policy. This program is in perfect alignment with the nine commitments set out in the Group's ethics charter, and this reflects its adherence to the principles set out in the Universal Declaration of Human Rights and to the International Labor Organization's (ILO's) Declaration on Fundamental Principles and Rights at Work. Under this charter, the Casino Group undertakes to favor the development of high-quality social relationships, based on the respect of employee representative bodies and a constructive social dialogue; favor the social welfare of all employees regardless of their level of education; and encourage these entities to engage in dialogue with the affected parties in order to "consider the diversity of expectations, needs, and lifestyles of all the affected parties with which the Group interact."

Though this ethics charter and the signing of the United Nations Global Compact, the Casino Group confirms its commitment to the respect and promotion of human rights in all its international subsidiaries and with all its suppliers and subcontractors, and to contribute to the elimination of all forms of forced or compulsory work, as well as to the abolition of child labor within its sphere of influence.

Groupe GO Sport strives to ensure that human rights are respected throughout its logistics chain. To do so, all suppliers and subcontractors are required to adhere to the Group's General Purchasing Conditions, which includes respecting the fundamental principles of the International Labor Organization and of local legislation. Regular audits are carried out to ensure compliance with this requirement.

CERTIFICATE OF PRESENCE AND LIMITED ASSURANCE REPORT BY THE INDEPENDENT AUDITOR WITH REGARD TO SOCIAL, ENVIRONMENTAL AND SOCIETAL INFORMATION

Year ended December 31, 2012

To the attention of General Management,

As requested and in our capacity as Rallye's independent auditors, we hereby submit our report on the consolidated social, environmental and societal information presented in the Management Report for the year ended December 31, 2012, in accordance with Article L.225-102-1 of the French Commercial Code.

MANAGEMENT'S RESPONSIBILITY

It is the Board of Directors' responsibility to prepare a Management Report which includes the consolidated social, environmental and societal information stipulated in Article R.225-105-1 of the Commercial Code (hereafter the "Information"), drawn up in compliance with the standards (the "Standards") used by Rallye and its subsidiaries. A summary of the Management Report, for the Casino Group, can be found in the latter's Management Report.

INDEPENDENCE AND QUALITY CONTROL

Our independence is defined by the regulatory texts, the French Code of Ethics for auditors, as well as provisions set out in Article L.822-11 of the Commercial Code. We have also implemented a quality control system, which includes written policies and procedures aimed at ensuring compliance with the professional rules of conduct, professional standards and the relevant legal and regulatory texts.

INDEPENDENT AUDITOR'S RESPONSIBILITY

It is our responsibility, on the basis of our work:

- to attest that the required Information is presented in the Management Report and is subject, in the case of omission, to an explanation in accordance with paragraph 3 of Article R.225-105 of the Commercial Code and Decree No. 2012-557, dated April 24, 2012 (Certificate of Presence);
- to express a conclusion of limited assurance that the data is presented, in all material respects, in a fair fashion in accordance with the Standard used (Limited Assurance Report).

I. DIRECTORS' FEES

We have performed our task in accordance with the professional guidelines applicable in France:

- We have compared the Information presented in the Management Report with the list set out in Article R.225-105-1 of the Commercial Code.
- We have verified that the Information covered the scope of consolidation, i.e. the Company and its subsidiaries as defined by Article L.233-1, and the companies that it controls as defined by Article L.233-3 of the Commercial Code, within the limits set out in the paragraph entitled «Relevant scope» in the chapter «Social, environmental, and societal information» and in the paragraphs entitled «Workplace figures» and «Environmental figures» of the Management Report.
- In the case of omission of certain consolidated information, we have verified that explanations have been provided in accordance with Decree No. 2012-557, dated April 24, 2012.

Based on this work, we certify that the required Information is present in the Management Report.

2. LIMITED ASSURANCE REPORT

NATURE AND SCOPE OF WORK

We have carried out our work in compliance with ISAE 3000 (International Standard on Assurance Engagements) and the professional code applicable in France. We performed the following procedures to obtain a limited assurance that the Information is free of material misstatement that might compromise its fairness, in all material respects, in accordance with the Standards. A higher level of assurance would have required more extensive work.

We have carried out the following work:

- We have assessed the appropriate nature of the Standards in terms of their relevance, completeness, neutrality, clarity, and reliability.
- We have verified the implementation within the Company of a collection, compilation, processing, and control procedure aimed at ensuring complete and uniform Information. We have reviewed the internal control and risk management procedures relating to the preparation of Information. We have conducted interviews with the persons responsible for social and environmental reporting.
- For the other reported quantitative and qualitative Information, we have assessed its fairness and consistency relative to our knowledge of the Company, where necessary through interviews or by consulting source documentation.
- Finally, we have assessed the relevance of the explanations given for any missing information.

COMMENTS REGARDING STANDARDS AND INFORMATION

Our observations regarding the Standards and Information are as follows: the Casino Group's social and environmental information closely reflects the performance of Rallye as a whole on these subjects. Nonetheless, greater consistency within Rallye's subsidiaries in the definitions of the social and environmental indicators and monitoring methods would make its non-financial reporting more complete.

CONCLUSION

Based on our work, we did not find any material misstatements that would call into question the fact that the Information has been presented, in all material respects, in a fair fashion, in accordance with the Standards.

Paris La Défense, March 28, 2013

The independent auditor

ERNST & YOUNG et Associés

Environmental and Sustainable Development Division

Éric Mugnier

CORPORATE GOVERNANCE

Board of Directors

STRUCTURE AND OPERATION OF THE BOARD OF DIRECTORS

At February 28, 2013, the Board of Directors was comprised of eleven Directors and one non-voting observer:

- Jean-Charles NAOURI, Chairman of the Board of Directors;
- André CRESTEY, Vice Chairman;
- Didier CARLIER, representing Foncière Euris;
- Philippe CHARRIER, Independent Director;
- Jean CHODRON DE COURCEL, Independent Director;
- Jacques DUMAS;
- Jean-Marie GRISARD, representing Finatis;
- Didier LÉVÊQUE, representing Matignon Diderot;
- Odile MURACCIOLE, representing Eurisma;
- Gabriel NAOURI, representing Euris;
- Christian PAILLOT, Independent Director;
- Jean LEVY, non-voting observer.

Executive Management from February 28, 2013:

- Didier CARLIER, Chief Executive Officer;
- Franck HATTAB, Deputy Managing Director.

The Board of Directors, during its February 28, 2013, meeting, on the recommendation of the Appointments and Compensation Committee, decided to separate the positions of Chairman of the Board of Directors from that of Chief Executive Officer of Rallye which is now carried out by Didier CARLIER, Chief Executive Officer, who is assisted by Franck HATTAB, Deputy Managing Director.

The term of office of all Directors expires at the General Shareholders' Meeting of May 14, 2013.

Thus, as part of its mission, the Appointments and Compensation Committee carried out its annual examination of the membership of the Board of Directors, and in particular the situation of each Director with regard to dealings with Group companies that might compromise his freedom of judgment or entail conflicts of interest.

The Board of Directors, on the recommendation of the Appointments and Compensation Committee, decided to propose the reappointment of all of the Directors' mandates at the General Shareholders' Meeting, it being noted that the appointment as non-voting observer of André CRESTEY is proposed as a replacement for Jean LEVY.

In accordance with the rules of the AFEP-MEDEF Code of Corporate Governance regarding independent members and women on the Board of Directors, the Appointments and Compensation Committee has implemented a selection procedure to appoint a female independent Director.

The members of the Board of Directors are selected on the basis of their skills, experience (in particular in the retailing and consumer fields), and their ability to complement one another.

The remaining members of Rallye's Board of Directors are either officers or executives from the Rallye parent company or its parent companies. The Board does not include any Director elected by employees.

The rules and modes of operation of the Board of Directors are as established by law, Company by-laws and the Board's internal rules of procedure. They are described in detail below, in the «Chairman's report.»

Directors are appointed for one year.

OFFICES AND POSITIONS HELD BY THE MEMBERS OF THE BOARD OF DIRECTORS

Information about the operation of the Board of Directors is given in the Chairman's report on the organization of the Board and the internal control procedures, on page 49 of this reference document.

DIRECTORS WHOSE REAPPOINTMENT IS BEING PROPOSED AT THE GENERAL SHAREHOLDERS' MEETING

→ JEAN-CHARLES NAOURI

Date of birth: March 8, age 64

Professional address: 3, rue du Faubourg Saint-Honoré – 75008 Paris

— *Biography*

A graduate of École Normale Supérieure (Sciences), Harvard University, and École Nationale d'Administration, Jean-Charles NAOURI, Inspecteur des finances, began his career with the Department of the Treasury. He was appointed Principal Private Secretary to the Minister of Social Affairs and National Solidarity in 1982, and later to the Minister of the Economy, Finance, and the Budget in 1984. In 1987, he founded Euris.

— *Principal executive positions*

Chairman and Chief Executive Officer of Casino, Guichard Perrachon (SA – listed company).

Chairman of Euris (SAS).

— *Offices and positions held at the Company*

Office/Position	Appointment date	End of office
Director	October 25, 1993	GSM to be held in 2013
Chairman	April 2, 1998	February 28, 2013
Chairman of the Board of Directors	April 2, 1998	GSM to be held in 2013

— *Other offices and positions held in 2012 and continuing as of February 28, 2013*

Within the Group	Outside the Group
• Chairman and Chief Executive Officer of Monoprix; • Chairman of the Board of Directors of Wilkes Participacoes; • Director of Companhia Brasileira de Distribuicao (CBD) (listed company); • Vice President of the Casino Foundation; • President of Euris Foundation.	• Director of F. Marc de Lacharrière (Fimalac) (SA – listed company); • Member of the Consultative Committee of Banque de France; • President of the association «Promotion des talents»; • Honorary Chairman and Director of the Institut de l'École Normale Supérieure.

— *Other offices and positions held in the past five years (not including the offices and positions listed above)*

- Chairman of the Board of Directors of Finatis (SA – listed company);
- Manager of Penthièvre Seine (SAS) and Penthièvre Neuilly (SAS);
- Director of Natixis (SA);
- Vice President of Euris Foundation.

Number of Rallye shares held: 369.

→ PHILIPPE CHARRIER

Date of birth: August 2, 1954, age 58

Professional address: 60-62, rue d'Hauteville – 75010 Paris

— *Biography*

Philippe CHARRIER is a graduate of HEC and holds a diploma in accounting (DECS). He entered the Financial Department of the Procter & Gamble Group in 1978, where he spent the majority of his career as Financial Director for France, Marketing Director for France, CEO for Morocco, and went on to serve as Chairman and Chief Executive Officer for France until 2006. From 2006 to 2010, he was Vice Chairman and Chief Executive Officer of Œnobiol. Then in January 2011, he became Chairman of Labco.

— *Principal executive position*

Chairman of Labco (SAS).

— *Offices and positions held at the Company*

Office/Position	Appointment date	End of office
Director	June 3, 2009	GSM to be held in 2013

— *Other offices and positions held in 2012 and continuing as of February 28, 2013*

Outside the Group

- Chairman of the Board of Directors of Dental Emco (SA);
- Chairman of the Board of Directors of Alphident (SA);
- Director of Lafarge (SA – listed company);
- Founding member of the business club «Entreprise et Handicap»;
- Vice Chairman of UNAFAM;
- Founder and Chairman of Clubhouse France.

— *Other offices and positions held in the past five years (not including the offices and positions listed above)*

- Chairman of the Supervisory Board of the Spotless Group;
- Vice President, Chief Executive Officer of Laboratoires Œnobiol (SAS);
- Chairman of Entreprise et Progrès;
- Director of Fondation Nestlé pour la Nutrition.

Number of Rallye shares held: 1,252.

JEAN CHODRON DE COURCEL

Date of birth: May 14,1955, age 57

Biography

Jean CHODRON DE COURCEL is a graduate of HEC School of Management and an alumnus of ENA, the French National School of Public Administration. After having held various positions within the government administration and on ministerial staffs, in 1990, Jean CHODRON DE COURCEL joined senior management at the Schneider group, then, in 1997, at Crédit Agricole Indosuez. From 1995 to 1997, he was Deputy Private Secretary to Prime Minister Alain Juppé. He was Deputy Managing Director of the Penauille Polyservices SA group. From 2008 to 2012 he was senior adviser then Vice Chairman – Europe at Canaccord Geniutey Hawkpoint.

— *Offices and positions held at the Company*

Office/Position	Appointment date	End of office
Director	June 9, 2004	GSM to be held in 2013

— *Other offices and positions held in 2012 and continuing as of February 28, 2013*

None.

— *Other offices and positions held in the past five years (not including the offices and positions listed on the left)*

Outside the Group

- Senior advisor to Canaccord Geniutey Hawkpoint;
- Vice Chairman – Europe at Canaccord Geniutey Hawkpoint.

Number of Rallye shares held: 376.

JACQUES DUMAS

Director

Date of birth: May 15, 1952, age 60

Professional address: 83, rue du Faubourg Saint-Honoré – 75008 Paris

— *Biography*

Jacques Dumas, who has a Master's Degree in Law, and is an alumnus of the Institut d'Études Politiques in Lyons, began his career as a lawyer, and then became Administrative Director at the Compagnie Française de l'Afrique Occidentale – CFAO (from 1978 to 1986). In 1987, he was appointed Deputy Company Secretary of the Rallye group, then Director of Legal Affairs at the Euris group (1994). He is currently Deputy Managing Director at Euris, and Advisor to the Chairman of Casino, Guichard-Perrachon.

— *Principal executive positions*

Advisor to the Chairman of Casino, Guichard-Perrachon,

Deputy Managing Director of Euris.

— *Offices and positions held at the Company*

Office/Position	Appointment date	End of office
Director	July 19, 1990	GSM to be held in 2013

— *Offices held in 2012 and continuing as of February 28, 2013*

Within the Euris group	Outside the Euris group
• Permanent representative of Casino, Guichard-Perrachon (SA – a listed company) on the Board of Directors of Monoprix (SA); • Permanent representative of Distribution Casino France (SAS) on the Board of Directors of Distribution Franprix (SA); • Permanent representative of Euris (SAS); • Director of Finatis (SA – a listed company); • Chairman of GreenYellow (SAS).	• Manager of SCI Cognac-Parmentier.

— *Other offices and positions held in the past five years (not including the offices and positions listed above)*

Within the Euris group

- Chairman of the Board of Directors of SAAD (SA);
- Director of Mercialys (SA – a listed company);
- Vice Chairman and member of the Supervisory Board of Geimex (SA with a Management Board and a Supervisory Board);
- Permanent representative of Asinco (SAS) on the Board of Directors of Cafige SA and Figeac Financement Gestion Administration et Contrôle (SA);
- Permanent representative of Distribution Casino France (SAS) on the Supervisory Board of Cofilead (SAS);
- Permanent representative of Germinal S.N.C, Chairman of Théïadis (SAS);
- Permanent representative of Distribution Parisienne (SAS) on the Board of Directors of Gregorim Distribution (SA);
- Permanent representative of Matignon Diderot on the Board of Directors of Finatis (SA);
- Permanent representative of R.L.P.I. (SARL) on the Board of Directors of Villette Discount SA and Clignancourt Discount (SA);
- Director of the Fondation d'entreprise Casino;
- Chairman and member of the Supervisory Board of Leader Price Holding (SA with a Management Board and a Supervisory Board);
- Chairman of the Supervisory Board of Franprix Holding (SA with a Management Board and a Supervisory Board);
- Vice Chairman and member of the Supervisory Board of Franprix Holding (SA with a Management Board and a Supervisory Board).

Number of Rallye shares held: 4,837.

→ CHRISTIAN PAILLOT

Date of birth: September 9, age 65

— *Biography*

Christian PAILLOT has spent most of his career in manufacturing and the distribution of photographic, video, and hi-fi equipment. He built and developed the French businesses of Akai, Konica and Samsung. From 2010 to 2012 he was Vice President of the French Horseback Riding Federation, a member of the International Equestrian Federation and Vice President of the European Equestrian Federation. He is currently Chairman of Paillot Equine Consulting Inc. and of Martina LLC.

— *Offices and positions held at the Company*

Office/Position	Appointment date	End of office
Director	April 4, 2004	GSM to be held in 2013

— *Other offices and positions held in 2012 and continuing as of February 28, 2013*

Outside the Group

- Chairman of US companies Paillot Equine Consulting Inc. and Martina LLC;
- Manager of SCI Parim.

— *Other offices and positions held in the past five years (not including the offices and positions listed on the left)*

Outside the Group

- Manager of Écurie du Haras de Plaisance SARL;
- Vice Chairman of the French Federation for Equestrian Sports;
- Member of the Board of the International Federation for Equestrian Sports;
- Vice Chairman of the European Federation for Equestrian Sports.

Number of Rallye shares held: 1,055.

FINATIS

French stock corporation (SA) with share capital of €84,852,900
Registered office: 83, rue du Faubourg Saint-Honoré – 75008 Paris
No. 712 039 163 in the Paris Companies and Trade Register

— *Offices and positions held at the Company*

Office/Position	Appointment date	End of office
Director	June 2, 1998	GSM to be held in 2013

— *Other offices and positions held in 2012 and continuing as of February 28, 2013*

- Director of Carpinienne de Participations, Foncière Euris and Casino, Guichard-Perrachon (SA – listed companies).

— *Other offices and positions held in the past five years (not including the offices and positions listed on the left)*

None.

Number of Rallye shares held: 295.

PERMANENT REPRESENTATIVE: JEAN-MARIE GRISARD

Date of birth: May 1, 1943, age 70
Professional address: 3, rue du Faubourg Saint-Honoré – 75008 Paris

— *Biography*

A graduate of HEC School of Management, Jean-Marie GRISARD began his career with the mining group Peñarroya-Le Nickel-Imétal, where he held various positions in Paris and London. In 1982, he was named Financial Director of Francarep, which became Paris-Orléans. In 1988, he joined Euris as Company Secretary until 2008.

— *Principal position*

Advisor to the Chairman of Euris.

— *Other offices and positions held in 2012 and continuing as of February 28, 2013*

Within the Euris group	Outside the Group
• Director of Carpinienne de Participations (SA – a listed company); • Director of the Euris Foundation; • Permanent representative of Matignon Diderot (SAS) on the Board of Directors of Casino, Guichard-Perrachon (SA – a listed company).	• Member of the Executive Committee and Deputy Treasurer of the association «Promotion des Talents».

— *Other offices and positions held in the past five years (not including the offices and positions listed above)*

Within the Euris group

- Company Secretary of Euris (SAS);
- Chairman of Matimmob 1 (SAS), Matignon Diderot (SAS) and Matignon Rousseau (SAS);
- Director of Foncière Euris, Finatis (SA – listed company), Park Street Investments International Ltd, Euris North America Corporation (ENAC), Euris Real Estate Corporation (EREC), Euristates Inc. and Euris Limited;
- Treasurer of the Euris Foundation.

Number of Rallye shares held: 4,231.

FONCIÈRE EURIS

French stock corporation (SA) with share capital of €149,488,910

Registered office: 83, rue du Faubourg Saint-Honoré – 75008 Paris

No. 702 023 508 in the Paris Companies and Trade Register

— *Offices and positions held at the Company*

Office/Position	Appointment date	End of office
Director	October 25, 1993	GSM to be held in 2013

— *Other offices and positions held in 2012 and continuing as of February 28, 2013*

- Chairman of Matignon Abbeville (SAS), Marigny Belfort (SAS) and Marigny Foncière (SAS);
- Director of Casino, Guichard-Perrachon (SA – a listed company);
- Manager of SCI Sofaret and SCI Les Herbiers.

— *Other offices and positions held in the past five years (not including the offices and positions listed on the left)*

- Chairman of Marigny Expansion, Marigny Elysées, Matignon Bail and Matignon Corbeil Centre (SAS);
- Director of Apsys International (SA);
- Co-manager of SNC Alta Marigny Carré de Soie.

Number of Rallye shares held: 27,296,291.

PERMANENT REPRESENTATIVE: DIDIER CARLIER

Date of birth: January 5, 1952, age 61

Professional address: 83, rue du Faubourg Saint-Honoré – 75008 Paris

— *Biography*

Didier CARLIER is a graduate of the École supérieure de commerce de Reims (Reims Management School) and a certified public accountant. He started his career in 1975 with Arthur Andersen (Audit Department), rising to the position of Manager. He subsequently served as Company Secretary at Équipements Mécaniques Spécialisés and as Chief Financial Officer at Hippopotamus. He joined the Rallye Group in 1994, as Chief Financial Officer, and was appointed Deputy Managing Director in 2002.

— *Principal executive position*

Deputy Managing Director of Rallye SA.

— *Other offices and positions held in 2012 and continuing as of February 28, 2013*

Within the Euris group

- Chairman and Chief Executive Officer of Miramont Finance et Distribution (SA) and La Bruyère (SA);
- Chairman of Alpétrol (SAS), Cobivia (SAS), Genty Immobilier et Participations (SAS), L'Habitation Moderne de Boulogne (SAS), Les Magasins Jean (SAS), Matignon Sablons (SAS) and Parande (SAS);
- Chairman of US companies Crapon LLC, King LLC, Lobo I LLC, Oregon LLC, Parker I LLC, Pointer I LLC, Sharper I LLC, and Summit I LLC;
- Chairman and /Chief Executive Officer of MFD Inc. USA;
- Representative of Parande (SAS), Chairman of Pargest (SAS) and Parinvest (SAS);
- Permanent representative of Euris (SAS) on the Board of Directors of Casino, Guichard-Perrachon (SA – a listed company);
- Permanent representative of Matignon Sablons (SAS), Director of Groupe GO Sport (SA – a listed company);
- Manager of SCI de Kergorju, SCI des Sables and SCI des Perrières.

Outside the Group

- Manager of SC Dicaro.

— *Other offices and positions held in the past five years (not including the offices and positions listed above)*

Within the Group

- Chairman and Chief Executive Officer of Colisée Finance (SA), Colisée Finance II (SA) and Colisée Finance VI (SA);
- Chairman of MFD Finances SAS, Parande Développement (SAS), Kerrous (SAS), Marigny Percier (SAS), Parcade (SAS), Soparin (SAS), Colisée Finance III (SAS) Omnium de Commerce et de Participations (SAS), Colisée Finance IV (SAS) and Colisée Finance V (SAS);
- Managing Director of Club Sport Diffusion (SA) (Belgium) and Limpart Investments BV (the Netherlands);
- Representative of Parande (SAS), Chairman of Pargest Holding (SAS);
- Permanent representative of Omnium de Commerce et de Participations (SAS), Director of Groupe GO Sport (SA – a listed company).

Number of Rallye shares held: 44,221.

MATIGNON DIDEROT

French simplified stock corporation (SAS) with share capital of €9,038,500

Registered office: 83, rue du Faubourg Saint-Honoré – 75008 Paris

No. 433 586 260 in the Paris Companies and Trade Register

— *Offices and positions held at the Company*

Office/Position	Appointment date	End of office
Director	July 26, 2012	GSM to be held in 2013

— *Other offices and positions held in 2012 and continuing as of February 28, 2013*

- Director of Casino, Guichard-Perrachon and Finatis SA (listed companies);
- Manager of Penthièvre Neuilly Real Estate company.

— *Other offices and positions held in the past five years (not including the offices and positions listed on the left)*

None.

Number of Rallye shares held: 292.

PERMANENT REPRESENTATIVE: DIDIER LÉVÊQUE

Date of birth: December 20, 1961, age 51

Professional address: 83, rue du Faubourg Saint-Honoré – 75008 Paris

— *Biography*

Didier LÉVÊQUE is a graduate of HEC School of Management. From 1985 to 1989, he served as Research Analysts at the Financial Department of the Roussel-UCLAF Group. He joined Euris in 1989 as Deputy Company Secretary. He now holds the position of Company Secretary.

— *Principal executive positions*

Company Secretary of Euris SAS.

Chairman and Chief Executive Officer of Finatis.

— *Other offices and positions held in 2012 and continuing as of February 28, 2013*	
Within the Euris group	**Outside the Euris group**
• Chairman and Chief Executive Officer of Carpinienne de Partipations (SA – a listed company) Euris North America Corporation (ENAC), Euristates Inc., Euris Real Estate Corporation (EREC) (USA) and Parande Brooklyn Corp.; • Chairman of Par-Bel 2 (SAS) and Matignon Diderot (SAS); • Director of Euris Limited (UK); • Permanent representative of Finatis, Director of Foncière Euris (SA – a listed company); • Permanent representative of Foncière Euris on the Board of Directors of Casino, Guichard-Perrachon (SA – a listed company); • Representative of Matignon Diderot (SAS), Manager of Penthièvre Neuilly Real Estate company; • Director and Treasurer of the Euris Foundation; • Co-manager of Silberhorn SARL.	• Manager of EMC Avenir 2 SARL.

— *Other offices and positions held in the past five years (not including the offices and positions listed above)*

Within the Euris group

- Deputy Company Secretary of Euris (SAS);
- Chairman of Montparnet (SAS), Matignon-Tours (SAS) and Matimmob 1 (SAS);
- Director of Park Street Investments International Ltd;
- Permanent representative of Matignon Corbeil Centre on the Board of Directors of Rallye (SA – a listed company);
- Permanent representative of HMB, Director of Colisée Finance;
- Permanent representative of Matignon Diderot, Director of Finatis (SA – a listed company);
- Permanent representative of Omnium de Commerce et de Participations, Director of Casino, Guichard-Perrachon (SA – a listed company).

Number of Rallye shares held: 33,246.

→ EURIS

French simplified stock corporation (SAS) with share capital of €164,806

Registered office: 83, rue du Faubourg Saint-Honoré – 75008 Paris

No. 348 847 062 in the Paris Companies and Trade Register

— *Offices and positions held at the Company*

Office/Position	Appointment date	End of office
Director	June 8, 2005	GSM to be held in 2013

— *Other offices and positions held in 2012 and continuing as of February 28, 2013*

- Director of Finatis, Foncière Euris and Casino, Guichard-Perrachon (SA – listed companies).

— *Other offices and positions held in the past five years (not including the offices and positions listed on the left)*

None.

Number of Rallye shares held: 355.

PERMANENT REPRESENTATIVE: GABRIEL NAOURI

Date of birth: July 6, 1981, age 31

Professional address: 148, rue de l'Université – 75007 Paris, France

— *Biography*

Gabriel NAOURI holds a Master's in Applied Mathematics from the University of Paris Dauphine. In 2004, he joined the M&A division of Rothschild & Cie in New York where he was involved in the sale of Swissport, world leader in airport services, then in 2006, he held a position at L'Oréal USA (New York) as marketing manager (in the consumer products division). In early 2007, he joined the Group, first at Rallye as a special assistant, then at Casino where he carries out various operating functions at stores, serving especially as hypermarket Director. He was the Hypermarket Operations Director for the Île-de-France region. Since June 2012, he is Digital and Innovation Brand Manager at Casino and Advisor at Euris.

— *Principal executive positions*

Digital and Innovation Brand Manager at Casino Guichard Perrachon (SA – listed company).

Advisor at Euris.

— *Other offices and positions held in 2012 and continuing as of February 28, 2013*

Outside the Group

- Manager of Financière GN;
- Manager of SNC Georges Pompidou

— *Other offices and positions held in the past five years (not including the offices and positions listed on the left)*

None.

Number of Rallye shares held: 350.

EURISMA

French simplified stock corporation (SAS) with share capital of €25,537,485

Registered office: 83, rue du Faubourg Saint-Honoré – 75008 Paris

No. 343 718 102 in the Paris Companies and Trade Register

— *Offices and positions held at the Company*

Office/Position	Appointment date	End of office
Director	May 4, 2011	GSM to be held in 2013

— *Other offices and positions held in 2012 and continuing as of February 28, 2013*

- Director of Carpinienne de Participations (SA – a listed company).

— *Other offices and positions held in the past five years (not including the offices and positions listed on the left)*

None.

Number of Rallye shares held: 333.

→ PERMANENT REPRESENTATIVE: ODILE MURACCIOLE

Date of birth: May 20, 1960, age 52

Professional address: 83, rue du Faubourg Saint-Honoré – 75008 Paris

— *Biography*

After receiving her Advanced Studies Diploma in employment law, Odile MURACCIOLE began her career as head of the legal department at the Alty Group, an independent oil company. She joined the Euris Group in 1990 where she serves as Legal Director of Euris.

— *Principal position*

Legal Director of Euris SAS.

— *Other offices and positions held in 2012 and continuing as of February 28, 2013*

Within the Euris group

- CEO of Parinvest (SAS), Pargest (SAS) and Parande (SAS);
- President of Eurisma;
- Permanent representative of Euris on the Board of Directors of Foncière Euris (SA – a listed company);
- Permanent representative of Finatis (SA – a listed company) on the Board of Directors of Carpinienne de Participations (SA – a listed company);
- Member of the Supervisory Board of DMC SA;
- Director of the Euris Foundation.

— *Other offices and positions held in the past five years (not including the offices and positions listed above)*

Within the Euris group

- Deputy manager of Legal Affairs at Euris(SAS);
- Permanent representative of Euris (SAS) on the Board of Directors of Carpinienne de Participations (SA – a listed company);
- Permanent representative of Kerrous (SAS) on the Board of Directors of Colisée Finance (SAS);
- Permanent representative of Kerrous (SAS) on the Board of Directors of Colisée Finance II (SAS);
- General Manager of Pargest Holding (SAS);
- Member of the Supervisory Board of Centrum Leto (SA), Centrum Poznan (SA) and Centrum Weiterstadt (SA).

Number of Rallye shares held: 7,691.

Non-voting observer

Company by-laws allow for the appointment of one or several non-voting observers, chosen from among the shareholders. They are appointed for one year and participate in Board Meetings; in connection with this role, they share their observations and advice and take part in discussions in an advisory capacity. There may not be more than five such observers in total.

→ JEAN LÉVY

As Jean Lévy has reached the maximum age limit for this position set out in the by-laws, his position will not be renewed.

Date of birth: November 9, 1932, age 80.

— *Biography*

After graduating in economics from the Institut d'études politiques de Paris and in international economics from Yale, Jean Lévy spent most of his career at L'Oréal (1960-1987), where he was Vice President for consumer products. He then joined Sanofi, where he was a member of the Management Committee from 1987 to 1992. Since 1991, as an independent counselor and company Director, he has held the offices of Chairman of AFCOHT (the French Association of Duty Free Commerce). He is an honorary member of Conseillers du Commerce Extérieur de la France.

— *Offices and positions held at the Company*

Office/Position	Appointment date	End of office
Non-voting observer	June 4, 2008	GSM to be held in 2012

— *Other offices and positions held in 2011 and continuing as of February 29, 2012*

- Director of Interparfums Inc, Interparfums France and Axcess (SA);
- Director of Mont-Blanc (SAS).

— *Other offices and positions held in the past five years (not including the offices and positions listed on the left)*

- Director of Opthtalmic;
- Director of Vivactis (SAS);
- Director of Price Minister (SA).

Number of Rallye shares held: 1.

André CRESTEY, previously a Director, will be proposed as the new non-voting observer.

→ ANDRÉ CRESTEY

Date of birth: February 22, 1939, age 74

Professional address: 3, rue du Faubourg Saint-Honoré – 75008 Paris

— *Biography*

From 1977 to 1992, André CRESTEY was Chief Executive Officer of Euromarché. In 1992, he entered the Rallye group, where he served first as Chairman of the Management Board, then as Chairman and Chief Executive Officer (1993) and as Vice Chairman and Chief Executive Officer from 1998 to 2001. Since 2001, he has been Vice Chairman of the Board of Directors.

— *Principal executive position*

Vice Chairman of Rallye until the Annual General Meeting of Shareholders of May 14, 2013.

— *Offices and positions held at the Company*

Office/Position	Appointment date	End of office
Director	August 14, 1992	GSM to be held in 2013
Vice Chairman	April 2, 1998	GSM to be held in 2013

— *Other offices and positions held in 2012 and continuing as of February 28, 2013*

Within the Euris group	Outside the Group
• Director of Miramont Finance et Distribution (SA) and Groupe GO Sport SA (a listed company).	• Directors of FCD; • Director of Périfem.

— *Other offices and positions held in the past five years (not including the offices and positions listed above)*

Within the Euris group	Outside the Group
• Permanent representative of Omnium de Commerce et de Participations (SAS) on the Board of Directors of Casino, Guichard-Perrachon (SA – a listed company).	• Chairman of Perifem; • Statutory President of the FCD.

Number of Rallye shares held: 27,511.

Jacques Dermagne, who passed away on July 3, 2012, had been a Director of Rallye for the previous ten years. He was a key personality in the world of economics and commerce, and in its institutions, and he contributed his vast knowledge of the retail industry to the Board of Directors.

No family ties exist among members of the Board of Directors with the exception of Jean-Charles NAOURI and Gabriel NAOURI.

In compliance with the General Regulations of the Financial Markets Authority, which resulting from the transposition of the EU Prospectus Directive, it is stated that, to the Company's knowledge, none of the members of the Board of Directors has been found guilty of fraud or has been associated with a bankruptcy, receivership or liquidation in the past five years. Furthermore, no judgment or official public sanction has been handed down against them by any statutory or regulatory authority, and no court of law has prevented them from acting as members of an administrative, managing or supervisory body of a listed company, nor from taking part in the management or supervision of a listed company's affairs.

No loans or guarantees have been set up or granted by the Company to members of the Board of Directors.

EXECUTIVE MANAGEMENT

The duties of Chairman of the Board of Directors and of Chief Executive Officer were brought together and carried out by Jean-Charles NAOURI until February 28, 2013.

The Board of Directors, during its February 28, 2013 meeting, decided to separate the position of Chairman of the Board of Directors from that of Chief Executive Officer of Rallye which is now carried out by Didier CARLIER, Chief Executive Officer, who is assisted by Franck HATTAB, Deputy Managing Director.

Executive Management, in accordance with Article L.225-56 of the Commercial Code, has the broadest powers to act on behalf of the Company in every circumstance. It exercises these powers within the limits of the Company's business purpose and subject to the powers expressly assigned by law to the Shareholders' Meetings and to the Board of Directors. It shall represent the Company in its dealings with third parties.

However, the Board of Directors, during its February 28, 2013 meeting, asked that certain management transactions be submitted to the Board of Directors for prior approval due to their nature or their amount.

The Chairman of the Board of Directors organizes and directs the activities of the Board and reports thereon to the Shareholders' Meeting; he also ensures that the company's management bodies function properly.

COMPENSATION RECEIVED BY EXECUTIVES AND OTHER CORPORATE OFFICERS

The principles and rules decided on by the Board of Directors to determine compensation and benefits of any kind to be granted to corporate officers are provided in the Chairman's report (page 52).

COMPENSATION OF THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER

As in 2011, Jean-Charles NAOURI received no remuneration or benefits from the Company, other than €10,000 in Director's fees.

Jean-Charles NAOURI is not part of any supplementary pension scheme and will not benefit from any payment if he should end his duties. He has not been given any stock options, or bonus shares in Rallye, or in the companies controlled by Rallye, or in the companies that control Rallye.

Director's fees, and compensation and benefits of all kinds paid to the Chairman and Chief Executive Officer by Rallye as well as by the companies it controls, the companies that control it and by the companies that control those companies, are as follows:

	2011 fiscal year	2012 fiscal year
Compensation paid for the fiscal year	€2,674,068(1)	€2,092,500(2)
Valuation of options granted during the fiscal year	N/A	N/A
Valuation of bonus shares granted during the fiscal year	N/A	N/A
Total	**€2,674,068**	€2,092,500(3)

(1) Compensation and/or Director's fees and/or benefits of all kinds paid by Casino, Guichard-Perrachon (€1,354,068), Rallye (€10,000) and Euris (€1,310,000).
(2) Compensation and/or Director's fees and/or benefits of all kinds paid by Casino, Guichard-Perrachon (€712,500), Rallye (€10,000) and Euris (€1,370,000).
(3) Compensation and/or Directors fees paid in 2012 by Rallye, the companies that control it, and by the companies that controlled the latter totaled €2,734,068.

COMPENSATION OF DIDIER CARLIER, DEPUTY MANAGING DIRECTOR

In 2012, Didier CARLIER, Deputy Managing Director, employee, and member of the Board of Directors, received the following compensation, Directors' fees and benefits:

	2011 fiscal year		2012 fiscal year	
	Amounts due[3]	Amounts paid[4]	Amounts due[3]	Amounts paid[4]
Fixed compensation[1]	€384,000	€384,000	€415,000	€415,000
Variable compensation[1][2]	€196,956	€188,265	€216,000	€196,956
Extraordinary compensation	-	-	-	-
Rallye Director's fees	€10,000	€10,000	€10,000	€10,000
Benefits in kind	-	-	-	-
Total	**€590,956**	**€582,265**	€641,000	€621,956[5]

(1) Gross compensation before taxes and charges.
(2) The basis for the determination of the variable compensation in 2012 is detailed in the Chairman's Report on page 52.
(3) Compensation granted for the year irrespective of the payment date.
(4) Total compensation paid by the Company during the fiscal year.
(5) Compensation and/or Directors fees paid in 2012 by Rallye, the companies that control it, and by the companies that controlled the latter totaled €638,456.

Variable compensation is based on quantitative Group goals, qualitative individual goals and on a general evaluation of managerial attitudes and behavior.

Didier CARLIER received no remuneration from the controlled companies or the companies in control of Rallye, other than €16,500 in Director's fees related to his position as Director.

At the Board of Directors, he is also permanent representative of Foncière Euris, a Director of Rallye. Foncière Euris did not receive any fees or Director's fees from companies that it controls or that control it.

COMPENSATION RECEIVED BY OTHER CORPORATE OFFICERS

The Shareholders' Meeting, of May 19, 2010, set the total amount of Director's fees allocated to members of the Board of Directors and committees at a maximum of €300,000. On the basis of recommendations from the Appointments and Compensation Committee, the rules governing the distribution of Director's fees and compensation received by the non-voting observer were set by the Board of Directors and are detailed in the Chairman's report.

The total amount of Director's' fees and compensation paid out in May 2012 for the previous year to Directors, the non-voting observer, and to members of the specialized committees totaled €269,333, versus €258,333 and €295,429 in the two previous years. Each Director's compensation has remained the same since 2002.

The total amount of compensation and Director's fees paid out to Company officers, other than Jean-Charles NAOURI and Didier CARLIER, by the Company, the companies it controls, the companies that control it or the companies controlled by the latter, is as follows:

(In €)	Director's fees and compensation paid			
	In 2011		In 2012	
	Directors' fees	Other compensation[1]	Directors' fees	Other compensation[1]
Philippe CHARRIER	30,000		27,333	-
Jean CHODRON DE COURCEL	30,000		27,333	-
André CRESTEY	50,000[2]	103,316	50,000[2]	79,000
Jacques Dermagne	40,000		40,000	-
Jacques DUMAS	20,000	765,307[3]	20,000	817,824[3]
Jean-Marie GRISARD[4]	10,000	14,583	10,000	12,500
Jean Lévy	17,333		17,333	
Didier LÉVÊQUE	10,000	580,043	10,000	617,245[5]
Odile MURACCIOLE		324,798	10,000	350,000[6]
Jean-Charles NAOURI[7]	3,667	324,465	10,000	516,750
Christian PAILLOT	27,333		27,333	-

(1) Director's fees and/or compensation and benefits of all kinds paid by the companies that Rallye controls, companies that control it, or companies controlled by the latter.
(2) An additional Director's fee of €20,000 was paid to André CRESTEY in connection with his duties as Vice Chairman of Rallye.
(3) Excluding a gross exceptional bonus of €300,000.
(4) Jean-Marie GRISARD is also a manager of Frégatinvest, which received €130,000 in consulting fees, excluding taxes, in 2011 and €130,000, excluding taxes, in 2012.
(5) Excluding a gross exceptional bonus of €75,000.
(6) Excluding a gross exceptional bonus of €50,000.
(7) Euris, the Group's parent company, which in 2012 received total fees of €3,900,000 from companies it controls, excluding taxes, under strategic consulting agreements, of which €1,642,270, excluding taxes, was paid by Rallye.

STOCK OPTIONS AND BONUS SHARES GRANTED TO CORPORATE OFFICERS AND OPTIONS EXERCISED

In 2012, no stock options were granted to corporate officers by Rallye or by companies controlled by Rallye.

In 2012, bonus shares allocated to corporate officers by the Company were as follows:

Officer	Grant date	Vesting date of bonus shares granted[1]	Date after which the acquired shares may be sold	Number of bonus shares granted
Didier CARLIER	05/23/2012	05/23/2015	05/23/2017	12,500
Jacques DUMAS	05/23/2012	05/23/2015	05/23/2017	3,750
Didier LÉVÊQUE	05/23/2012	05/23/2015	05/23/2017	14,180
Odile MURACCIOLE	05/23/2012	05/23/2015	05/23/2017	9,951

(1) Vesting of bonus shares is subject to the beneficiary being employed by the Company on the share vesting date and to two performance criteria: for 50% to the EBITDA/financial expense coverage and for 50% to the level of cost of debt.

In 2012, bonus shares allocated to corporate officers by controlled companies were as follows:

By Casino, Guichard-Perrachon

Officer	Grant date	Vesting date of granted shares	Date after which the acquired shares may be sold	Number of bonus shares granted
Jacques DUMAS	05/11/2012	05/11/2014	05/11/2016	13,783

In 2012, corporate officers exercised Rallye stock options under the following conditions:

Officer	Grant date	Number of remaining options granted	Number of options exercised	Exercise price
Didier CARLIER	27/04/2009	25,037	11,000	€14.24
Didier LÉVÊQUE	27/04/2009	27,037	8,300	€14.24

No bonus shares were vested by corporate officers during the 2012 fiscal year by the Company or by controlled companies.

CONFLICTS OF INTEREST IN THE CORPORATE BODIES AND EXECUTIVE MANAGEMENT – REGULATED AGREEMENTS

As part of the day-to-day management of the Group, the Company is involved in normal business relationships with all its subsidiaries.

It also benefits from consultancy services provided by Euris, the parent company majority-owned by Jean-Charles NAOURI, with which a strategic consultancy agreement was signed in 2003 (see page 194).

Jean-Charles NAOURI, Didier CARLIER, André CRESTEY, Jacques DUMAS, Jean-Marie GRISARD, Didier LÉVÊQUE, Gabriel NAOURI and Odile MURACCIOLE, Directors or permanent representatives of Rallye, have management functions and/or are members of the corporate bodies of companies within the Rallye and Euris groups and receive the corresponding compensation and/or Director's fees. These relationships aside, there are no conflicts of interest between the duties to the Company of the members of the Board of Directors and general management and their private interests.

The duties of the Audit and Appointments and Compensation Committee allow for conflicts of interest to be avoided and ensure that the majority shareholder does not abuse his control.

CORPORATE GOVERNANCE

Statutory Auditors

In compliance with legal requirements, Rallye appoints two regular and two alternate Statutory Auditors.

STATUTORY AUDITORS

KPMG

Signing partner: Patrick-Hubert PETIT (since May 2010).

First appointed: June 29, 1993.

Latest term of office expires: at the end of the 2013 Annual General Meeting of Shareholders.

ERNST & YOUNG ET AUTRES

Signing partner: Pierre BOURGEOIS (since May 2010).

First appointed: June 1, 1999.

Latest term of office expires: at the end of the 2017 Annual General Meeting of Shareholders.

ALTERNATE STATUTORY AUDITORS

KPMG AUDIT ID

Substituting for KPMG.

First appointed: May 19, 2010.

Latest term of office expires: at the end of the 2013 Annual General Meeting of Shareholders.

AUDITEX

Substituting for Ernst & Young et Autres.

First appointed: May 4, 2011.

Latest term of office expires: at the end of the 2017 Annual General Meeting of Shareholders.

One or the other of the same audit firms are auditors to the Company's main subsidiaries.

RE-APPOINTMENT OF A REGULAR STATUTORY AUDITOR

The appointment of KPMG as Statutory Auditors expires as of the May 14, 2013 General Meeting of Shareholders; therefore the Audit Committee, in connection with the functions entrusted to it by the Board of Directors, evaluated the terms and conditions for its re-appointment.

On the basis of the presentation by the General Management, the Audit Committee noted the interest expressed to renew the appointment of KPMG, as it had done previously for the renewal when Ernst et Young et Autres was re-appointed in 2011 without soliciting bids.

This re-appointment will maintain the auditing continuity within the Group, as KPMG is also Statutory Auditor of the accounts of Groupe GO Sport, and the Group will continue to benefit from KPMG's profound knowledge of the Group and its industry.

After reviewing the presentation made by the firm KPMG, its plan of action, its work methods, its dedicated team, and its financial offer, the Audit Committee issued a favorable opinion to the February 28, 2013 Board of Directors' meeting regarding KPMG's appointment. The Board of Directors decided to submit the re-appointment of KPMG as regular Statutory Auditor and of KPMG Audit ID as alternate Statutory Auditor for the approval of shareholders.

FEES PAID TO STATUTORY AUDITORS AND MEMBERS OF THEIR NETWORKS BY THE GROUP IN 2011 AND 2012

(In €)	Ernst & Young				KPMG			
	Amount		%		Amount		%	
	2012	2011	2012	2011	2012	2011	2012	2011
AUDIT								
Statutory auditing, auditor's opinion, examination of Company and consolidated accounts								
Issuer	187,728	182,000	3	4	193,228	182,000	9	25
Fully-consolidated subsidiaries	5,477,089	4,194,042	90	88	585,218	347,949	27	47
Other assignments and services directly connected with the Statutory Auditors' assignment								
Issuer	-	-	-	-	-	-	-	-
Fully-consolidated subsidiaries	342,000	344,835	6	7	1,174,517(1)	85,320	54	12
Sub-total	6,006,817	**4,720,877**	99	**99**	1,952,963	**615,269**	90	**84**
Other services provided by the networks to fully-consolidated subsidiaries								
Legal, tax, corporate	-	-	-	-	82,000	114,346	4	16
Other (provide details if more than 10% of audit fees)	80,000	47,500	1	1	132,475	-	6	-
Sub-total	80,000	**47,500**	1	**1**	214,475	**114,346**	10	**16**
Total	6,086,817	**4,768,377**	100	**100**	2,167,438	**729,615**	100	**100**

(1) Primarily concerns the Brazilian sub-group GPA, which has been fully consolidated since July 2, 2012.

CORPORATE GOVERNANCE

Report of the Chairman of Board of Directors

In accordance with the provisions of Article L.225-37 of the French Commercial Code, this report has been prepared by the Chairman of the Board of Directors.

The report is intended to present corporate governance as applied by the Board of Directors and by the Executive Management, and to describe the Company's internal control and risk management procedures.

This report, attached to the management report prepared by the Board of Directors describing the activities of the Company and its subsidiaries during the year ended December 31, 2012, which has been reviewed by the Appointments and Compensation Committee and the Audit Committee, has been approved by the Board of Directors, and was made available to the shareholders prior to the Annual General Meeting.

It was also the subject of a report by the Statutory Auditors, under Article L.225-235 of the French Commercial Code, with regard to the internal control procedures relating to the preparation and processing of accounting and financial information, as well as a certification concerning the preparation of other necessary information.

I. CODE OF CORPORATE GOVERNANCE

As part of the Company's good governance practices, the Board of Directors has confirmed that the Company has used the AFEP/MEDEF Code of Corporate Governance of April 2010, in particular for the preparation of this report.

The code is available for consultation on the Company's website: www.rallye.fr

II. BOARD OF DIRECTORS

I. COMPOSITION OF THE BOARD OF DIRECTORS

A list of the members comprising the Board of Directors is presented on page 33.

2. PREPARATION AND ORGANIZATION OF THE BOARD OF DIRECTORS' WORK

The requirements for preparation and organization of the work of the Board of Directors are defined by law, as well as by the Company's by-laws, the Board's rules of procedure, and special Board committees.

→ ORGANIZATION AND OPERATION OF THE BOARD OF DIRECTORS

During the 2012 fiscal year, the duties of Chairman of the Board of Directors and of Chief Executive Officer were brought together and carried out by Jean-Charles NAOURI.

The rules of procedure describe the operation, powers, authorizations and duties of the Board of Directors and of the special Board committees: the Audit Committee and the Appointments and Compensation Committee.

The rules of procedure also set out the rules of ethics applicable to members of the Board of Directors, in particular the obligations of confidentiality referred to by Articles 621-1 *et seq.* of the regulations of the French Financial Markets Authority (FMA – Autorité des Marchés Financiers) relating to insider trading, as well as the obligation to observe a blackout period in relation to all transactions in the Company's shares during the fifteen-day period preceding the release of the Company's annual and semi-annual financial statements.

They also indicate the registration of Directors on the list of insiders drawn up by the Company as part of the regulatory provisions intended to better guard against insider trading and breaches.

The rules of procedure include provisions governing the declarations that must be made by corporate officers, individuals having close personal ties to members of the Board of Directors, and similar individuals regarding their transactions in Company shares.

The rules of procedure set out the principle of formal and regular assessments of the Board of Directors' operations.

They also spell out the terms and conditions for its meetings and deliberations and allow Directors to attend Board meetings by videoconference or by any other means of telecommunication.

The office of non-voting observer was created in 2002 to encourage qualified individuals to become members of the Board of Directors. The non-voting observer attends Board meetings, expresses his or her observations and opinions and takes part in the proceedings in an advisory capacity.

→ AUTHORIZATIONS AND DUTIES OF THE BOARD OF DIRECTORS

In accordance with the provisions of Article L.225-35 of the French Commercial Code, the Board of Directors decides on the general directions to be followed by the Company's business and sees to it that they are implemented. Subject to the powers expressly assigned to Shareholders' Meetings, and within the limits of the Company's corporate purpose, the Board of Directors deals with all issues concerning the proper functioning of the Company. By its resolutions, it settles the matters that pertain to it. It also carries out all checks and audits it deems necessary.

The Board of Directors also reviews and approves the annual and six-month individual company and consolidated financial statements, presents reports on the activities and performance of the Company and its subsidiaries, approves management forecasts, and reviews the Chairman's report for approval. It appoints its Chairman and Chief Executive Officer and decides on his or her compensation. It decides whether to combine or separate the methods for exercising executive management. It grants stock subscription options and bonus shares. It is called upon to deliberate every year with regard to the Company's policy on equal job opportunities and equal pay.

— *Powers of the Chief Executive Officer*

The Chief Executive Officer, in accordance with Article L.225-56 of the French Commercial Code, has the broadest range of powers to act on behalf of the Company under every circumstance. He/she exercises these powers within the limits of the Company's business purpose and subject to the powers expressly assigned by law to the Shareholders' Meetings and to the Board of Directors. He represents the Company in its relations with third parties.

The Board of Directors, during its February 28, 2013 meeting, decided to separate the position of Chairman of the Board of Directors from that of Chief Executive Officer.

It also asked that certain management transactions be submitted to it for prior approval due to their nature or their amount. Thresholds were set such that, in accordance with the law and the principles of corporate governance, decisions regarding the most significant transactions are taken by the Board of Directors.

— *Powers of the Chairman of the Board of Directors*

Within the Board of Directors, the Chairman organizes and directs the activities of the Board and reports thereon to the Shareholders' Meeting.

The Chairman convenes the meetings of the Board of Directors, is in charge of setting the agenda and producing the minutes of these meetings, and assures the proper functioning of the Company's operations and, in particular, that the Directors are capable of performing their duties.

→ INDEPENDENCE OF DIRECTORS

As part of its duties, the Appointments and Compensation Committee is in charge of monitoring the situation of each of the Directors with regard to any dealings he or she may have with the Company or with companies in the Group, which might compromise a Director's free judgment or lead to potential conflicts of interest with the Company.

Therefore, each year the Committee carries out an annual review of the membership of the Board of Directors, and, in particular, of the independence of the Directors in light of the assessment criteria laid down by the AFEP/MEDEF code of corporate governance, and then presents its findings to the Board of Directors.

→ BOARD ACTIVITIES DURING THE YEAR ENDED

In 2012, the Board of Directors met five times. Board members' attendance rate for these meetings was 96%.

— *Approval of the financial statements – Business of the Company and its subsidiaries*

The Board of Directors examined the financial statements for the year ended December 31, 2011 and the statements for the first half of 2012, as well as the management forecasts. It decided on the reports and the text of the resolutions submitted to the Ordinary and Extraordinary General Meeting held on May 23, 2012. It also took note of the Group's activity for each quarter, its number of employees, level of debt, and available sources of funds.

The Board of Directors approved various operations that were subject to its authorization. These included, in particular, the provision of guarantees on behalf of the Company's subsidiaries when financial or real estate operations were being carried out. It also examined the lines of credit set up by the Company and its subsidiaries.

The Board also took stock of the financial and real estate asset disposals made by the Group.

The Board also decided to pay an interim dividend in October 2012 and had a presentation on the gender equality policy within the Company.

— *Compensation*

The Board set the 2011 fixed and variable compensation for Didier CARLIER, the Deputy Managing Director until February 28, 2013, and set his 2012 variable compensation, it being specified that the Chairman and Chief Executive Officer does not receive any fixed or variable compensation.

It also examined the Directors' and the non-voting observer's fees, as well as the compensation paid to the members of Board committees. It decided on the allocation of bonus shares, subject to presence and performance conditions, to executives and employees of the Group and its affiliates.

— *Corporate Governance*

The Board of Directors examined its situation with regard to the principles of corporate governance: composition and organization of the Board of Directors and Board committees, and independence of the Directors.

The Board of Directors approved the Chairman's report on the organization and operation of the Board of Directors and Executive Management, as well as on the internal control and risk management procedures.

The Board of Directors was informed of the work of the committees, as described below.

→ BOARD COMMITTEES

The Board of Directors is assisted by two special committees created in 2000: the Audit Committee and the Appointments and Compensation Committee.

Committee members are named by the Board of Directors, which also appoints the Chairman of each committee. Neither the Chairman of the Board of Directors, the Chief Executive Officer and the Deputy Managing Director may be members of any committee.

The authorities and specific methods of operation of each committee were defined by the Board of Directors when they were created and incorporated into the rules of procedure.

— *Audit Committee*

Composition

The Audit Committee has three members, of whom two are independent: André CRESTEY (Chairman), Philippe CHARRIER and Christian PAILLOT, who have been appointed for the duration of their terms as Directors.

All members of the Audit Committee currently hold or have held positions as Company Directors and thus have the financial and/or accounting expertise required under Article L.823-19 of the French Code of Commerce.

The composition of the Audit Committee will be changed following the May 14, 2013 General Shareholders' Meeting.

Duties

The Audit Committee provides support to the Board of Directors in the review and approval of the annual and six-month financial statements. It also assists the Board whenever an event occurs that is likely to have a significant impact on the situation of the Company or its subsidiaries in terms of commitments and/or risks.

In this regard and in accordance with Article L.823-19 of the French Commercial Code, it monitors issues related to the preparation and auditing of accounting and financial information, subject to the responsibility of the Board of Directors.

Thus, inter alia, it is charged with monitoring the preparation of financial information, the efficacy of internal control and risk management systems, the legally required audit of annual and consolidated financial statements by the Statutory Auditors, and the independence of the Statutory Auditors.

The Audit Committee has an organization and operations chart, which confirms its powers and authorities with regard, among other things, to management risk analysis and to the detection and prevention of management irregularities.

Activities in 2012

The Audit Committee met twice during fiscal year 2012, with all members in attendance at each meeting.

In connection with the approval of the six-month and annual financial statements, the Audit Committee verified the account closing process and took note of the Statutory Auditors' analysis, in particular the review of all consolidation procedures and the Company's financial statements. The Committee also reviewed off-balance-sheet commitments, risks and accounting options taken with regard to provisions, together with relevant legal and accounting changes. It was notified of the audit plan and the fees in 2012 paid to the Statutory Auditors.

The Committee reviewed risk prevention documents of the Rallye company as well as the Chairman's report on internal control and risk management procedures.

The Chairman of the Audit Committee reported to the Board on the work done at each of these meetings.

— *Appointments and Compensation Committee*

Composition

Following the death of Jacques Dermagne in July 2012, the Appointments and Compensation Committee has two members: Jacques DUMAS and Jean CHODRON DE COURCEL, who were appointed for the duration of their terms as Directors.

The Chief Executive Officer may attend Committee meetings in an advisory capacity, in order to present proposals related, in particular, to the compensation of senior managers and the granting of options and bonus shares.

Duties

The Appointments and Compensation Committee is charged, in particular, with helping the Board of Directors review candidates for senior management positions, select new Directors, and define and monitor policies for senior management compensation and stock option and bonus share awards. As appropriate, it also reviews the benefits and other forms of compensation of senior management. It also reviewing the situation of each Director that might entail a conflict of interest.

The Appointments and Compensation Committee drew up an organization chart, adopted in 2004, confirming its powers and authorities with regard to performance evaluation of the Board of Directors and verification that the corporate governance principles and code of ethics, in particular as derived from the Board of Directors' internal rules of procedure, are being properly respected and applied.

Activities in 2012

The Appointments and Compensation Committee met four times in 2012, with all members in attendance at each meeting.

The Committee performed its annual review of the organization and operations of the Board of Directors and its special committees as well as of the proper application of corporate governance principles in accordance with the AFEP/MEDEF code and the provisions of the rules of procedure (it thus presented its recommendations to the Board of Directors).

It examined the situation of each Director with regard to dealings with Group companies that might compromise his or her freedom of judgment or entail conflicts of interest.

The Appointments and Compensation Committee expressed its recommendations regarding the proposed reappointment of the Chairman and Chief Executive Officer and Vice Chairman, the appointment of Directors and the non-voting observer, and the composition of Board committees.

The Committee issued a favorable opinion regarding the methods for determining the 2011 fixed compensation component and the 2012 variable compensation component of the Deputy Managing Director.

It also reviewed the methods for determining the 2012 variable compensation component of Didier CARLIER, Deputy Managing Director.

The Committee examined the executive management's proposal for the issuance of bonus shares to executives and employees of the Company and related companies, as well as the Directors' fees to be awarded to Board members, the non-voting observer, and members of Board committees.

It examined the Chairman's report on the organization of the Board of Directors' work, along with the corporate governance-related information mentioned in the management report.

The Committee Chairman reported to the Board of Directors on the work of the Appointments and Compensation Committee.

→ PRINCIPLES AND RULES DETERMINING COMPENSATION AND BENEFITS GRANTED TO CORPORATE OFFICERS

The type and amount of corporate officers' compensation are set by the Board of Directors on the basis of recommendations made by the Appointments and Compensation Committee.

The compensation paid to Didier CARLIER, Deputy Managing Director until February 28, 2013, includes both a fixed and a variable component. The basis for their determination is decided each year by the Board of Directors, on the recommendation of the Appointments and Compensation Committee, and as applicable, based on studies carried out by external consultants.

The 2012 variable compensation component is based on the achievement of quantitative Group targets, qualitative individual targets and on a general evaluation of managerial attitudes and behavior. The variable element may be a maximum of €150,000 if the defined targets are achieved and up to €300,000 if such targets are exceeded.

The quantitative Group targets are evaluated according to criteria corresponding to significant business indicators for the Rallye Group: reduction in the cost of debt and improvement in the ratio of EBITDA to consolidated finance charges.

The Board of Directors, on the recommendation of the Appointments and Compensation Committee, sets the rules for distribution of the Directors' fees payable to the Directors and to the non-voting observer, as well as the compensation to be paid to the members of Board committees, as follows:

- These fees include a flat fee of €4,000 and a variable component of €16,000 based on attendance at Board Meetings. Note: fees for Directors, senior managers and Group executives have been reduced by half and the variable component attributable to absent Directors is not re-assigned.
- The Vice Chairman receives an additional flat fee of €20,000.
- An additional fee is paid to Committee members in the flat amount of €10,000. The fee is doubled for each Committee chairman.

→ INFORMATION PROVIDED TO DIRECTORS

In accordance with Article L.225-35 of the French Commercial Code, the Chairman and Chief Executive Officer provides each member of the Board with all documents and information necessary for the performance of their duties.

As such, all necessary information pertaining to the issues to be examined by the Board is provided to Board members in advance of each Board meeting. Each member receives a preparatory file containing all documents and information pertaining to the subjects listed on the agenda for the meeting.

The Board of Directors is also informed by Executive Management once every quarter with regard to the state of business for the Company and its main subsidiaries. The information includes revenue, income trends, debt and the status of credit lines that the Company and its main subsidiaries can draw on, along with a summary table of the workforce employed by the Company and its main subsidiaries.

Once every six months, the Board of Directors also reviews the Group's off-balance-sheet commitments.

→ ASSESSMENT OF THE CONDITIONS UNDER WHICH THE BOARD OF DIRECTORS OPERATES

Pursuant to the code of corporate governance, the rules of procedure provide for an annual discussion and regular evaluation of the operations of the Board of Directors, to be performed by the Appointments and Compensation Committee, with the help, if desired, of an external consultant.

The past evaluation of the organization and operation of the Board of Directors was implemented during the first quarter of 2011, using responses to a questionnaire sent to each Director.

The evaluations and observations made by the members of the Board of Directors indicated that the organization and operations of the Board were entirely satisfactory with respect to proper corporate governance.

The Directors have expressed a desire to name additional Directors and, in particular, a second woman as well as to have the managers of subsidiaries regularly attend Board meetings.

III. PARTICIPATION IN SHAREHOLDERS' MEETINGS

The methods of participating in General Shareholders' Meetings are presented in Articles 25, 27 and 28 of the bylaws (see page 185).

IV. ISSUES WHICH MAY HAVE AN IMPACT IN THE EVENT OF A PUBLIC OFFER

The Company's capital structure and any direct or indirect interests in the Company's capital structure of which it is aware by virtue of Articles L.233-7 and L.233-12 of the French Commercial Code are described on pages 22 *et seq.*

There are no restrictions in the by-laws on the exercise of voting rights and on share transfers, nor are there any agreements of which the Company was made aware under Article L.233-11 providing preferential terms for the sale or acquisition of shares, nor are there, to the Company's knowledge, any agreements between shareholders which might restrict the transfer of shares or the exercise of voting rights.

The Company has not issued any securities with special control rights attached, and there is no control mechanism provided for in any employee stock ownership plan when the control rights are not exercised by employees.

The rules which apply to the appointment and replacement of the members of the Board of Directors, as well as to the amendments to the Company by-laws are described beginning on pages 182 *et seq.*

The powers of the Board of Directors are described on page 185. With respect to the issuance of shares, the authorizations granted to the Board of Directors are indicated on page 189 and, with regard to share repurchases, the powers of the Board of Directors are described on page 25.

Agreements entered into by the Company which are modified or come to an end in the event of a change in the control of the Company are mentioned on pages 201 *et seq.*

In addition, there are no agreements providing for compensation of the members of the Board of Directors, the senior managers or employees should they resign or be dismissed without just cause or if their employment is terminated as a result of a public offer.

V. INTERNAL CONTROL PROCEDURES IMPLEMENTED BY RALLYE

The information below was obtained from those responsible for implementing Rallye's internal control procedures and was validated by Executive Management. This information enabled a factual description to be made of the control environment and procedures put in place.

I. DEFINITION AND OBJECTIVES OF INTERNAL CONTROL PROCEDURES

→ REFERENCE FRAMEWORK USED

Rallye uses the internationally-recognized COSO[1] definition, which is compatible with the AFEP/MEDEF definition[2]: internal control is implemented by all levels of an organization's management, and aims to provide reasonable assurance that the following three goals will be met:

- effectiveness and efficiency of operations;
- reliability of financial reporting;
- compliance with applicable laws and regulations.

→ OBJECTIVES

The internal control procedures in force at Rallye provides reasonable assurance of the control of its activities, the efficiency of its operations and the efficient use of its resources, in accordance with applicable laws and regulations, internal standards and rules and aims, in particular, although without being able to provide an absolute guarantee, to meet the following objectives:

- the proper functioning of the internal processes of the Company, particularly those that promote the protection of its assets, according to the guidelines and policies set out by Rallye's Executive Management;
- the reliability of the accounting, financial and management information published internally and externally;
- the control of risks resulting from its status as a public-traded company.

→ CONTROL ENVIRONMENT

The control environment within the Company consists mainly of the principles of corporate governance and Group organization, carefully designed and rigorously applied. The aim is for all risks to be managed as a whole and for a reasonable assessment to be made of the potential risks of any kind with which the Group may be faced.

2. DESCRIPTION OF THE CONTROL PROCEDURES PUT IN PLACE

The scope of internal control over accounting and financial information comprises the parent company and the operating subsidiaries included in the Group's consolidated financial statements, the main ones being the Casino Group and Groupe GO Sport (the latter have an internal audit department available at the subsidiary level to manage their own internal control).

→ GENERAL ORGANIZATION OF INTERNAL CONTROL

Internal control procedures are part of the general policy framework set out by the Board of Directors and implemented under the direct responsibility of the Company's senior management.

The main players involved in managing the internal control system are as follows:

— *Executive Management – Administration and Finance Department*

Rallye's Administration and finance department, which reports to Executive Management, oversees all of the Company's staff departments: management control, accounting, cash management and legal affairs.

— *Board of Directors – Audit Committee*

Given their duties as defined by the Company by-laws and the rules of procedure, the Board of Directors and its Audit Committee take part in the internal control process by expressing opinions and making recommendations to Executive Management and through the analyses and investigations which they perform or commission.

— *Statutory Auditors – Outside consultants*

The Statutory Auditors certify the financial statements, in accordance with legal and regulatory requirements, examine the Company's semi-annual consolidated results and verify the information given in the six-month report. They are consulted regularly regarding the accounting treatment of ongoing operations. They are also informed of how internal control procedures are organized and applied in practice and, if necessary, they may issue recommendations.

(1) Committee Of Sponsoring Organizations of the Treadway Commission.

(2) Recommendations of the French association of private companies and the movement of French companies of December 17, 2003, known as "The application of the provisions of financial security law with regard to the chairman's report on internal control procedures implemented by the company".

DISSEMINATION OF INFORMATION WITHIN THE GROUP

The Group ensures that the relevant information is properly disseminated and provided to those concerned so that they can fulfill their responsibilities, in compliance with Group standards.

With the objective of providing reliable financial information and communication, Rallye strives to ensure that the entire organization respects certain references in the performance of its duties, including the manual of accounting and consolidated procedures, general accounting plan, code of ethics described in the Board of Directors' rules of procedure, and organizational charts of the Audit Committee and the Appointments and Compensation Committee.

IDENTIFICATION AND ASSESSMENT OF RISKS

The Group identifies and assesses the main risks that could affect the achievement of its objectives. It takes measures to limit the probability of occurrence and the effects of such risks, thereby promoting an environment of risk control.

The risks to which the Group is exposed in the course of its business and the provisions intended to control them are partially detailed in Note 31 "Financial risk management policies and objectives" to the 2012 consolidated financial statements. The main risks related to the Group's financial instruments are discussed, including interest rate risks, currency exchange risks, credit risks, liquidity risks and security risks.

The operational risks related to business operations, the legal risks and the description of the policy with regard to insurance are detailed in the Company's Reference Document in the chapter entitled «Other information – information on Rallye's activity.»

CONTROL ACTIVITIES

In order to enhance its control over identified risks, the Group has put in place control procedures for both operational processes and financial information.

Within the Company, internal control procedures are centralized. Because Rallye is a holding company, the procedures implemented relate mainly to the preparation and processing of financial and accounting information aimed at ensuring that consolidated financial statements are reliable and that subsidiaries are monitored.

— *Operating subsidiaries*

Each Rallye subsidiary has its own internal audit department charged with ensuring the effectiveness of internal control activities and procedures in order to obtain reasonable assurance that the subsidiary's own risks are under control.

The Chairmen of the listed subsidiaries Casino, Guichard-Perrachon and Groupe GO Sport have prepared their own reports on internal control to which readers may refer. These reports have been made available to the shareholders of the relevant companies.

The Group checks the quality of the information passed along by subsidiaries, notably by appointing the same person to several executive bodies as well as through the meetings of the various Audit Committees and Appointments and Compensation Committees. In dealing with a subsidiary's Executive Management, these committees may count on the participation of all the subsidiary's staff departments.

Information is also verified thanks to the familiarity of Rallye's central controlling department with the various information systems, as well as through the holding of monthly meetings.

The Company's financial communications and those of its subsidiaries increasingly rely on shared software to obtain quantitative data. The security of the subsidiaries' IT systems is taken into account starting with the design stage and is implemented through constant monitoring.

The Company's legal department performs any specific investigations or examinations that it deems necessary, for the prevention and detection of any legal irregularity or anomaly in Group management. It regularly communicates with Executive Management and with Administrative and financial management regarding the status of the main disputes that may affect the subsidiaries, as well as with regard to the risks incurred.

— *Rallye*

Procedures for monitoring operating risks

Cash management, financing and expenditure

Within the Administration and finance department, the cash management team is in charge of preparing cash management forecasts (e.g., proposed financing and investment policies, preparation of financing plans and cash budgets), optimizing and verifying the Group's cash position on a daily basis, and monitoring the banking terms previously negotiated.

Company cash must be invested in instruments whose maturity is matched to the planned duration of the investment and must never be invested in speculative or risky instruments.

Executive management receives reports of weekly cash flows and the status of the credit lines, along with the respective terms and conditions.

Permanent financing arrangements permit optimized management of the balance sheet and financial debt, and enhance the Group's financial structure. They are subject to prior approval by the Board of Directors if necessary depending on their level of complexity (e.g., bilateral lines, bond issues, structured financing, etc.), the latter being subject, as necessary, to a legal, technical and accounting validation by outside consultants.

A formal authorization procedure for financial investments and general administrative expenses has been put in place to facilitate and reinforce control over Company expenditure. This procedure allows for the identification of those involved in the authorizations prior to any commitment or payment.

Market risk monitoring

The Company's market risk monitoring policy is described in the Reference Document in the chapter «Other information – Information on Rallye's activity». In light of the priorities emanating from the latter, those responsible regularly make adjustments to the control measures pertaining thereto.

Investment portfolio

Investments and divestments require prior approval to ensure that they comply with the Group's strategy and profitability criteria. Weekly reports showing the changes in the investment portfolio are sent to Executive Management.

Payroll and compensation

The Administration and finance department is in charge of payroll organization and management.

The Group's legal department regularly monitors changes in legal and social information affecting payroll management.

In addition, the Appointments and Compensation Committee reviews compensation for senior managers, which is then submitted for approval to the Board of Directors. Compensation for all other employees is validated by Executive Management.

Procedures for producing and processing financial and accounting data

Preparation of the individual and consolidated financial statements

The management of risks associated with the preparation of accounting and financial information begins with the constant monitoring of regulatory texts, the anticipation of possible issues and an appropriate schedule.

The Group's Administration and finance department is responsible for preparing the financial statements. These can be a source of financial risk, particularly as regards the accounting records, the consolidation process, and the recognition of off-balance sheet commitments.

The accounting department implements a standard internal accounting system in accordance with accounting procedure manuals, using the «Agresso» software to produce the individual company financial statements, and the «Équilibre» software to produce the consolidated financial statements. The accounting department is also in charge of ensuring that the methods employed are consistent, reliable and homogeneous and that scheduled account closings are respected, in line with the deadlines set by the Board of Directors and its specialized committees.

Each subsidiary prepares a monthly budget, which is sent to central controlling at Rallye. Accounts are analyzed monthly and are compared with accounting and consolidated forecasts.

Consolidation of the financial statements is performed every six months, as a centralized procedure carried out by the consolidation team on the basis of information provided by the subsidiaries. The team performs an overall review of the Group's accounts, and prepares a file, which includes all the adjustments and eliminations made, and documents the checks performed, thereby ensuring traceability.

In addition, the Consolidation Department is in charge of updating consolidation procedures, including subsidiaries within the scope of consolidation, information processing and maintaining the consolidation tools.

In the performance of their duties to express an opinion regarding the financial statements, the Statutory Auditors prepare a report intended for the Group shareholders certifying that the financial statements are accurate, truthful, and fair in their presentation.

The Group regularly monitors developments in the off-balance-sheet commitments, details of which are provided in the Notes to the consolidated financial statements. A list of such commitments linked to current activities and exceptional operations is reported on every six months, to determine whether there is a need to make a provision for the risks incurred as a result of such commitments.

The assets of the holding company, as well as its level of debt, are monitored on a weekly basis. In this process, the value of the holding company's assets, at both market and investment value, is compared to its net financial debt.

IT system security

Information systems are used to prepare financial and accounting data.

In order to ensure the effectiveness of internal control procedures as well as the security and integrity of all data and data processing in the face of a possible major incident, whether accidental or due to acts of malfeasance, the entire system is secured by the following:

- a system providing authorization and protected access to the network;
- data backup procedures;
- physical site protection.

Management control

This department reports to the chief financial officer and takes part in the preparation of accounting and financial data. The departments duties are to:

- monitor key business indicators for the Company and its subsidiaries;
- monitor action plans, control budgets and analyze differences;
- produce monthly Group management and financial reports for Executive Management;
- help prepare the financial statements;
- prepare the budget and the three-year plan.

Financial communications

All executive employees sign an appendix in their work contracts relating to ethics. This appendix includes, in particular, an obligation of confidentiality and an obligation to observe a blackout period in order to avoid finding themselves, or the placing the Company, in a situation which constitutes a stock market offense.

The financial communications department is in charge of fulfilling all obligations for periodic dissemination of financial information to the market and to stock market regulatory agencies. All financial communication is examined by Executive Management, the Board of Directors and the Statutory Auditors.

Since January 20, 2007, in accordance with Article L.451-1-2 of the French Monetary and Financial Code, which results from the transposition of the so-called EU «Transparency» Directive (Directive 2004/109/EC), Rallye has made a «Regulatory Information» section is available on its website, http://www.rallye.fr/fr/investisseurs/information-reglementee and transmitted this information electronically to a professional news distributor that meets the requirements set forth in the FMA's general regulations. In this section, documents pertaining to the distributed regulatory information are published and archived for five years.

The internal control system is not set in stone and changes in order to allow Executive Management to take into account significant risks to the Company in an appropriate manner. The Board of Directors is informed of any changes to this system and can monitor its functioning based on information provided to it by Executive Management.

REPORT OF THE STATUTORY AUDITORS

prepared in accordance with Article L.225-235 of the French Commercial Code, on the report by the Chairman of the Board of Directors of Rallye

Year ended December 31, 2012

Ladies and Gentlemen,

In our capacity as Rallye's Statutory Auditors, and in accordance with Article L.225-235 of the French Commercial Code, we hereby present our report on the report prepared by the Chairman of your Company in accordance with Article L.225-37 of the Commercial Code for the year ended December 31, 2012.

The Chairman is responsible for preparing and submitting to the Board of Directors for approval a report on the internal control and risk management procedures in place at the Company, and for providing other information required by Article L.225-37 of the Commercial Code related especially to corporate governance measures.

Our responsibility is to:

- inform you of our observations concerning the information contained in the Chairman's report with respect to the internal control and risk management procedures relating to the preparation and processing of accounting and financial information; and
- certify that the report contains the other information required under Article L.225-37 of the Commercial Code, with the understanding that it is not our responsibility to verify the fairness of such other information.

We carried out our work in accordance with the professional standards applicable in France.

INFORMATION CONCERNING THE INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES RELATING TO THE PREPARATION AND PROCESSING OF FINANCIAL AND ACCOUNTING INFORMATION

Professional standards require us to implement procedures designed to assess the fairness of the information set out in the Chairman's report on internal control and risk management procedures relating to the preparation and processing of financial and accounting information. These procedures consist, in particular, of:

- obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of financial and accounting information supporting the information set out in the Chairman's report as well as of the existing documentation;
- obtaining anunderstanding of the work performed to prepare this information and the existing documentation;
- determining whether any major weaknesses in the internal control procedures relating to the preparation and processing of financial andaccounting information, which we may have found as part of our assignment have been appropriately disclosed in the Chairman's report.

On the basis of these procedures, we have no matters to report in connection with the information on the internal control and risk management procedures relating to preparation and processing of financial and accounting information contained in the Chairman of the Board's report, prepared in accordance with Article L.225-37 of the Commercial Code.

We certify that the report of the Chairman of the Board of Directors includes the other information required by Article L.225-37 of the Commercial Code.

Paris-La Défense, March 28, 2013

KPMG Audit
A division of KPMG S.A.
Patrick-Hubert Petit
Associate

ERNST & YOUNG et Autres
Pierre Bourgeois
Associate

RALLYE
Financial and legal information 2012

CONSOLIDATED FINANCIAL STATEMENTS

Group Consolidated Income Statement

–

(In € millions)	Notes	2012	2011
CONTINUING OPERATIONS			
Net revenue	4	42,663	35,057
Full purchase costs of goods sold	5	(31,519)	(25,802)
Gross margin		11,144	**9,255**
Other income	4	360	416
Cost of goods sold	5	(7,731)	(6,650)
General and administrative expenses	5	(1,767)	(1,471)
Current operating income		2,006	**1,551**
Other operating income	6	1,086	282
Other operating expenses	6	(721)	(451)
Operating income		2,371	**1,382**
Income from cash and cash equivalents	7	154	90
Cost of financial debt	7	(862)	(766)
Cost of net financial debt		(708)	(675)
Other financial income	7	222	349
Other financial expenses	7	(289)	(330)
Income before taxes		1,596	**726**
Income tax expense	8	(338)	(234)
Income from associates	9	6	(9)
Net income from continuing operations		1,264	**483**
Company owners		246	21
Non-controlling interests		1,018	462
DISCONTINUED OPERATIONS			
Net income from discontinued operations	10.3	(2)	**(11)**
Company owners		(1)	(6)
Non-controlling interests		(1)	(5)
Net income		1,262	**472**
Company owners		245	**15**
Non-controlling interests		1,017	457
Consolidated net income per share attributable to company owners *(in €)*			
Base	11	5.10	0.31
Diluted	11	5.06	0.31
Net income per share from continuing operations, attributable to company owners *(in €)*			
Base	11	5.13	0.44
Diluted	11	5.08	0.43
Net earnings per share from discontinued operations attributable to company owners *(in €)*			
Base	11	(0.02)	(0.13)
Diluted	11	(0.02)	(0.13)

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Statement of Comprehensive Income

–

(In € millions)	2012	2011
Net income for the year	1,262	**472**
Currency translation adjustments	(743)	(364)
Actuarial differences	(43)	(4)
Change in the fair value of financial assets available for sale	20	(11)
Cash flow hedges	(5)	5
Hedges of a net investment in a foreign operation	(47)	
Income tax on elements of comprehensive income	43	2
Other elements of comprehensive income net of taxes	(775)	**(372)**
Total comprehensive income	487	**100**
Company owners	54	**(161)**
Non-controlling interests	433	261

The changes for each year are presented in Note 25.5.

CONSOLIDATED FINANCIAL STATEMENTS

Statement of Financial Position

–

ASSETS

(In € millions)	Notes	December 31, 2012	December 31, 2011
Goodwill	12	11,396	8,970
Intangible assets	13	4,249	1,248
Tangible assets	14	8,728	6,713
Investment property	15	714	1,785
Investments in associates	17	277	207
Other non-current assets	19	2,088	971
Non-current hedging financial assets	19.1	246	129
Deferred tax assets	8	679	394
Total non-current assets		**28,377**	**20,416**
Inventories	20	4,885	3,541
Trade receivables	21	1,744	1,881
Other assets	22	1,656	1,743
Current tax receivables		49	63
Other current financial assets	23	477	465
Cash and cash equivalents	24	6,331	3,923
Assets and liabilities held for sale	10	1,476	42
Total current assets		**16,618**	**11,658**
Total assets		**44,995**	**32,074**

SHAREHOLDERS' EQUITY AND LIABILITIES

(In € millions)	Notes	December 31, 2012	December 31, 2011
Capital		146	139
Reserves and income/loss, Group share		1,680	1,493
Shareholders' equity attributable to company owners		**1,826**	**1,632**
Non-controlling interests		11,888	6,281
Shareholders' equity	25	**13,714**	**7,913**
Provisions	26	769	350
Non-current financial liabilities	28	11,730	9,085
Other non-current liabilities	29	1,007	540
Deferred tax liabilities	8	1,371	708
Total non-current liabilities		**14,877**	**10,683**
Provisions	26	278	189
Trade payables		6,747	5,517
Current financial liabilities	28	3,719	3,950
Tax liabilities payable		119	61
Other current liabilities	29	4,447	3,761
Liabilities related to assets held for sale	10	1,095	
Total current liabilities		**16,404**	**13,478**
Total shareholders' equity and liabilities		**44,995**	**32,074**

CONSOLIDATED FINANCIAL STATEMENTS

Cash Flow Statement

(In € millions)	2012	2011
Net income – company owners	245	15
Non-controlling interests	1,017	457
Consolidated income	1,262	**472**
Amortization, depreciation, and provisions	1,160	770
Unrealized gains and losses related to changes in fair value	(82)	(7)
Expenses and income calculated and related to stock options and the like	24	18
Other calculated expenses and income	(889)	166
Amortization, depreciation, provisions and other non-disbursable items	213	**947**
Income/loss on asset disposals	(114)	(130)
Losses /(profits) related to changes in interests in subsidiaries with loss of control or non-controlling interests	(7)	1
Share of income/loss of associates	(6)	9
Dividends received from associates	3	4
Cash Flow	1,351	**1,303**
Cost of net financial debt (excluding changes in fair value and amortization)	683	636
Tax liability (including deferred taxes)	336	230
Cash flow before cost of net debt and taxes	2,370	**2,169**
Taxes paid	(295)	(230)
Change in Working Capital Requirement (Note 3.1)	347	(63)
Net cash flow from operating activities (A)	2,422	**1,876**
Acquisition of tangible and intangible assets	(1,423)	(1,262)
Sale of tangible and intangible assets	288	344
Acquisition of financial assets	(130)	(117)
Sale of financial assets	6	1
Impact of changes in scope of consolidation with change of control (Note 3.2)	1,265	(745)
Impact of changes in scope of consolidation related to joint ventures and associates (Note 3.3)	29	(504)
Impact of process of handing over control of Mercialys (Note 1.2)	137	
Change in loans and advances made	(46)	39
Net cash flow from investing activities (B)	126	**(2,244)**
Dividends paid to shareholders of the parent company	(37)	(25)
Dividends paid to minority shareholders of consolidated companies	(731)	(259)
Dividends paid to holders of perpetual super subordinated notes	(20)	(26)
Capital reductions/increases in cash	(2)	(5)
Sums received from exercise of stock options	5	5
Other transactions with minority shareholders (Note 3.4)	501	91
Purchases and sale of treasury shares	(2)	(59)
Acquisitions and sales of financial investments	110	(31)
Bond issues	3,145	3,673
Bond redemptions	(1,963)	(2,001)
Net financial interest paid	(727)	(601)
Net cash flow from financing activities (C)	279	**762**
Impact of currency translation adjustments (D)	(151)	(152)
Change in cash (A+B+C+D)	2,676	**242**
Net cash at beginning of period	3,336	3,094
Net cash from activities held for sale		
Opening net cash on the balance sheet (F)	3,336	3,094
Net cash at end of period	6,012	3,336
Net cash from activities held for sale (E)	(204)	
Closing net cash on the balance sheet (G)	5,808	3,336
Change in cash and cash equivalents (G-E-F)	2,676	**242**

Cash flows relating to discontinued operations are described in Note 10.3

CONSOLIDATED FINANCIAL STATEMENTS

Statement of changes in consolidated shareholders' equity

(In € millions)	Capital	Reserves linked to capital[1]	Treasury shares	Cash flow hedges	Hedges of net investments	Currency translation adjustments	Financial assets available for sale	Actuarial differences	Consolidated reserves and income/loss	Sh. equity attributable to owners	Non-controlling interests	Total shareholders' equity
As of January 1, 2011	**133**	**1,348**	**(9)**	**(1)**		**409**	**49**	**(5)**	**41**	**1,965**	**6,000**	**7,965**
Income and expenses realized directly in equity						(166)	(9)	(1)		(176)	(196)	(372)
Consolidated net income for 2011[2]									15	15	457	472
Total income and expenses recognized						**(166)**	**(9)**	**(1)**	**15**	**(161)**	**261**	**100**
Capital measures	6	50							3	59	3	62
Transactions in treasury shares			(5)						(30)	(35)	(21)	(56)
Dividends distributed[3]									(80)	(80)	(258)	(338)
Change in interests without gain or loss of control of subsidiaries[4]									(122)	(122)	(209)	(331)
Changes in interest relating to the gain or loss of control of subsidiaries[5]											98	98
Other changes[6]									6	6	407	413
As of December 31, 2011	**139**	**1,398**	**(14)**	**(1)**		**243**	**40**	**(6)**	**(167)**	**1,632**	**6,281**	**7,913**
Income and expenses realized directly in equity				3	(15)	(191)	26	(13)		(191)	(584)	(775)
Consolidated net income for 2012[2]									245	245	1,017	1,262
Total income and expenses recognized				**3**	**(15)**	**(191)**	**26**	**(13)**	**245**	**54**	**433**	**487**
Capital measures	7	41							6	54	32	86
Transactions in treasury shares			3						(2)	1	(6)	(5)
Dividends distributed[3]									(84)	(84)	(816)	(900)
Change in interests without gain or loss of control of subsidiaries[4]									162	162	98	260
Changes in interest relating to the gain or loss of control of subsidiaries[5]											5,863	5,863
Other changes									7	7	3	10
As of December 31, 2012	**146**	**1,439**	**(11)**	**2**	**(15)**	**52**	**66**	**(19)**	**167**	**1,826**	**11,888**	**13,714**

(1) Reserves linked to capital (see Note 26.2).
(2) Non-controlling interests stem primarily from the Casino Group, in which the Group held 51.03% in 2011 and 49.06% in 2012.
(3) In 2011, the €258 million corresponds to the annual distribution of Casino for €159 million and the Mercialys, Exito and Big C subsidiaries for €58, €18 and €15 million, respectively.
In 2012, the €816 million corresponds to the annual distribution of Casino for €164 million and the Mercialys (see Note 1.2, Other highlights), GPA, Exito and Big C Thailand subsidiaries for €540, €38, €15 and €13 million, respectively.
(4) The €122 million corresponds primarily to the accretion of Rallye in Casino for €73 million, the sale of the Devoto group by Casino to Exito for €22 million, the acquisition by Casino of minority interests in Cdiscount and the Franprix-Leader Price sub-group for €15 and €9 million, respectively.
The €209 million is the result of the accretion of Rallye in Casino for €138 million and transactions affecting the Devoto group, Cdiscount and Franprix-Leader Price for respectively €22, €15, and €9 million. The acquisition of an additional interest in the Franprix-Leader Price sub-group led to the recognition of puts on minority interests, which led to a €27 million reduction in non-controlling interests.
In 2012, the €260 million is due mainly to (i) transactions carried out after takeover of control with GPA minority shareholders for €180 million (of which €407 million for the two put options (see Note 2.3), (ii) the decrease in the percentage of the Casino Group's stake in the Big C Thailand subsidiary for €208 million (see Note 2.2) and in the Mercialys subsidiary for €59 million (see Note 1.2, Other highlights) and (iii) the decrease in the percentage of Rallye's stake in the Casino Group for €139 million.
(5) The impact of €98 million posted in minority interests corresponds essentially to the appearance of minority interests following acquisitions of controlling interests in the Franprix-Leader Price sub-group (see Note 2.3) and the acquisition of additional interests in GPA for €38 and €65 million, respectively.
In 2012, this item corresponds to the recognition of minority shareholders following the takeover of GPA for €5,844 million (see Note 2.3).
(6) Corresponds primarily to the capital increase net of costs achieved by Exito.

CONSOLIDATED FINANCIAL STATEMENTS

Notes to the consolidated financial statements

I. ACCOUNTING RULES AND METHODS

1.1 • GENERAL INFORMATION

Rallye is a French "Société Anonyme" (joint stock company) registered in France and listed on NYSE Euronext Paris, in Eurolist Compartment A. The company and its subsidiaries are hereinafter referred to as the "Group" or the "Rallye Group".

On February 28, 2013, the Board of Directors established and authorized the publication of Rallye's consolidated financial statements for the 2012 fiscal year. They will be submitted for approval by the General Shareholders' Meeting called for May 14, 2013.

1.2 • REFERENCE FRAMEWORK

Pursuant to European Regulation 1606/2002 of July 19, 2002, the consolidated financial statements of the Rallye Group have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), as adopted by the European Union and made mandatory by the Board of Directors as of the closing date of the accounts, which are applicable as of December 31, 2012.

This reference framework is available on the website of the European Commission at the following address (http://ec.europa.eu/internal_market/accounting/ias/index_fr.htm).

The accounting methods described below were applied consistently to all periods presented in the consolidated financial statements, taking into account, or except for, the new standards and interpretations described below.

1.3 • STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS APPLICABLE AS OF THE FISCAL YEAR BEGINNING JANUARY 1, 2012

- Amendment to IFRS 7 – Financial Instruments: disclosures of transfers of financial assets;
- Amendment to IAS 12 – Deferred taxes: collection of underlying assets.

The amendment to IFRS 7 regards the nature and extend of disclosure requirements for financial asset disposal transactions, whether they result in "derecognition" or not (see Note 24.3). The amendment to IAS 12 did not have a material impact on the Group's financial statements.

1.4 • STANDARDS AND INTERPRETATIONS PUBLISHED, BUT NOT YET EFFECTIVE

1.4.1 | TEXTS ADOPTED BY THE EUROPEAN UNION AS OF THE CLOSING DATE

The standards, amendments and interpretations published by the IASB and presented below are mainly applicable to annual reporting periods opening as of January 1, 2013. Their application date is the same as the IASB's application date:

- IFRS 13 – Fair value measurement;
- Amendment to IAS 1 – Presentation of financial statements;
- Amendment to IAS 19 – Employee benefits;
- Amendment to IFRS 7 – Presentation – Offsetting of financial assets and Financial liabilities;
- Amendment to IAS 32 – Offsetting of financial assets and financial liabilities (applicable to annual reporting periods beginning on or after January 1, 2014).

In accordance with the option allowed by the current IAS 19, the Group recognizes its actuarial differences as post-employment benefits in other items of comprehensive income or loss (see Note 27). Moreover, the share of commitments not recorded on the balance sheet is insignificant. As a result, the company does not anticipate that the application of the revised IAS 19 will have any significant impact on its consolidated financial statements.

The European Union has set a mandatory application date for the following standards to the fiscal years beginning on or after January 1, 2014, as compared to the January 1, 2013 date set by the IASB.

- IFRS 10 – Consolidated financial statements;
- IFRS 11 – Joint agreements;
- IFRS 12 – Disclosure of interests in other entities;
- Revised IAS 27 – Separate financial statements;
- Revised IAS 28 – Investments in associates and joint ventures.

The Group did not apply any of these new standards or applications early and is currently assessing the impacts following the first application of these new texts, especially those concerning IFRS 10 regarding entities to be consolidated and IFRS 11 which cancels the proportionate consolidation of joint ventures.

The application of IFRS 11 would lead to derecognition of the share of assets (including goodwill) and liabilities of all the entities that are jointly controlled by the Group and their recognition under the equity method. A share of the income would then be reported on the income statement under "Income from associates" to replace the income and expenses presented in detail on the basis of the percentage of consolidation of each jointly controlled entity.

As of December 31, 2012, the Group's main joint venture was Monoprix (50%). The summarized financial statements of the proportionally consolidated companies are presented in Note 18.1.

1.4.2 | TEXTS NOT ADOPTED BY THE EUROPEAN UNION AS OF THE CLOSING DATE

Subject to their final adoption by the European Union, the standards, amendments to standards, and interpretations issued by the IASB and presented below, are mandatory after January 1, 2013:

- IFRS 9 – Financial instruments: subsequent classifications and measurements and amendments to IFRS 9 and IFRS 7;
- Amendments to IFRS 10, 11 and 12: transitional provisions (applicable to annual reporting periods beginning on or after January 1, 2013) and investment entities (applicable to annual reporting periods beginning on or after January 1, 2014);
- Annual improvements to IFRS standards (May 17, 2012).

The Group has not applied any of these new standards or interpretations early and is currently assessing the impacts following the first application of these new texts.

1.5 • BASIS FOR PREPARATION AND PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

1.5.1 | MEASUREMENT BASES

The consolidated financial statements were prepared in accordance with the historical cost method, except for:

- assets and liabilities restated at their fair value under a business combination; in accordance with the principles outlined in IFRS 3;
- derivative financial instruments, available-for-sale financial assets and the securities portfolio, which were measured at fair value. The book value of the assets and liabilities that are components hedged by a fair value hedge and that would also be measured at cost is adjusted to take into account changes in fair value attributable to the risks being hedged.

The consolidated financial statements are presented in millions of euros. The amounts indicated in the consolidated financial statements are rounded to the closest million and include individually rounded data. Calculations based on rounded figures may differ from reported aggregates and sub-totals.

1.5.2 | USE OF ESTIMATES AND JUDGMENTS

The preparation of consolidated financial statements demands that management employ estimates and assumptions that may have an impact on the asset, liability, income and expense figures included in the financial statements, and on some of the information included in the Notes to the financial statements. As assumptions are inherently uncertain, actual results could differ from those estimates. The Group regularly reviews its estimates and evaluations in order to take into account past experience and to include factors deemed to be relevant under prevailing economic conditions.

The judgments, estimates and assumptions apply mainly to:

- impairment of non-current assets and goodwill;
- financial assets available for sale;
- the assets or groups of assets classified as held for sale.

Moreover, the judgments, estimates and assumptions used by the operating subsidiaries concern in particular:

- the consolidation method for Monoprix and Mercialys (see Note 1.2);
- the revaluation of the share previously owned by GPA (Note 2.3);
- the fair value of investment property given in the notes to the financial statements (Notes 10.2, 15.2 and 15.3);
- write-downs of doubtful receivables;
- impairment of non-current assets and goodwill;
- the fair value of assets acquired and liabilities assumed under a business combination;
- deferred taxes;
- non-current assets (or group of assets) classified as held for sale (Note 10);
- commitments to buy back non-controlling minority interests;
- provisions for risks and other provisions related to the business.

Notes 16.1, 16.2, 27.1.8 and 28.4 provide data on the sensitivity of the measurements made with respect to goodwill, retirement provisions and commitments to buy back minority interests.

1.6 • ACCOUNTING POLICIES APPLIED BY THE GROUP IN THE ABSENCE OF ANY SPECIFIC PROVISIONS UNDER IFRS

In the absence of a standard or interpretation applicable to the firm or conditional commitments for the purchase of non-controlling interests (see Note 1.26 of the "Accounting rules and methods"), the Group's management used its judgment to define and apply the most relevant accounting policies.

1.7 • SCOPE AND METHODS OF CONSOLIDATION

Subsidiaries, joint ventures and associates under the direct or indirect control of the parent company, or over which the latter exercises control, joint control or a significant influence, are consolidated.

Control exists when the Company has the power to govern, directly or indirectly, the financial and operating policies of the entity in order to gain benefits from its business activities. Control is assessed based on existing and potential voting rights. Special-purpose entities are consolidated after an analysis of the Group's exposure to the risks and benefits of the entity and may be consolidated as a result, even in the absence of voting rights.

Companies over which the Group exercises joint control, shared with a limited number of partners under a contractual arrangement, are consolidated using the proportional method.

Associates over which the Group exercises significant influence are accounted for under the equity method. Goodwill related to these entities is included in the book value of the investment.

1.8 • BUSINESS COMBINATIONS

As required by revised IFRS 3, the consideration transferred (purchase price) is measured at the fair value of the assets delivered, equity issued and liabilities incurred on the date of the exchange. The identifiable assets and liabilities of the company acquired are measured at fair value on the date of the purchase. The costs directly attributable to the takeover of control are booked in "Other operating expenses".

Any surplus of the consideration transferred over the Group's share of the net fair value of the identifiable assets and liabilities of the company acquired gives rise to the recognition of goodwill. On the date of the takeover of control, and for each combination, the Group may opt for partial goodwill (limited to the share acquired by the Group) or complete goodwill. If the Group opts for complete goodwill, the non-controlling interests are measured at fair value and the Group recognizes goodwill on all identifiable assets and liabilities.

Business combinations prior to January 1, 2010 were treated using the partial goodwill method, the only method applicable before revised IFRS 3.

In the case of an acquisition in stages, the interest previously held is remeasured at fair value on the date control is assumed. The difference between the fair value and the net book value of this interest is recognized directly in income ("Other operating income" or "Other operating expenses").

The amounts recognized on the acquisition date may result in an adjustment provided that the items allowing adjustment of these amounts correspond to new information of which the buyer is made aware and originating in facts and circumstances prior to the date of acquisition. After the measurement period (with a maximum duration of 12 months after the date of the takeover of control of the entity acquired), goodwill may not subsequently be adjusted; the subsequent acquisition of non-controlling interests does not result in the recording of additional goodwill.

In addition, price supplements are included in the consideration transferred at their fair value on the acquisition date, whatever the probability of occurrence. During the measurement period, subsequent adjustments have their offsetting entry in goodwill when they relate to facts and circumstances existing at the time of the acquisition; failing this and in addition, price supplement adjustments are recognized directly in income ("Other operating income" or "Other operating expenses"), unless the price supplements had an equity instrument as consideration. In this case, the price supplement is not subsequently re-measured.

1.9 • CLOSING DATE

With the exception of certain minor subsidiaries, the companies included within the scope of consolidation close their accounts on December 31.

1.10 • CONSOLIDATED COMPANIES IN A DIFFERENT BUSINESS SEGMENT

The individual accounts of Casino Re are prepared in accordance with standards applicable to insurance companies. In the consolidated financial statements, they are classified according to general IFRS presentation rules.

1.11 • TRANSLATION OF FINANCIAL STATEMENTS AND TRANSACTIONS DENOMINATED IN FOREIGN CURRENCIES

The consolidated financial statements are presented in euros, the functional currency of the Group's parent company. Each entity within the Group determines its own functional currency and the financial items of each are measured in that currency.

The financial statements of companies in the Group that use a different functional currency from that of the parent company are translated using the closing rate method:

- assets and liabilities, including goodwill and adjustments made to determine fair value in consolidation, are translated into euros at the exchange rate in effect at the close of the period;
- items in the income and cash flow statements are translated into euros at the average exchange rate for the period, as long as this rate is not called into question by significant changes in the currency markets.

The resulting foreign exchange differences are directly recognized in equity, under a separate heading. When a foreign business is sold, the cumulative amount of the deferred exchange differences recognized under the separate equity heading relating to that foreign business is recognized in income.

Transactions denominated in foreign currencies are translated into euros at the exchange rate prevailing on the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate prevailing at the close of the period, while the resulting foreign exchange differences are recognized in the income statement as foreign exchange gains or losses. Non-monetary assets and liabilities denominated in foreign currencies are recorded at the historical exchange rate in effect on the transaction date.

The exchange differences recorded upon the translation of a net investment of a foreign entity are accounted for in the consolidated financial statements as other items of comprehensive income or loss and are recognized in income when the net investment is sold.

Foreign currency differences relating to debts hedging foreign currency investments or long-term advances to subsidiaries are also accounted for as other items of comprehensive income or loss and are recognized when the net investment is sold.

1.12 • GOODWILL AND INTANGIBLE ASSETS

Recognition criteria for intangible assets include:

- identifiability and separability;
- control over a resource;
- the existence of future economic benefits.

Intangible assets acquired as part of a business combination, which do not meet these criteria are deemed to be goodwill.

1.12.1 | GOODWILL

On the purchase date, goodwill is measured in accordance with Note 1.17 of "Accounting rules and methods". Goodwill is allocated to each of the cash generating units or groups of units that benefit from the effects of the business combination, depending on the level at which corporate management monitors the profitability of the investment.

Goodwill is not amortized. It is tested for impairment annually, or whenever there is an indication that it might be impaired. Impairment losses on goodwill may not be reversed. The methods used by the Group to test impairment are described in the section "Impairment of non-current assets" below.

Negative goodwill is recognized directly in income for the year of acquisition, once the correct identification and measurement of any identifiable assets, liabilities and contingent liabilities acquired has been verified.

1.12.2 | INTANGIBLE ASSETS

Intangible assets acquired separately by the Group are measured at cost, and those acquired through a business combination at fair value. Intangible assets consist mainly of purchased software, the cost of software developed for internal use, trademarks, patents, and initial lease payments made upon the signing of a lease.

Trademarks that are created and developed internally are not recognized on the balance sheet. Intangible assets are depreciated on a straight-line basis over their expected useful lives determined for each type of asset:

Type of assets	Amortization period
Development costs	3 years
Software	3 to 10 years
Acquired trademarks	-
Lease premiums	-

Intangible assets with indefinite useful lives (such as lease premiums and acquired trademarks) are not amortized; they are tested annually for impairment or when an indication of impairment exists.

An intangible asset is de-recognized when it is disposed of or if no future financial benefit is expected from its use or disposal. Any gain or loss resulting from the de-recognition of an asset (calculated on the difference between the net sale proceeds and the book value of this asset) is recognized in income (Other income and expenses from operations), during the fiscal year of de-recognition.

The residual values, useful life and depreciation methods of the assets are reviewed at each year-end and modified if necessary on a prospective basis.

1.13 • TANGIBLE ASSETS

Tangible assets are measured at cost, less any accumulated depreciation and impairment losses.

The subsequent expenses are capitalized if they meet the recognition criteria of IAS 16. These criteria are assessed before commitment to the expense.

Tangible assets (excluding land, which is not depreciated) are depreciated over the estimated useful lives of each type of asset, with a residual value of zero:

Type of assets	Amortization period
Land	-
Buildings (building structure and brickwork)	20 to 40 years
Roof waterproofing	15 years
Shell fire protection	25 years
Land fittings and improvements	10 to 40 years
Building fixtures and improvements	5 to 20 years
Technical installations, machinery and equipment	3 to 20 years
Transportation equipment	5 years
Furniture, office and computer equipment	3 to 8 years

The “Roof waterproofing” and “Shell fire protection” items are only identified as separate tangible asset items in the case of major renovations. In other cases, they are included in the «Building structure and brickwork» component.

Tangible assets are de-recognized when they are disposed of or if no future financial benefit is expected from their use or disposal. Any gain or loss resulting from the de-recognition of an asset (calculated on the difference between the net sale proceeds and the book value of this asset) is recognized in income (Other income and expenses from operations), during the fiscal year of de-recognition.

The residual values, useful life and depreciation methods of the assets are reviewed at each year-end and modified if necessary on a prospective basis.

1.14 • LEASES

Finance leases that transfer to the Group the majority of the risks and rewards inherent in the ownership of the leased assets are recognized in the balance sheet at the start of the lease period at the fair value of the leased asset or, if lower, at the present value of the minimum payments under the terms of the lease.

Non-current assets held by the Group under finance leases are recognized in the statement of financial position and the income statement as if they had been acquired on credit. They are booked as non-current assets (based on type) and are offset by a loan recorded as a financial liability.

Assets acquired under a financial lease are depreciated over their expected useful life in the same way as other non-current assets of the same type or over the term of the lease, if shorter, and if the Group is not reasonably certain that it will gain ownership of the asset at the end of the lease.

Future payments made under financial leases are discounted and posted in the Group statement of financial position under financial liabilities. Payments made under operating lease contracts are recorded as expenses from the period during which they are incurred.

1.15 • INVESTMENT PROPERTY

Investment property is real estate property held by the Group to earn rental income and/or for capital appreciation. The shopping malls owned by the Group are recognized as investment property.

After initial recognition, investment property is measured at cost less accumulated depreciation and any impairment losses. The fair value is also disclosed in the Notes. The depreciation methods and periods applied to investment property are identical to those used for tangible assets.

The shopping malls held by Mercialys are appraised by experts, in compliance with the real estate assessors' code of ethics prescribed by the Royal Institution of Chartered Surveyors (RICS), using the methods to evaluate the market value of each of the assets in accordance with the requirements of the "Charte de l'expertise en évaluation immobilière" June 2006 (3rd edition) and the 2000 report of the joint working group of the French stock exchange commission (COB) and the French national accounting board (CNC) on valuation of the property assets of publicly-traded companies. All assets making up Mercialys' holdings are subject to expert appraisal on a rotating basis, one-third per year, with the remaining two-thirds being updated. Pursuant to the COB/CNC 2000 report, two approaches are used to determine the market value of each asset:

- the first, the capitalized earnings approach, consists of assessing net rental revenues from the asset and applying a rate of return equal to that used in the corresponding real estate market (taking into account floor space, configuration, competition, mode of ownership, leasing potential and potential for expansion, and comparability with recent transactions) and bearing in mind the actual level of rents from which to deduct the amount of those expenses and work which cannot be re-billed relative to market price and vacancy rate;
- the second approach, referred to as the discounted cash flow approach (DCF), is used to discount future income and expenses, taking into consideration, year after year, projected rent adjustments, vacancy rates, and other projected parameters, such as time to market and investments paid for by the lessor.

The discount rate used covers the market's riskless rate of return (10-year French Treasury TEC 10 for France) to which is added a premium for risk and real estate market liquidity, as well as any applicable risk premiums to cover obsolescence and tenant risk.

Smaller assets are valued by comparison with the selling price of comparable assets.

1.16 • COST OF NON-CURRENT ASSETS AND BORROWING COSTS

Acquisition costs of non-current assets are included in the acquisition cost of these assets at the gross amount including taxes. For tangible assets, intangible assets, and investment property, these costs increase the value of the assets, and are accounted for in the same manner.

The borrowing costs which are directly attributable to the acquisition, construction or production of an asset, the preparation of which prior to the planned use or sale requires a substantial period (generally greater than six months), are included in the cost of this asset. All other borrowing costs are expensed in the year in which they are incurred. Borrowing costs are the interest and other costs borne by a company to borrow funds. The Group capitalizes borrowing costs for all eligible assets the construction of which began on or after January 1, 2009.

1.17 • IMPAIRMENT OF NON-CURRENT ASSETS

IAS 36 defines the procedures a company must apply to ensure that the net book value of a company's assets does not exceed the amount recoverable, which is the amount that would be recovered through the use or sale of such assets.

Except for goodwill and intangible assets with an indefinite useful life, which are systematically tested for impairment once a year, the recoverable value of an asset is reassessed whenever there is an indication that the asset may have lost value.

1.17.1 | CASH GENERATING UNITS (CGUS)

A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

For purposes of impairment testing, the goodwill recognized upon business combinations is allocated to Cash Generating Units (CGUs) or groups of CGUs. These CGUs or groups of CGUs represent the level of tracking goodwill for internal management purposes and do not extend beyond the operating segment level as presented in Note 3 "Segment information," by business segment.

1.17.2 | IMPAIRMENT INDICATORS

In addition to the external sources of information tracked by the Group (the business environment, the market value of assets, etc.), the impairment indicators used in the Group depend on the type of asset:

- for real-estate assets (land and buildings): loss of rental income or termination of the lease;
- for operating assets related to on-going businesses (assets belonging to a cash generating unit): the ratio of the net book value of the store's non-current assets to gross sales exceeding a threshold set by type of store;
- for assets related to support activities (headquarters and warehouses): termination of operations at the site or obsolescence of the production equipment used by the site.

1.17.3 | DETERMINING THE RECOVERABLE AMOUNT

The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use. It is estimated for each asset individually. When this is not possible, the assets are grouped into cash generating units (CGU), the value of which is then estimated.

Fair value less costs of disposal is the amount obtainable from the sale of an asset under normal market conditions in a transaction at arm's length between knowledgeable, willing parties, less costs of disposal.

To monitor the value of goodwill, a determination of the recoverable values of the CGUs or associated groups of CGUs is made at year-end.

1.17.4 | VALUE IN USE

Value in use is the present value of the future cash flows expected to be derived from the continued use of an asset plus a terminal value.

Value in use is determined using:

- the future cash flows estimated based on budgets or forecasts for a maximum five-year period, extrapolated by applying a constant or declining growth rate and discounted to present value. The discount rate used is the average cost of capital employed for each CGU;
- the terminal value, discounted using the same rate. The value is generally calculated from the capitalization to perpetuity of a normative annual flow based on cash flow from the last year of forecasts.

1.17.5 | IMPAIRMENT

An impairment loss is immediately recognized whenever the carrying amount of the asset, or of the CGU to which it belongs, exceeds its recoverable amount. Impairment losses are recorded as “Other operating expenses”.

Impairment losses recognized in a prior period are reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. However, the increased book value of an asset due to a reversal of an impairment loss may not exceed the book value that would have been determined had no impairment loss been recognized for the asset in prior years. Impairment losses on goodwill can never be reversed.

1.18 • FINANCIAL ASSETS

Financial assets are classified in four categories according to their type and intended holding period:

- assets held to maturity;
- assets measured at fair value through profit or loss;
- loans and receivables;
- available-for-sale assets.

Financial assets are classified as current or non-current, based on their maturity as of the closing date: less than or greater than one year.

1.18.1 | ASSETS HELD TO MATURITY

These are exclusively fixed income securities acquired with the intention and ability to hold them until maturity. They are valued at amortized cost using the effective interest method. Amortized cost is calculated for the period from the acquisition of an investment to its maturity date, taking into account any premium or discount upon acquisition. Gains and losses are recognized in income when the assets are de-recognized or impaired and also through the amortization process.

1.18.2 | ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

These are financial assets held for trading, i.e. they have been acquired for the purpose of being sold in the short run. They are measured at fair value and gains and losses arising from changes in fair value are recognized in income. Some assets may be voluntarily classified in this category.

1.18.3 | LOANS AND RECEIVABLES

These are financial assets issued or acquired by the Group in exchange for cash, goods or services to a debtor. They are valued at amortized cost using the effective interest method. Long-term loans and receivables that are non-interest-bearing or that bear interest at below the market rate are discounted when the amounts involved are material. Any impairment losses are recognized in income.

Trade receivables are recognized and measured at their initial invoice value, less impairment losses for irrecoverable amounts. They are booked as assets until all the risks and rewards related to them are transferred to a third party.

1.18.4 | AVAILABLE-FOR-SALE ASSETS

These are all financial assets, in particular equity interests in non-consolidated companies and non-current securities in the investment portfolio. They are measured at fair value. Changes in fair value are recognized in other items of comprehensive income or loss until the asset is sold, collected, or otherwise removed, or until there is evidence that there has been a sustained or significant loss in the value of the asset. In such an event, the profit or loss that had been recognized until then directly is transferred to profit or loss.

Available-for-sale financial assets are tested for impairment at each reporting date. The Group recognizes an impairment whenever an impairment indicator is found.

For the portfolio of financial investments, which primarily consists of interests in unlisted Private Equity funds, the Group uses the following impairment indicators:

- a sharp fall of around 50% in the value of a security;
- or a decrease extending over a period of more than 24 months;
- or a significant decrease in the value of a financial asset combined with information of an alarming character.

If the asset available for sale is an equity instrument, an impairment loss is final. Subsequent increases in fair value are recognized directly in equity.

If the available-for-sale financial asset is a debt instrument, any subsequent increases in value are recognized on the income statement, up to a maximum of the amount of the impairment previously recognized.

1.18.5 | DE-RECOGNITION

A financial asset is de-recognized in the following two cases:

- contractual rights to the cash flows from the asset have expired; or
- contractual rights have been transferred to a third party, under certain conditions:
  - if the transferor has transferred substantially all of the risks and rewards, the asset is fully de-recognized,
  - if the transferor has retained virtually all of the risks and rewards, then the asset remains fully recognized.

1.19 • INVENTORIES

Inventories are measured at the lower of cost and probable net realized value. The measurement method used in the Group is the first-in first-out (FIFO) method.

Inventories include all purchase costs, costs of conversion and other costs incurred in bringing the inventories to their place of sale in their current condition. Accordingly, logistics expenses and all supplier discounts recognized in cost of goods sold are included in the measurement of inventories.

The cost of inventories includes the recycling of amounts initially recognized in equity, corresponding to gains or losses on hedges of future purchases of goods.

The probable net realized value is equal to the selling price estimated in the normal course of business, less expected costs for the completion of the sale.

For its real estate development business, the Group records property under construction as inventories.

1.20 • CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash and short-term investments.

To qualify as cash and cash equivalents in accordance with IAS 7, investments must fulfill four conditions. They must be:

- short-term;
- highly liquid;
- readily convertible into a known amount of cash;
- subject to an insignificant risk of changes in value.

1.21 • ASSETS AND LIABILITIES HELD FOR SALE

The Group must classify a non-current asset, in the context of the sale of a single asset (or a group of current and non-current assets and liabilities, in the case of the disposal of a business activity), as being held for sale if its book value will be recovered principally through a sales transaction rather than through continuous use. This condition is deemed fulfilled only when the sale is highly probable and the asset or the group intended to be sold is available for immediate sale in its current condition. Management must be committed to a selling plan, which is expected to result, on the accounting level, in the conclusion of a sale within one year of the date of this classification.

When assets are held for sale under the principles set out in IFRS 5, the Group measures the non-current assets at the lower of their book value and their fair value, less costs of disposal. Depreciation of these assets is then discontinued. Assets and liabilities held for sale are reported on a separate line of the balance sheet.

If such assets are investments in joint ventures or associates, the Group will cease to recognize its share of profit or loss in the entities once the investment is reclassified under "Assets held for sale".

In the consolidated income statement for the most recent fiscal year ended and for the prior period presented, income from discontinued operations is presented separately from income from continuing operations following the latter, net of taxes, even if the Group retains a minority interest in the subsidiary after the sale. The resulting net profit or loss is presented on a separate line of the income statement.

Tangible and intangible assets, once classed as held for sale, are no longer amortized or depreciated.

1.22 • SHAREHOLDERS' EQUITY

Shareholders' equity includes two categories of equity holders: the parent company's owners (Rallye's shareholders) and the holders of interests that do not confer control (minority shareholders in subsidiaries). A non-controlling interest is defined as the portion of interest in a subsidiary, which is not directly or indirectly attributable to a parent company (hereinafter "minority interests" or "non-controlling interests").

Transactions carried out with minority shareholders that result in a change of the parent company's interest without loss of control affect only shareholders' equity because control does not change within the economic entity. Cash flows from changes in interests in a fully consolidated subsidiary, which do not lead to loss of control (this notion covers increases in interests), are reported in the net cash flows from financing activities.

In the case of an acquisition of an additional interest in a fully consolidated subsidiary, the Group recognizes the difference between the acquisition cost and the book value of the minority interests as a change in shareholders' equity attributable to Rallye shareholders. The costs associated with these transactions are also recognized in equity. The same is true for costs related to sales without loss of control. Concerning the sale of majority interests resulting in a loss of control, the Group records a 100% sale of the securities held, followed as applicable by an acquisition at fair value of the portion retained. Thus, the Group books a gain or loss on disposal, presented as "Other operating income" or as "Other operating expenses" on its entire interest (portion sold and portion retained), which means remeasuring the portion retained through income. Cash flows from the acquisition or loss of control in a subsidiary are assigned to net cash flows from investing activities.

1.22.1 | EQUITY INSTRUMENTS AND HYBRID INSTRUMENTS

Classification as equity depends on a specific analysis of the characteristics of each instrument issued by the Group.

When a financial instrument is made up of different components, the issuer must classify the various components separately based on whether they possess characteristics of debt or equity. Therefore, options allowing the bearer to convert debt into the issuer's equity instruments must be classified as shareholders' equity on the consolidated balance sheet, as long as they involve a fixed price and a fixed number of shares. It should be noted that options that allow the bearer to convert debt into the shares of an entity fully consolidated by the issuer follow the same accounting treatment.

The par value must be allocated among the various components at the time of issue. The value of the equity component is equal to the difference between the par value and the debt component. This difference corresponds to the market value of a liability with identical characteristics but with no conversion or exchange option.

Any instrument that is redeemable at the Group's discretion, and the remuneration for which is contingent on the payment of a dividend, is classified as an equity instrument.

1.22.2 | TRANSACTION COSTS IN SHAREHOLDERS' EQUITY

External and internal costs (when eligible) that may be imputed directly to capital or equity instrument transactions are recorded, net of tax, against shareholders' equity. Other costs are recorded as expenses for the year.

1.22.3 | TREASURY SHARES

Shares repurchased by the Group are deducted from equity at cost. Proceeds from any sale of treasury shares are credited directly to equity, such that capital gains and losses, net of the related tax effect, have no impact on net income for the period.

1.22.4 | SHARE-BASED PAYMENT

The Group's executive officers and certain employees are granted stock options and bonus shares. In accordance with IFRS 2 "Share-based payments," the fair value of the options is measured at fair value on the award date and recorded as personnel expenses spread out over the vesting period of the beneficiaries' rights.

The Group uses the Black & Scholes and trinomial option pricing models to determine the fair value of options, based on the characteristics of the plan, market data on the award date, and assumptions concerning the probability that beneficiaries will remain with the Group until the end of the vesting period. The Group has valued all options granted after November 7, 2002, which have not yet vested. Since the options are settled in shares, they are recognized as equity.

With respect to bonus shares, fair value is also based on the characteristics of the corresponding plan, market data on the award date, and assumptions concerning the probability that beneficiaries will remain with the Group until the end of the vesting period. If a plan does not stipulate vesting conditions, then the full amount is expensed as soon as the plan is granted; if not, the expense is recognized over the vesting period, depending on the fulfillment of conditions.

1.23 • PROVISIONS

1.23.1 | PROVISIONS FOR POST-EMPLOYMENT BENEFITS AND OTHER LONG-TERM BENEFITS

The companies within the Group grant various types of benefits to their employees, based on the laws and practices in each country.

Under defined contribution plans, the Group has no obligation to make payments in addition to the contributions already paid to a fund, if the fund does not have enough assets to provide the benefits corresponding to the services rendered by the personnel during the current period and previous periods. For these plans, the contributions are recognized as an expense when they are incurred.

Where defined benefit plans are concerned, the commitments are assessed using the projected credit unit method based on the agreements or contracts in force within each company. According to this method, each service period gives the employee the right to an additional unit of benefits and each unit is measured separately to obtain the final obligation. This obligation is then discounted to present value. The actuarial assumptions used to determine the commitments vary according to the economic conditions of the country in which the plan is based. These plans and the end-of-contract payments are valued by independent actuaries on an annual basis for the largest plans and at regular intervals for other plans. These valuations take into account the future level of compensation, the employee's probable period of activity, life expectancy and personnel turnover.

Actuarial gains and losses result from changes in assumptions and the difference between the results estimated by the actuarial assumptions and the actual results. These differences are recognized immediately in equity for all actuarial differences relating to defined benefit plans.

The cost of past services resulting from the increase in an obligation following the introduction of a new plan or a change in an existing plan is deferred on a straight-line basis over the average period left to run until the rights are vested, or is recognized immediately as an expense if the benefit rights have already vested.

The expenses related to this type of plan are recognized as "Current operating income" (costs of services rendered) and as "Other financial income and expenses" (financial costs and expected asset yields).

Reductions, settlements and costs of past services are recognized in current operating income or in "Other financial income and expenses," depending on their nature. The provision recorded on the balance sheet corresponds to the present value of the commitments valued in this manner, less the fair value of any plan assets and any costs of past services not yet amortized.

1.23.2 | OTHER PROVISIONS

A provision is recorded when the Group has a present obligation (legal or implicit) as a result of a past event, the amount of the obligation can be reliably estimated, and when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Provisions are discounted to present value when the related discount is material.

In accordance with the above principle, a provision is recorded to cover the cost of providing after-sales service for equipment sold under warranty. The provision represents the expected cost of repairs to be performed during the warranty period, estimated on the basis of actual costs incurred in prior years. Each year, the provision is reversed in the amount of the actual repair costs recognized in expenses.

Provisions for restructuring costs are recognized whenever an implicit commitment has been made to third parties as a result of a Management decision that has been formalized before the closing date in a detailed restructuring plan and communicated to the parties concerned.

Other provisions correspond to specifically identified contingencies and expenses.

Contingent liabilities correspond to possible obligations arising from past events and whose existence will be confirmed only by the occurrence of one or more uncertain future events not within the entity's control, or present obligations whose settlement is not expected to require an outflow of resources. They are not recognized but are disclosed in a note.

1.24 • FINANCIAL LIABILITIES

Financial liabilities are classified in two categories and comprise:

- borrowings at amortized cost; and
- financial liabilities recognized at fair value through profit or loss.

The measurement of financial liabilities depends on their classification under IAS 39.

1.24.1 | FINANCIAL LIABILITIES RECOGNIZED AT AMORTIZED COST

Borrowings and other financial liabilities are generally recognized at amortized cost calculated using the effective interest rate. They are subject, where necessary, to hedge accounting.

The fees, issue and redemption premiums are part of the amortized cost of borrowings and financial debts. They are stated as decreases or increases in the corresponding borrowings and, depending on the case, are amortized.

1.24.2 | FINANCIAL LIABILITIES RECOGNIZED AT FAIR VALUE THROUGH PROFIT OR LOSS

These are financial liabilities that are held for trading, that is, with a view to be realized on in the short run. They are measured at fair value and gains and losses arising from changes in fair value are recognized in income.

1.25 • DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING

1.25.1 | HEDGING OF CASH FLOWS AND FAIR VALUE

All derivative instruments (swaps, collars, floors, options, etc.) are presented on the balance sheet at fair value.

In accordance with IAS 39, the Group uses hedge accounting for:

- fair value hedges (e.g., swaps to convert fixed rate debt to floating rate). In this case, the debt is measured at fair value, up to the amount of the risk covered, with gains and losses arising from subsequent measurement at fair value recognized in profit or loss. The change in fair value of the derivative is also recognized as income. If the hedge is entirely effective, the loss or gain on the hedged debt is offset by the gain or loss on the derivative;
- for cash flow hedges (variable-rate loan swapped for fixed rate, for example), the change in the fair value of the derivative is recognized as income for the ineffective portion, and as other items of comprehensive income for the effective portion, with recognition as income symmetrically with the recognition of the hedged flows and in the same item as the element hedged (current operating income for operating cash flows hedges and financial income for other hedges);
- for hedges of net investments in a foreign entity, the change in fair value is recognized net of taxes as other items of comprehensive income or loss for the effective portion attributable to the hedged exchange rate risk and as income for the ineffective portion. Gains or losses accumulated in shareholders' equity are recognized as income at the date of liquidation or sale of the net investment.

Hedge accounting applies if:

- the hedging relation is clearly defined and documented on the date it is set up; and
- the effectiveness of the hedge can be demonstrated from origination and for as long as it lasts.

In the context of a cash flow hedge, the gains or losses accumulated in shareholders' equity must be reclassified as income under the same heading as the element hedged:

- i.e. current operating income for operating cash flow hedges and under financial income for other hedges;
- during the same periods in which the hedged cash flow affects income.

If the hedging relation is interrupted, in particular because it is no longer considered effective, the gains or losses accumulated on the derivative instrument are kept in equity until the hedged transaction expires, unless the hedged item disappears. If such is the case, the gains or losses recognized in equity are immediately reclassified over to the income statement.

1.25.2 | DERIVATIVES NOT CLASSIFIED AS A HEDGE: ACCOUNTING AND PRESENTATION

When a derivative financial instrument has not (or is no longer) classified as a hedge, its successive changes in fair value are recognized directly as income for the period under "Other financial income and expenses".

1.26 • PUT OPTIONS GRANTED TO MINORITY SHAREHOLDERS

The Group has made commitments to the minority shareholders of some of its subsidiaries to purchase their interests. The exercise price for these transactions may be fixed or established according to a pre-defined calculation formula. In compliance with IAS 32, the purchase commitments given to fully consolidated subsidiaries are recognized as "financial liabilities"; the "fixed price puts" are booked as financial liabilities at their discounted values, and the “variable price puts” at their fair value; in addition, these transactions may be exercised at any time or on a specific date.

Revised IAS 27, applied to the consolidated financial statements as of January 1, 2010, specifies the accounting treatment of additional acquisitions of securities in companies. The Group has decided to apply two different accounting methods for these put options, depending on whether the options were issued before or after the date of first application of the revised version of the standard in accordance with the recommendations of the French Financial Markets Authority. The former are treated using the current goodwill method while the latter are treated as transactions between shareholders (equity impact).

1.27 • FAIR VALUE

Fair value is defined as the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm’s length transaction, under normal market conditions.

The fair value of publicly traded financial instruments is determined on the basis of their market price on the date the accounts were closed. The fair value of unlisted financial instruments, for which there exist listed instruments of a similar nature and maturity date, is determined by referring to the market price of these instruments and making any necessary adjustments. For other unlisted instruments, fair value is determined by using valuation techniques, such as:

- the valuation models used for options;
- the discounted cash flow method. The models use assumptions based on market data;
- or by reference to recent transactions.

From January 1, 2009, the Group has applied the amendment to IFRS 7 relating to financial instruments measured at fair value. Now, financial assets and liabilities recorded in the financial statements at their fair value will be classified on the basis of their valuation method. This hierarchy consists of three levels:

- level 1: the instrument is listed on an active market;
- level 2: measurement of the instrument uses measurement techniques based on observable market data;
- level 3: measurement of the instrument uses measurement techniques based on non-observable data.

Note 30.2 presents this breakdown.

1.28 • CLASSIFICATION OF ASSETS AND LIABILITIES AS CURRENT AND NON-CURRENT

Assets that are to be liquidated, consumed or sold within a normal operating cycle or within twelve months following the period closing date, as well as assets held for sale, or cash and cash-equivalents, are classified as “current assets”. All other assets are classified as “non-current”.

Liabilities to be paid within a normal operating cycle or within the expenses of the month following the closing of accounts are classified as “current liabilities”.

The Group’s normal operating cycle is 12 months long.

Deferred taxes are always recognized as non-current assets or liabilities.

1.29 • REVENUE

Revenue consists of two parts: “Net revenue” and “Other revenue”.

“Net revenue” includes sales by the Group’s stores, cafeterias and warehouses, financial revenues, rental income, bank operating income from credit activity, and various services performed by the business units.

“Other revenue” consists of revenue from the real estate development business, management of financial investments, other income from services, and other income generated secondarily or in the context of related activities, particularly commissions for the sale of travel packages, franchise payments and income from sub-leases.

Revenue is valued at the fair value of the consideration received or to be received, net of commercial discounts or rebates and sales taxes. It is recognized as follows:

- sales of goods are booked when the risks and advantages inherent in the ownership of the goods have been transferred to the customer, generally when the transfer of title has occurred, when the income can be measured reliably and when recovery is reasonably certain;
- services, such as the sales of warranty extensions, services attached directly to the sale of goods, or the services rendered to suppliers are recognized over the period in which the services are rendered. When a service includes various commitments, including volume commitments, the Group analyzes the legal and factual elements to determine the scheduling of the accounting recognition of the service. The result is that, depending on the type of service, recognition of the income may be immediate when the services are considered completed, or deferred over the period during which the services are performed or the commitment given fulfilled.

In the case of payment deferred beyond the normal credit conditions not supported by a financing institution, the proceeds from the sale are equal to the discounted price; the difference, if significant, between the discounted price and the cash payment is booked as financial income spread over the period of deferral.

Benefits granted to customers under loyalty programs are elements separate from the initial sale. The income related to these rights granted is deferred until the date the benefits are used by the customers.

1.30 • GROSS MARGIN

Gross margin is the difference between "Net revenue" and "Full purchase cost of goods sold".

The "Full purchase cost of goods sold" includes the cost of purchases net of discounts and trade cooperation payments, changes in inventory associated with distribution activities and logistics costs.

Trade cooperation payments are measured based on contracts with suppliers. They are billed in installments over the year. At year-end, a measurement is made of the commercial services rendered to suppliers. A comparison between this valuation and the billed installments determines the amount of invoices or credit notes to be issued.

Changes in inventory include positive and negative changes after taking depreciation into account.

Logistics costs are the costs of the Group's direct or subcontracted logistics, storage, handling and transportation incurred after the first delivery of goods to one of the Group's sites, stores or warehouses. The transport costs invoiced by suppliers on merchandise invoices (example: DDP Delivery Duty Paid) are presented as a purchasing cost. The costs of subcontracted transport are recognized as "logistics costs".

1.31 • COST OF GOODS SOLD

The "Cost of goods sold" consist of the costs borne by points of sale together with the cost price and change in inventory related to the real estate development business.

1.32 • GENERAL AND ADMINISTRATIVE EXPENSES

"General and administrative expenses" represent general and administrative costs of support services, particularly purchasing and supplies, sales and marketing, IT and finance.

1.33 • PRE-OPENING AND POST-CLOSING COSTS

Whenever they cannot be defined as assets, costs incurred prior to opening or after closing are recognized as operating expenses when they occur.

1.34 • OTHER OPERATING INCOME AND EXPENSES

This item records the effects of two types of element:

- major events which took place during the accounting period and which are such as to distort the interpretation of the performance of the company's recurring business. These are income and expenses which are limited in number, unusual, abnormal or infrequent, and significant amounts such as litigation or a significant restructuring plan;
- items which by nature do not come within an assessment of the current operating performance of the business units, such as impairment of non-current assets, and the impacts of the application of revised IFRS 3 and revised IAS 27 (see Note 1.8, "Accounting rules and methods").

1.35 • COST OF NET FINANCIAL DEBT

The cost of net financial debt consists of the interest on the net financial debt, including income and gains and losses on the sale of cash equivalents, gains and losses on related interest- or exchange-rate hedges, changes in the fair value of derivatives (assets and liabilities) used in fair value hedge accounting for the debt, and the interest expense from finance lease agreements.

1.36 • OTHER FINANCIAL INCOME AND EXPENSES

These are financial income and expenses, which are not part of the cost of net financial debt.

This item includes: the dividends received from unconsolidated companies, the changes in fair value of the non-cash financial assets and in derivatives not affected by hedge accounting, gains and losses on the sale of financial assets other than cash and cash-equivalents, gains and losses from discounting (including discounting of pension provisions), and foreign exchange translation gains and losses on items other than the components of net financial debt.

Cash discounts are recognized in financial income for the portion corresponding to the normal market interest rate and as a deduction from the cost of goods sold for the remaining balance.

1.37 • INCOME TAX

Income tax expense corresponds to the sum of the current tax due from the various Group companies, corrected for deferred tax.

Consolidated French subsidiaries that satisfy tax consolidation criteria are generally included at various tax consolidation levels.

The sum of current taxes payable represents the tax due from the parent companies of the tax groups and from all other companies that are not members of the tax group.

Deferred tax assets correspond to the tax calculated and deemed recoverable for certain assets on timing differences, tax loss carry forwards and certain consolidation adjustments.

Deferred tax liabilities are recognized for:

- taxable timing differences, except where the deferred tax liability results from the recognition of a non-deductible impairment of goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and which, at the time of the transaction, affects neither accounting profit, nor taxable profit, nor tax loss;
- taxable timing differences on investments in subsidiaries, associates and joint ventures, except where the Group controls the timing of the repayment of the difference and where it is probable that the temporary difference will not be reversed in the foreseeable future.

Deferred taxes are recognized using the balance sheet approach and, under IAS 12, they are not discounted. The amount of tax as thus determined may be affected by the change in the receivable or debt caused by the change in the corporate tax rate from one year to the next (variable carry-forward method).

Starting January 1, 2010, the business tax has been replaced with two new taxes of different types:

- the "businesses real estate contribution" (*Cotisation Foncière des Entreprises*, C.F.E), based on the real estate rental values of the former business tax (*Taxe professionnelle*); this contribution is recognized in Current Operating Income because it is highly similar to the business tax;
- the "businesses added value contribution" (*Cotisation sur la Valeur Ajoutée des Entreprises*, C.V.A.E), based on the added value resulting from the corporate financial statements; this contribution is recognized in tax on income because the Group considers that it meets the definition of tax on income as specified by IAS 12.

1.38 • DISCONTINUED OPERATIONS

A discontinued operation is a "component" that has either been disposed of, or is classified as "held for sale" by the Group and represents a separate major activity or geographic area of operations.

As indicated in Note 1.21, "Accounting rules and methods"; the classification as "Assets held for sale" determines the end of amortizations and depreciation and, for joint ventures and associates, the end of recognition of income or loss.

1.39 • EARNINGS PER SHARE

Basic earnings per share are calculated on the basis of the average weighted number of shares depending on the stock issue date during the period, except for shares issued as dividends and treasury shares.

Diluted earnings per share are calculated using the treasury stock method, in which the denominator is the basic number of shares plus the number of potential shares that will result from dilutive instruments (options, warrants and bonus shares), minus the number of shares that may be purchased at the market price with the funds received from exercise of the instruments in question. The market price used in the calculation is the average stock price over the financial year.

Equity instruments are included in the calculation above only to the extent they have a dilutive impact on earnings per share.

1.40 • SEGMENT REPORTING

Segment reporting reflects Management's view and is established on the basis of the internal reporting used by the chief operating decision-maker (the Chairman and Chief Executive Officer) to assess the performance of the operating segments.

The information in the reporting is prepared in accordance with the accounting principles followed by the Group.

The segment reporting presented in Note 3 comprises three operating segments divided between France and Abroad. These operating segments correspond to the three main activities of the Group: general retailing, the sale of sporting goods and financial holding and investment activities. The Group did not combine any operating segments in the presentation segment.

Management evaluates the performance of sectors on the basis of net revenue as well as the "Current operating income". As assets and liabilities are not specifically reported to Management, the only information presented in the notes in the context of IFRS 8 pertains to non-current assets.

Financial data by operating segment are prepared according to the same rules as those used for the consolidated financial statements.

II. COMMENTS ON THE CONTENTS OF THE FINANCIAL STATEMENTS

Figures in the tables below are denominated in euros and rounded to the nearest million. Calculations based on rounded figures may differ from reported aggregates and sub-totals.

NOTE 1 • SIGNIFICANT EVENTS

1.1 | CHANGES IN THE SCOPE OF CONSOLIDATION

During 2012, the following main changes in the scope of consolidation took place:

— *Main newly consolidated and deconsolidated companies*

Name of the company	Business	Country	Type of Transaction	Consolidation method
GPA (Note 2.3)	Food and general retailing	Brazil	Takeover	FC
Franprix-Leader Price sub-group (Note 2.1)	Food and general retailing	France	Takeover	FC
Monshowroom.com (Note 1.2)	Food and general retailing	France	Acquisition	EM
Sport Trade Marketing International Sàrl	Sporting goods retailing	Switzerland	Creation	EM

— *Principal changes in percentage held without change in consolidation method*

Name of the company	Business	Country	Change in the % of holding	Consolidation method
Mercialys(1)	Real estate	France	-10.30%	FC
Big C Thailand (Note 2.2)	Food and general retailing	Thailand	-4.60%	FC
Franprix-Leader Price sub-group	Food and general retailing	France	(2)	EM
Casino Guichard-Perrachon	Food and general retailing	France	-1.97%	FC
Groupe GO Sport(3)	Sporting goods retailing	France	16.46%	FC

(1) Before initiating the process of handing over control of Mercialys (see Note 2.2), Casino disposed of 0.4% of its stake in Mercialys which decreased the Casino Group's share of shareholders' equity by €6 million and its non-controlling interests by €3 million.
(2) In June 2012, the Franprix-Leader Price sub-group acquired further stakes of 10% and 23% in the Planes and Faure sub-groups respectively, taking its stake to 36% and 49%. These sub-groups are still accounted for under the equity method and were acquired for €5 million each (including fees).
(3) During the first half of 2012, the Rallye Group significantly oversubscribed to the Groupe GO Sport's €30 million capital increase, taking its stake in Groupe GO Sport to 90.17%.

Consolidation method: full consolidation FC – proportionate consolidation PC – equity method EM.

The main consolidated companies are listed in the Notes.

1.2 | OTHER HIGHLIGHTS

— *Process of handing over control of Mercialys*

At the beginning of January 2012, the Casino Group started the process of handing over control of Mercialys. From this date, the assets and liabilities of this subsidiary were recognized as "Assets held for sale" and "Liabilities related to assets held for sale" in accordance with IFRS 5 (see Note 10.2).

As part of its new strategy, on April 20, 2012, Mercialys paid a special dividend from reserves and the balance of the dividend for the 2011 fiscal year, for a total of €1.060 million of which €532 million was paid to the Casino Group.

Following the sale of 9.9% of Mercialys shares, including 9.8% following the settlement of the total return swap (TRS) taken out with a financial institution, the Casino Group's stake in Mercialys decreased to 40.2%. This decrease led to a disposal gain of €137 million and a capital gain of €88 million which will be recognized when control of Mercialys is handed over; the impact of these transactions on non-controlling interests totals €49 million.

The disposal process also included the reorganization of the company's governance and of the agreements between Casino and Mercialys:

- the change in the governance of Mercialys led to the loss of the majority of the directors within the company's Board of Directors (six independent directors out of a total of 10 directors);
- Board Committees (in particular the Investment Committee and the Compensation Committee) are chaired by independent directors;

- a new 3.5-year partnership agreement covering the development of real estate projects has been implemented; Mercialys is independent in terms of its investment choices;
- the other administrative service agreements have been amended.

Although the elements justifying the loss of control were in place at December 31, 2012, Casino maintained the chairmanship and executive management of Mercialys on a transitional basis until February 13, 2013. A new Chief Executive Officer and a new Chairman, from outside the Casino Group, were appointed by the Board of Directors of Mercialys at its February 13, 2013 meeting.

The total independence of Mercialys' management bodies and the breakdown of its new share capital will thus be presented at the next General Shareholders' Meeting. Casino's handing over control can therefore be recognized at the date of the next General Shareholders' Meeting.

As a result, Mercialys remained fully integrated in the Group's consolidated financial statements as of December 31, 2012, and its classification in accordance with IFRS 5 was maintained due to the Casino Group's commitment to complete the process of handing over control.

Based on the December 31, 2012 share price, the value of the 40.2% stake held by Casino was €634 million versus a book value of the net asset of €39 million at December 31, 2012.

— *Monoprix*

In 2000 and 2003, Galeries Lafayette sold its joint control (50%) of Monoprix to Casino. Based on the contractual agreements between Casino and Galeries Lafayette, Casino has a call option on 10% of the share capital, giving it the possibility of taking control of Monoprix, and Galeries Lafayette has a put option for its 50% stake which may be exercised from January 1, 2012 until 2028. Moreover, under these agreements, Casino has the right, in any event, to nominate from March 31, 2012, the Chairman and Chief Executive Officer for three year periods alternately with Galeries Lafayette.

On December 7, 2011, Galeries Lafayette launched the price evaluation process, the first step in the sale of its stake in Monoprix.

Following the signing of a letter of intent by Casino and Galeries Lafayette on June 28, 2012, the two groups signed a settlement agreement on July 26, 2012, covering the disposal of the Galeries Lafayette Group's 50% stake in Monoprix to Casino. Galeries Lafayette will sell its stake by October 31, 2013, for a consideration of €1.175 million, indexed from April 1, 2013. A standby guarantee in favor of Galeries Lafayette payable in October 2013 has been set up.

The rotation of the chairmanship, set out in a shareholders' pact between Casino and Galeries Lafayette, was confirmed by the July 26, 2012 settlement agreement. Jean-Charles NAOURI, Casino's Chairman and Chief Executive Officer, was appointed Chairman and Chief Executive Officer of Monoprix replacing Philippe Houzé during the November 30, 2012 Board of Directors meeting.

Casino and Galeries Lafayette will renounce ongoing legal proceedings following the sale of the shares.

The final acquisition by Casino of Galeries Lafayette's stake in Monoprix is subject to prior approval by the French Competition Authority.

On January 7, 2013, following preliminary studies, Casino informed the French Competition Authority of the proposed merger and obtained the certification of "completeness" which marked the beginning of the investigation period at February 6. The French Competition Authority should publish its decision in mid-2013. Casino may, in particular in the event that the Competition Authority does not publish a decision before October 30, 2013, nominate a third party to purchase the stake in Galeries Lafayette on its behalf. In this context, Casino has already signed a carrying agreement with a financial institution in accordance with article 3.5 a) of EC Regulation No. 139/2004.

Therefore, and since no changes will be made to the agreements between Casino and Galeries Lafayette before the latter's exit, and since Galeries Lafayette will maintain its role of partner in Monoprix until the disposal of the shares, the Casino Group decided that the proportional consolidation method remains relevant.

— *Monshowroom.com*

On February 28, 2012, the Casino Group acquired a minority stake in Monshowroom.com with the option of becoming a majority shareholder at a later date. The acquisition of this company, which is specialized in the online sales of multi-brand prêt-à-porter and accessories, strengthens the Casino Group's market position in the e-commerce sector. The value of investments in equity associates was €17 million at December 31, 2012.

— *Corporate financing operations in 2012*

On March 1, 2012 and July 30, 2012, the Casino Group carried out new bond issues of €600 million and €650 million with an 8- and a 7-year maturity, respectively. The annual coupons attached to these bond issues are 3.99% and 3.157%.

— *Option for Rallye shareholders to receive payment of the balance of the 2011 dividend and 2012 interim dividend in Rallye shares*

The Rallye Group paid a dividend of €84 million, of which €36 million in cash and €48 million in shares (see Note 25.8).

— *Rallye and Foncière Euris sell their investment in the Manufaktura shopping center in Poland*

On October 29, 2012, Rallye and Foncière Euris announced the sale of the Manufaktura regional shopping center in Lodz, Poland to an open fund belonging to the German group Union Investment Real Estate GmbH, effective as of October 31, 2012. This €390 million transaction (before debt repayment) was carried out based on a capitalization rate of 5.95% of rents. Sellers Foncière Euris, Rallye and Apsys each owned a third of the shopping center. Foncière Euris and Rallye each received a net amount of just above €60 million from this sale.

NOTE 2 • BUSINESS COMBINATIONS

2.1 | FRANPRIX-LEADER PRICE SUB-GROUP OPERATIONS

During the 2012 fiscal year, Franprix-Leader Price acquired various sub-groups. These operations generated goodwill of €127 million and a revaluation charge of the share of the previously owned stake for €1 million relating to certain sub-groups in which Franprix-Leader Price had a minority stake. If these acquisitions had been carried out as of January 1, 2012, the additional contribution to revenue and net income would have been €74 million and -€28 million.

The main two operations relate to the exclusive takeover:

- in March 2012 of the Barat sub-group. This takeover was carried out by increasing its stake in this sub-group's share capital from 49% to 100% for a total amount of €40 million. This operation corresponds to the acquisition of 22 Franprix and Leader Price stores and generated goodwill of €49 million and a revaluation charge of the share of the previously owned stake of €1 million;
- in July 2012, of a total of 21 Leader Price stores in the South East of France. This takeover was carried out by increasing Franprix-Leader Price's stake in this sub-group's share capital from 49% to 100% for a total amount of €31 million. This operation generated goodwill of €62 million and had no impact on the revaluation of the share of the previously owned stake.

2.2 | OPERATIONS ON BIG C THAILAND

— *Change in percentage of the Casino Group's stake in Big C Thailand*

The 4.60% decrease in Casino's stake in Big C Thailand is due to (i) the dilution following the Casino Group's decision not to subscribe to Big C Thailand's capital increase and (ii) disposals on the market. These operations had a positive impact on the Casino Group's share of shareholders' equity and minority interests of €139 million and €69 million respectively.

— *Refinancing the Carrefour Thailand acquisition*

The acquisition of Carrefour Thailand in January 2011 was financed through a loan of a nominal amount of 38.5 billion bahts (or €981 million) with the option to extend the maturity until July 2012. On June 28, 2012, as part of the refinancing of the Carrefour Thailand acquisition, Big C signed an agreement for 32 billion bahts of financing (or €802 million) with maturities of between two and seven years. As of December 31, 2012, Big C had used 23 billion bahts of the financing facilities (€570 million) (see Note 28.4.2).

2.3 | GPA — TAKEOVER

— *2.3.1 Takeover*

In preparation for the change in control of the Brazilian group GPA, as provided for in the shareholders' agreement of Wilkes, Casino notified its partner Mr. Abilio Diniz on March 21, 2012 that it intended to exercise its contractual option to nominate the Chairman of Wilkes' Board of Directors.

the Extraordinary Shareholders' Meeting of Wilkes, GPA's controlling holding company, was held on June 22, 2012 in Sao Paulo. It nominated Jean-Charles NAOURI, Chairman and CEO of Casino, as Chairman of the Board of Directors of Wilkes. On the same date, GPA's Extraordinary Shareholders' Meeting approved the nomination Mssrs. Eleazar de Carvalho Filho, Luiz Augusto de Castro Neves, and Roberto Oliveira de Lima, whom Casino had proposed as Directors. Including these nominations, eight of the fifteen directors on the Board of Directors have been nominated by Casino.

On July 2, 2012, Wilkes' General Shareholders' Meeting approved the change to the Board of Directors which consisted of appointing a director nominated by Casino to replace a director nominated by Mr. Abilio Diniz. Casino thus completed its takeover process and reached a majority on Wilkes' Board of Directors which allows it to decide on Wilkes' vote at GPA's General Shareholders' Meeting and therefore, irrevocably, to also control GPA. As from this date, the Casino Group therefore fully consolidates GPA.

Determining the previously owned stake

The revaluation of the Casino Group's 40.32% previously owned stake in GPA was carried out by an independent appraiser, mainly on the basis of the share price of GPA's preferred shares at July 2, 2012. The fair value of the stake was thus €3.331 million.

Net income resulting from this revaluation was €904 million, which was recognized as "Other operating income" (see Note 6).

Determining the value of minority interests

The Casino Group decided to appraise the fair value of its minority interests. The fair value of minority interests, which corresponds to the 59.68% of GPA, which is not owned by the Casino Group was valued based on the share price of GPA's preferred shares on July 2, 2012. The stakes held by third parties in GPA subsidiaries (Via Varejo and Nova Pontocom) were valued using the discounted cash flow method. The discounted rates used depend on the nature of the business of the operational entities in question. These fair values were determined by an independent appraiser.

Fair value of identifiable assets and liabilities

On the takeover date, the fair value of identifiable assets and liabilities of Carrefour Thailand's operations in the accounts of Big C Thailand determined by independent experts, can be summarized as follows:

(In € millions)	Fair value as of July 2, 2012
Intangible assets	3,707
Tangible assets	3,098
Non-current financial assets	598
Deferred tax assets	811
Inventories	2,014
Trade receivables	2,025
Other assets	1,157
Cash and cash equivalents	2,159
Assets	15,570
Provisions	513
Non-current financial liabilities	2,311
Other non-current liabilities	608
Deferred tax liabilities	1,369
Current financial liabilities	959
Trade payables	1,641
Other current liabilities	2,988
Liabilities	10,389
Identifiable assets and liabilities, net (A)	5,181
Revaluation of previously-owned stake of 40.3% (B)	3,331
Fair value of minority interests (based on the complete goodwill method) (C)	6,234
Goodwill (A-B-C)	4,385

As of December 31, 2012 the main fair value adjustments provisionally apply to the recognition or revaluation of trademarks (€1,379 million) and lease premiums (€900 million), real estate assets (€83 million), tax-related liabilities (€200 million), and net deferred tax liabilities relating to fair value adjustments (€591 million).

The determination of the fair value of identifiable assets and liabilities is provisional and is likely to change by June 30, 2013.

The fair value valuation of identifiable assets and liabilities provisionally lead to the recognition of goodwill of €4,385 million, of which €1,670 for the Group share. Goodwill is mainly attributable to the growth outlook of businesses, geographic coverage, cost improvement, and human capital.

The table below shows the impact of the full consolidation of GPA in the Group's consolidated financial statements for the year ended December 31, 2012, if the takeover of GPA had been on January 1, 2012.

The contribution of GPA's business to the Casino Group's revenue and net income before taxes for the period between July 2 and December 31, 2012 is €10,482 million and €1,190 million respectively.

(In € millions)	December 31, 2012 published	December 31, 2012 proforma
Revenue	41,971	47,712
Current operating income	2,002	2,279
Operating income	2,379	2,630
Net financial income (loss)	(499)	(638)
Income before taxes	1,880	1,991
Consolidated net income	1,533	1,614
Net income, Group share[(1)]	1,062	1,048
Net income, minority interest	470	566

(1) The €14 million decrease in the proforma net income, Group share, is due to the recognition of certain operations directly in equity as they are transactions carried out between shareholders, whereas previously they were carried out with a company consolidated using the proportional consolidation method and recognized in income for the period. These transactions include the issue of preferred shares to Casino and the exercise of stock options (see Note 2.3.2).

Debt from put options granted to the Diniz family

The Casino Group granted the Diniz family two put options on the shares of the holding company, corresponding to 1,000,000 and 19,375,000 shares in GPA's capital.

The first option was exercised in August 2012 at a price of USD 11 million (or €9 million). The exercise of this option had a +€22 million impact on the Casino Group's shareholders' equity and a - €31 million impact on minority interests.

Following the exercise of the first option, the second option, covering 7.4% of the capital at December 31, 2012, may be exercised during an eighteen-month period from June 22, 2014. Its exercise price is calculated based on market multiples applied to GPA's aggregates (Revenue, EBITDA, EBITA, Pre-tax income) for the two years prior to the exercise of the option. At the closing date, this put option was valued and recognized as financial debt for €399 million (see Note 28.3) and had a positive impact of €176 million on the Casino Group's shareholders' equity and a negative impact of €574 million on minority interests.

— 2.3.2 *Change in the stake in GPA during the fiscal year*

As of December 31, 2012, the Casino Group held a 38.17% stake in GPA, as compared with 40.13% as of December 31, 2011, i.e. a decrease of 1.96% due mainly to (i) the issue of 1.6 million preferred shares to Casino at a share price of 85.66 reais per share (see below), (ii) the exercise of the first put option by the Diniz family (see Note 2.3.1) and (iii) the disposal of 6.5 million shares, or 2.5% of GPA's capital, during the last quarter of 2012 for a total amount of €218 million (positive impact of €17 million on shareholders' equity, Group share).

The preferred share issue, made as consideration for the tax savings generated by the amortization of goodwill from the acquisition of GPA, was finalized in May following the exercise of GPA shareholders' preemptive rights. Casino thus received 1.6 million shares. This operation generated an accretion income of €21 million, recorded under "Other operating income" (Note 6).

— 2.3.3 *Arbitration proceedings between Casino and the Diniz group*

On May 30, and July 1, 2011, Casino submitted two arbitration proceedings against the Diniz group to the International Chamber of Commerce, soliciting compliance with and the proper performance of the November 27, 2006 shareholders' agreement concerning the joint company Wilkes. These two initial arbitration proceedings were merged. The aim of these proceedings is to comply with the shareholders' agreement.

A second arbitration proceeding was initiated by Mr. Diniz at end-2012. Its aim is to strengthen the performance of the shareholders' agreement, in particular in terms of Mr. Diniz' rights within GPA's Board of Directors.

These two proceedings are subject to confidentiality clauses.

NOTE 3 • ADDITIONAL INFORMATION REGARDING THE CASH FLOW STATEMENT

3.1 | CHANGE IN WORKING CAPITAL REQUIREMENT RELATED TO OPERATING ACTIVITIES

(In € millions)	2012	2011
Merchandise inventories	(279)	(325)
Real estate development inventories	11	(26)
Trade payables	584	326
Trade receivables and related accounts	(19)	10
Receivables related to credit activities	896	(170)
Financing of credit activities	(862)	226
Other	16	(104)
Change in working capital requirement (WCR)	**347**	**(63)**

3.2 | IMPACT OF CHANGES IN SCOPE OF CONSOLIDATION WITH CHANGE OF CONTROL

(In € millions)	2012	2011
Amount paid for the acquisition of consolidated shares	(116)	(1,114)
Cash and cash equivalents/(bank overdrafts) of acquired companies	1,296	89
Amount received for the disposal of consolidated shares	88	280
Cash and cash equivalents/(bank overdrafts) of companies disposed of	(3)	
Impact of changes in scope of consolidation with change of control	**1,265**	**(745)**

In 2012, the principal transactions impacting the Casino Group's cash position were:

- the takeover of GPA for €1,293 million;
- the takeover procedures carried out by the Franprix-Leader Price sub-group for €109 million;
- the collection of the last commercial paper for an amount of €83 million (after fees), relating to the disposal of Cativen to the Venezuelan authorities in November 2010.

In 2011, the principal changes in the scope of consolidation with change of control impacting the Casino Group's cash position were:

- the acquisition of Carrefour Thailand's business for €950 million;
- the acquisition and disposal of companies in the Franprix-Leader Price sub-groups for €26 million and €22 million, respectively;
- the collection of commercial paper for an amount of €266 million, relating to the disposal of Cativen to the Venezuelan authorities in November 2010.

3.3 | IMPACT ON THE CASH POSITION OF CHANGES IN THE SCOPE OF CONSOLIDATION RELATED TO JOINT VENTURES AND ASSOCIATES

(In € millions)	2012	2011
Amount paid for the acquisition of non-controlling stakes	(21)	(818)
Cash and cash equivalents/(bank overdrafts) of companies in which a non-controlling stake was acquired	58	168
Amount received for the sale of non-controlling stakes	2	212
Cash and cash equivalents/(bank overdrafts) of companies in which a non-controlling stake was sold	(10)	(67)
Impact of changes in scope of consolidation of non-controlling stakes	**29**	**(504)**

In 2012, the principal changes in the Casino Group's cash position are due to the acquisition of Monshowroom.com (Note 1.2 Other highlights) and the change in the percentage of GPA during the first half-year of 2012.

In 2011, the principal change in scope of consolidation on the Casino Group's cash position was the change in the stake in GPA.

3.4 | IMPACT ON THE CASH POSITION OF TRANSACTIONS WITH MINORITY INTERESTS

(In € millions)	2012	2011
Disposal of GPA shares and exercise of first put option (see Note 3.3.2)	209	
Disposal of Big C Thailand shares and capital increase (see Note 3.2)	198	
Compensatory allowance paid to the Baud family in consideration for 2008 dividends and the price supplement related to disposal of Franprix and Leader Price shares		(34)
Disposal to Exito of the Uruguayan investments Devoto and Disco, and the Exito capital increase		391
Change in number of Casino shares held by Rallye	100	(209)
Other	(7)	(57)
Impact of transactions with minority interests	**501**	**91**

NOTE 4 • SEGMENT REPORTING

4.1 | KEY INDICATORS PER OPERATING SEGMENT

(In € millions)	Food and general retailing				Sporting goods retailing		Holding company and financial investment activities		Continuing operations 2012
	France	Latin America	Asia	Other International segments	France	Other International segments	France	Other International segments	
External revenue	18,447	19,251	3,407	866	619	57	6	10	42,663
Current operating income[(1)]	684	1,060	241	16	(10)	1	(22)	36	2,006

(1) In accordance with IFRS 8 "Operating segments", information by operating segment is established based on internal reporting and includes in particular the appropriation of holding expenses to all of the Group's business units.

(In € millions)	Food and general retailing				Sporting goods retailing		Holding company and financial investment activities		Continuing operations 2011
	France	Latin America	Asia	Other International segments	France	Other International segments	France	Other International segments	
External revenue	18,748	11,826	2,895	892	626	54	6	10	**35,057**
Current operating income[(1)]	750	565	212	22	(14)	1	(23)	38	**1,551**

(1) In accordance with IFRS 8 "Operating segments", information by operating segment is established based on internal reporting and includes in particular the appropriation of holding expenses to all of the Group's business units.

4.2 | NON-CURRENT ASSETS BY GEOGRAPHICAL ZONE

Non-current assets include goodwill, tangible and intangible assets, investment property, investments in associates, and long term prepaid expenses.

(In € millions)	Food and general retailing				Sporting goods retailing		Holding company and financial investment activities		Total
	France	Latin America	Asia	Other International segments	France	Other International segments	France	Other International segments	
As of December 31, 2012	**9,608**	**13,314**	**2,092**	**328**	**101**	**5**	**27**	**177**	**25,652**
As of December 31, 2011	10,675	5,875	1,968	320	104	5	29	203	19,179

NOTE 5 • INFORMATION ON CURRENT OPERATING INCOME

5.1 | REVENUE

(In € millions)	2012	2011
Retailing revenue, net of taxes	42,663	35,057
Other income	360	416
Total	**43,023**	**35,473**

Revenue for 2012 was boosted by the changes in group structure related to the takeover of GPA (see Note 2.3).

The €56 million decrease in other revenue compared to December 31, 2011 is mainly due to the lower amount of asset disposals relating to the promotion of photovoltaic panels (-€68 million).

5.2 | FULL PURCHASE COST OF GOODS SOLD

(In € millions)	2012	2011
Purchases and changes in inventories	(30,016)	(24,464)
Logistics costs	(1,503)	(1,338)
Full purchase cost of goods sold	**(31,519)**	**(25,802)**

5.3 | TYPE OF EXPENSE BY FUNCTION

(In € millions)	Logistics(1)	Cost of goods sold	General and administrative expenses	2012
Personnel expenses	(605)	(3,449)	(951)	(5,005)
Other expenses	(852)	(3,646)	(624)	(5,122)
Amortization and depreciation	(46)	(636)	(192)	(874)
Total	**(1,503)**	**(7,731)**	**(1,767)**	**(11,001)**

(1) Logistics costs are included in "Full purchase cost of goods sold".

(In € millions)	Logistics(1)	Cost of goods sold	General and administrative expenses	2011
Personnel expenses	(523)	(2,976)	(803)	(4,302)
Other expenses	(774)	(3,082)	(537)	(4,393)
Amortization and depreciation	(41)	(592)	(131)	(764)
Total	**(1,338)**	**(6,650)**	**(1,471)**	**(9,459)**

(1) Logistics costs are included in "Full purchase cost of goods sold".

5.4 | EMPLOYEES

(Number of people)	2012	2011
Registered Group employees	321,385	227,995
Full-time equivalent employees	300,048	211,935

The employees of associates are not included in the number of employees; those of joint ventures are recognized in proportion to the Group's percentage of holding.

The increase in registered Group employees and in full-time equivalent employees between 2012 and 2011 is mainly due to the takeover of GPA for 96,948 persons and 90,113 full-time equivalent employees.

NOTE 6 • OTHER OPERATING INCOME AND EXPENSES

(In € millions)	2012	2011
Total of other operating income	1,086	282
Total of other operating expenses	(721)	(451)
Total of other operating income and expenses	**365**	**(169)**
Income/loss on asset disposals	**115**	**136**
Including gain on real estate transactions(1)	103	69
Including gain on disposals within the Monoprix group	12	
Including gain on disposals within the GPA group	(5)	
Including gain on OPCI sale(2)		24
Including gain on sale of GPA shares(3)		37
Other operating income and expenses	**250**	**(305)**
Provisions and restructuring expenses(4)	(200)	(155)
Net asset impairment losses(8)	(138)	(48)
Provisions and expenses for disputes and risks(5)	(68)	(19)
Tax on holdings (Colombia)(7)		(68)
Net income linked to structural transactions(6)	672	1
Other	(16)	(16)
Total other operating income and expenses	**365**	**(169)**

(1) In 2012, in line with its new strategy, Mercialys disposed of 21 assets, including 14 neighborhood shopping centers, an extension disposed of as a sale before completion and six isolated lots. In 2011, this gain on disposal was also due to the sale by the Mercialys group of 16 assets, which had reached a satisfactory stage of development, and the disposal of various non-operating assets belonging to the Casino Group's other real estate companies.
(2) In 2011, the Casino Group disposed of the majority of its stakes in OPCI AEW Immocommercial, SPF1 and Vivéris, mainly to a party associated with Casino, for a total of €83 million, showing a capital gain of €24 million.
(3) The €37 million for 2011 corresponds to the capital gain on the disposal by the Casino Group of 3.0% of GPA's capital for a total of USD 274 million (or €212 million).
(4) The restructuring expense for the 2012 fiscal year mainly concerns the Casino France, Franprix-Leader Price and GPA sectors for €94 million, €62 million and €21 million respectively. In 2011, it mainly concerned the Casino France and Franprix-Leader Price sectors for €46 million each and included integration costs for Carrefour Thailand and GPA (Brazil) for €48 million.
(5) Provision for contingent liabilities correspond in particular to tax risks and litigation in various Casino Group entities.
(6) Income of €672 million recognized in 2012 is mainly due to the revaluation of the previously owned share of GPA for €904 million (see Note 2.3) offset by total costs of €157 million associated with (i) the takeover of GPA and the defense of Casino Group interests in Brazil, (ii) the Monoprix takeover process and (iii) the process of handing over control of Mercialys as well as impairment losses on future put options relating to the Franprix-Leader Price Master franchises (€62 million).
(7) On January 1, 2011, the Exito subsidiary was subject to a tax on holdings calculated on its equity. This tax is payable in eight six-monthly installments. At this date, debt was recognized for the discounted value of payments due over the next four years.
(8) Breakdown of asset impairment losses.

(In € millions)	2012	2011
Impairment of goodwill	(73)	(3)
Reversals/impairment of intangible assets	(7)	2
Reversals/impairment of tangible assets	(8)	3
Reversals/impairment of investment properties		(2)
Reversals/impairment of available-for-sale assets	(15)	(22)
Reversals/impairment of other assets*	(35)	(26)
Total net impairment of assets	(138)	(48)

* The «Reversals / impairment of other assets» line for 2012 mainly includes impairment losses of associates of the Franprix-Leader Price sub-group for €30 million (see Note 17.1). In 2011, this aggregate mainly included the impairment of receivables and inventories.

NOTE 7 • NET FINANCIAL INCOME (LOSS)

7.1 | COST OF NET FINANCIAL DEBT

(In € millions)	2012	2011
Proceeds from the sale of cash equivalents		2
Income from cash and cash equivalents	154	88
Income from cash and cash equivalents	**154**	**90**
Interest expense on financing operations after hedging	(857)	(759)
Financial expenses on finance leases	(5)	(7)
Cost of financial debt	**(862)**	**(766)**
Cost of net financial debt	**(708)**	**(676)**

7.2 | OTHER FINANCIAL INCOME AND EXPENSES

(In € millions)	2012	2011
Financial income from investments	3	3
Foreign exchange gains (excluding financing activities)	36	67
Income from discounting and undiscounting calculations	13	23
Positive change in the fair value of non-hedging derivatives(1)	82	167
Positive change in the fair value of financial assets valued at their fair value	0	4
Other financial income	88	85
Total other financial income	**222**	**349**
Foreign exchange losses (excluding financing activities)	(43)	(75)
Expenses from discounting and undiscounting calculations	(22)	(20)
Negative change in the fair value of non-hedging derivatives(2)	(57)	(105)
Negative change in the fair value of financial assets valued at their fair value	(4)	(2)
Other financial expenses	(163)	(128)
Total other financial expenses	**(289)**	**(330)**
Total other financial income and expenses	**(67)**	**19**

(1) In 2012, the income of €82 million includes €68 million of changes in the value of TRS relating to GPA shares (see below). In 2011, this line included income of €141 million from changes in the fair value of swaps due to the disqualification of swaps. The Mejia swaption and the euro component of the Suramericana TRS relating to Exito shares were also wound up, leading to the recognition of income of €11 million.
(2) In 2012, this line includes changes in fair value of €20 million on swaps and of €29 million on other derivatives. In 2011, these changes were for €50 million and €35 million, respectively.

In December 2011, the Casino Group contracted a total return swap (TRS) from a financial institution pertaining to 7.9 million ADR (American Depository Receipt) representing 3% of GPA's capital. At its implementation, the maturity was 2.5 years and the notional amount was €215 million. The contract does not provide for physical delivery of the shares. The TRS is a derivative measured at fair value, whose changes are recognized in income. Following a change in the TRS entry price, Casino collected income of €69 million, recognized in the fiscal year. As of December 31, 2012, the instrument relates to 7.8 million securities bearing interest of E3M+350 bp. The fair value of this instrument as of December 31, 2012, was -€23 million versus nil as of December 31, 2011.

At the end of July 2012, the Group acquired and sold call options for 8.9 million GPA ADRs (i.e. some 3.4% of GPA's capital) with a financial institution. The maturity of these options, which can be exercised at any time, is June 30, 2014.

The Rallye Group contracted a total return swap (TRS) from a financial institution in June 2012 pertaining to 5 million GPA ADRs. At its implementation, the maturity was two years and the notional amount was USD 192.5 million. The TRS is a derivative measured at fair value, whose changes are recognized in income. The fair value of this instrument as of December 31, 2012, was €22 million.

The Casino Group contracted a TRS from a financial institution during 2012 pertaining to 20.6 million shares representing 2.5% of Big C Thailand's capital, with a notional amount of €108 million, maturity at July 1, 2014, and interest of E3M+230bp. The contract does not provide for physical delivery of the shares. The TRS is a derivative measured at fair value, whose changes are recognized in income. Its fair value as of December 31, 2012 was -€4 million.

The Casino Group contracted a forward from a financial institution at the end of December 2012 pertaining to a maximum of 6 million securities, representing 2.3% of GPA's capital, with a maturity of two years and bearing interest of Libor+300 bp. The contract did not specify a physical delivery of the shares. This forward is a derivative measured at fair value, whose changes are recognized in income. The documentation states that the beginning of the hedging period by a financial institution is January 2, 2013. As a result, the fair value of this instrument as of December 31, 2012, was zero.

NOTE 8 • TAXES

8.1 | TAX LIABILITY

— 8.1.1 Breakdown

(In € millions)	2012	2011
Tax due	(289)	**(199)**
France	(87)	(82)
International	(202)	(116)
Other taxes (CVAE)	(69)	**(70)**
France	(66)	(68)
International	(2)	(2)
Deferred taxes	21	**35**
France	65	33
International	(44)	1
Total income tax	(338)	**(234)**
France	(88)	(117)
International	(248)	(117)

— 8.1.2 Theoretical tax liability and recognized tax liability

(In € millions)	2012	2011
Earnings before tax and share of net income/loss of associates	1,596	**726**
Theoretical tax rate	34.43%	34.43%
Theoretical tax liability	(550)	**(250)**
Impact of tax on foreign subsidiaries	139	33
Mercialys' non-taxable income	57	37
Change in tax rate(1)	35	9
Non-deductible holding tax in Columbia		(23)
Proceeds from the revaluation of previously-owned stakes as part of takeover or loss of control operations	226	
Impairment of goodwill	(36)	
Impairment losses on put options relating to the Master franchises	(21)	
Other items taxed at a reduced rate or at a rate of zero	(1)	47
Non-recognition of deferred tax assets on tax losses available for carry forward or other deductible timing differences	(160)	(118)
Recognition of tax income from tax losses and other previously unrecognized deductible timing differences	12	43
Non-deductibility of financial expenses(2)	(26)	
Tax credits	21	29
CVAE net of corporate income tax	(41)	(46)
Other	7	5
Real tax liability	(338)	**(234)**

(1) In 2012, the impact was related to the drop in the tax rate in Columbia.
(2) The 2012 amended Finance Act introduced a new flat-rate ceiling to the deductibility of financial expenses born by French companies. This ceiling includes reinstating 15% of financial expenses in the taxable income for the 2012 fiscal year. This reinstatement rate will also be 15% for the 2013 fiscal year and then 25% for fiscal years beginning on or after January 1, 2014.

The 2011 amended Finance Act introduced an exceptional contribution for French corporate taxpayers reporting revenues in excess of €250 million. This contribution, equal to 5% of corporate income tax, has been extended to the 2012 fiscal year and will apply until the 2014 fiscal year. For the Group, this measure had an impact of €2 million on the tax liability payable for the year.

8.2 | DEFERRED TAXES

— 8.2.1 Changes in deferred tax assets

(In € millions)	2012	2011
As of January 1	394	**139**
Income (expense) for the year on «continuing operations»	(317)	297
Impact of changes in scope of consolidation(1)	608	(33)
Impact of changes in foreign exchange and reclassifications(1)	(54)	(5)
Changes recognized directly in equity	48	(3)
As of December 31	679	**394**

(1) Relates in 2012 mainly to the takeover of GPA.

— 8.2.2 Changes in deferred tax liabilities

(In € millions)	2012	2011
As of January 1	708	**458**
Income (expense) for the year	(336)	261
Impact of changes in scope of consolidation(1)	1,081	4
Impact of changes in foreign exchange and reclassifications(1)	(75)	(14)
Changes recognized directly in equity	(7)	(1)
As of December 31	1,371	**708**

(1) Relates in 2012 mainly to the takeover of GPA.

— 8.2.3 Origin of deferred tax assets and liabilities

(In € millions)	Net	
	2012	2011
Intangible assets	(969)	(298)
Tangible assets	(329)	(312)
including lease financing contracts	*(88)*	*(68)*
Inventories	30	44
Financial instruments	(2)	22
Other assets	(59)	(6)
Provisions	207	89
Regulated provisions	(181)	(160)
Other liabilities	148	97
of which loans taken on lease financing	*26*	*11*
Tax loss carry forwards	465	211
Deferred tax assets (liabilities)	(692)	**(313)**
Deferred tax assets	679	394
Deferred tax liabilities	(1,371)	(708)
Net balance	(692)	**(313)**

Tax consolidation relating to Casino, Guichard-Perrachon generated tax savings of €126 million for 2012, as compared with €124 million as of December 31, 2011.

The tax loss carry forwards were mainly generated by GPA and Casino, Guichard-Perrachon. A deferred tax asset has been booked for these tax loss carry forwards because the companies expect to make a profit in future years or because tax options have been implemented.

— 8.2.4 *Unrecognized deferred taxes*

The amount of the tax loss carry forwards not recognized in assets stands at €2,164 million as of December 31, 2012 (impact of unrecognized deferred tax assets of €741 million).

Tax loss carry forward expiry dates are as follows:

(In € millions)	2012
Less than 1 year	
Between 1 and 2 years	1
Between 2 and 3 years	2
More than 3 years	738
Total unrecognized deferred tax assets	**741**

NOTE 9 • SHARE OF NET INCOME/LOSS OF ASSOCIATES

(In € millions)	2012	2011
Associated companies of the GPA group	8	3
Other	(5)	2
Associated companies of the Franprix-Leader Price group	(26)	(12)
Centrum NS	29	(2)
Share of net income/loss of associates	**6**	**(9)**

NOTE 10 • DISCONTINUED OPERATIONS

10.1 | BREAKDOWN OF DISCONTINUED OPERATIONS, ASSETS AND LIABILITIES HELD FOR SALE

Assets held for sale and liabilities related to these assets break down as follows:

(In € millions)	2012	2011
Franprix-Leader Price group real estate assets		14
Mercialys sub-group assets	1,461	6
Shopping center real estate assets		14
Other	15	8
Assets and liabilities held for sale	**1,476**	**42**
Liabilities related to assets held for sale	**1,095**	

10.2 | MERCIALYS SUB-GROUP ASSETS AND LIABILITIES HELD FOR SALE

Assets and liabilities held for sale relating to the Mercialys sub-group break down as follows:

(In € millions)	2012
Goodwill, tangible and intangible assets	51
Investment property[(1)]	1,143
Other non-current assets	17
Non-current assets	**1,211**
Other current assets	46
Cash and cash equivalents	205
Current assets	**251**
Total assets	**1,462**
Non-current financial liabilities	1,003
Other non-current liabilities	22
Non-current liabilities	**1,025**
Current financial liabilities	22
Trade payables	13
Other current liabilities	35
Current liabilities	**70**
Total liabilities	**1,095**

(1) Fair value of investment property relating to Mercialys.

As of December 31, 2012, BNP Real Estate Valuation, Catella, Galtier, and Icade updated their valuation of Mercialys' asset portfolio:

- BNP Real Estate Valuation valued the Hypermarket sites, i.e. 76 sites as of December 31, 2012, by carrying out an on-site inspection of seven of these sites during the second half of 2012, based on an update of the valuations carried out on June 30, 2012, for the other 69 sites (including 13 sites which were inspected during the first half of 2012);
- Catella valued the Supermarket sites, i.e. 11 sites as of December 31, 2012, based on the update of the valuations carried out on June 30, 2012;
- Galtier valued Mercialys' additional assets, i.e. 14 sites as of December 31, 2012, based on an on-site inspection of four sites during the second half of 2012, and based on an update of the valuations carried out on the other ten sites on June 30, 2012;
- Icade valued the Caserne de Bonne center in Grenoble as well a site located in the Paris region, based on an update of the valuation carried out on June 30, 2012.

These expert valuations, based on recurring rental income of €137 million, value the real estate assets at €2,339 million, including transfer costs, as of December 31, 2012, as compared with €2,427 million as of December 31, 2011.

The value of the portfolio is thus down 3.6% over 12 months (+2.2% on a constant basis). The value of the portfolio is down over the past six months: -6.4% (-0.9% on a same-store basis).

The average capitalization rates from the expert valuations are as follows:

	2012	2011
Large shopping centers	5.60%	5.40%
Neighborhood shopping centers	6.50%	6.50%
Portfolio as a whole	5.80%	5.80%

Based on annual rental income of €137 million and a capitalization rate of 5.8%, a 0.5% increase/decrease in this rate would have an impact on the increase/decrease in the fair value of Mercialys' real estate assets of €219 million and €184 million, respectively.

Based on a capitalization rate of 5.8%, the impact of a 10% increase or decrease in rental income would have an impact of some €234 million.

Cash flows relating to Mercialys are as follows:

(In € millions)	2012
Net cash flow from operating activities	210
Net cash flow from investment activities	99
Net cash flow from financing activities	(105)
Net change in cash position of discontinued operations	**203**

As Mercialys does not correspond to a separate line of business or geographical area, its income has not been reclassified as "income from discontinued operations".

10.3 | INCOME STATEMENT AND CASH FLOW FROM DISCONTINUED OPERATIONS

The income statement presented on the line "Net income from discontinued operations" represents the American and Polish general retailing activities as well as sporting goods retailing in Belgium for the 2011 fiscal year.

The income statement of divested businesses recognized as "Net income from discontinued operations" break down as follows:

(In € millions)	2012		2011		
	Food and general retailing	Total	Sporting goods retailing	Food and general retailing	Total
Current operating income	(1)	(1)	(2)	(3)	(5)
Other operating income and expenses	(2)	(2)		(10)	(10)
Operating income	(3)	(3)	**(2)**	**(13)**	**(15)**
Net financial income (loss)					
Income before taxes	(3)	(3)	**(2)**	**(13)**	**(15)**
Tax liability	1	1		4	4
Share of income/loss of associates					
Net income from discontinued operations	(2)	(2)	**(2)**	**(9)**	**(11)**
of which company owners	*(1)*	*(1)*	*(1)*	*(5)*	*(6)*
of which non-controlling interests	*(1)*	*(1)*	*(1)*	*(4)*	*(5)*

In 2011, income from discontinued operations mainly included the indemnity of €7 million awarded by the Court of Arbitration to the Baud family for the sale of Leader Price Polska.

Cash flows from discontinued operations break down as follows:

(In € millions)	2012	2011
Net cash flow from operating activities	(5)	(4)
Net cash flow from investment activities		
Net cash flow from financing activities		
Net change in cash position of discontinued operations	(5)	**(4)**

NOTE 11 • NET EARNINGS PER SHARE

11.1 | WEIGHTED AVERAGE NUMBER OF SHARES

	12/31/2012	12/31/2011
Weighted average number of shares outstanding during the period		
• total shares[1]	48,691,578	48,742,380
• treasury shares	(598,877)	(869,309)
Weighted average number of shares before dilution	48,092,701	**47,873,071**
Equivalent shares coming from stock options	598,535	678,453
Non-diluting instruments (off market or covered by calls)	(433,260)	(497,771)
Weighted average number of diluting instruments	165,275	180,682
Theoretical number of shares purchased at market price[2]	(99,681)	(121,135)
Dilutive effect of stock option plans	65,594	59,547
Bonus share allotment plan	383,364	218,276
Effect of all potentially diluting shares	448,957	**277,823**
Weighted average number of shares after dilution	48,541,659	**48,150,894**

(1) The shares issued in May and October 2012 to service the share-based dividend (see Note 25.8) are considered without weighting as if the issue had occurred on the first day of the first period presented (here, January 1, 2011).
(2) Using the share buyback method, the funds collected upon exercise of the options are assumed to be allocated first to the buyback of shares at market price. The theoretical number of shares that would be bought back in that manner decreases the total number of shares that would result from exercise of the rights. The theoretical number is capped at the number of shares that would result from exercise of the rights.

11.2 | NET INCOME ATTRIBUTABLE TO COMPANY OWNERS

— *Consolidated net income per share attributable to company owners*

	2012	2011
Net income, share attributable to company owners *(in € million)*	245	15
Weighted average number of shares outstanding	48,092,701	47,873,071
Basic earnings per share *(in €)*	5.10	**0.31**
Weighted average number of shares outstanding after dilution(1)	48,541,659	48,150,894
Diluted earnings per share *(in €)*	5.06	**0.31**

— *Net income of continuing operations attributable to company owners*

	2012	2011
Net income, share attributable to company owners *(in € million)*	247	21
Weighted average number of shares outstanding	48,092,701	47,873,071
Basic earnings per share *(in €)*	5.13	**0.44**
Weighted average number of shares outstanding after dilution(1)	48,541,659	48,150,894
Diluted earnings per share *(in €)*	5.08	**0.43**

— *Net income of discontinued operations attributable to company owners*

	2012	2011
Net income, share attributable to company owners *(in € million)*	(1)	(6)
Weighted average number of shares outstanding	48,092,701	47,873,071
Basic earnings per share *(in €)*	(0.02)	**(0.13)**
Weighted average number of shares outstanding after dilution(1)	48,541,659	48,150,894
Diluted earnings per share *(in €)*	(0.02)	**(0.13)**

(1) When basic earnings per share are negative, diluted earnings per share are of the same amount. Equity instruments cannot have an anti-dilutive effect on earnings per share.

NOTE 12 • GOODWILL

12.1 | BREAKDOWN

(In € millions)	12/31/2012			12/31/2011
	Gross	Impairment	Net	Net
Food and general retailing	11,447	(73)	11,374	8,948
France	5,744	(73)	5,671	5,700
Latin America	4,780		4,780	2,337
Argentina	29		29	33
Brazil	4,111		4,111	1,702
Colombia	527		527	490
Uruguay	113		113	112
Asia	745		745	733
Thailand	742		742	730
Vietnam	3		3	3
Other	178		178	178
Indian Ocean	176		176	176
Other	2		2	2
Sporting goods retailing	22		22	22
France	22		22	22
Total	11,469	(73)	11,396	8,970

12.2 | CHANGES

(In € millions)	12/31/2012	12/31/2011
As of December 31, net accumulated value	8,970	7,670
Goodwill recorded for the year(1)	2,907	1,895
Impairment losses for the period(2)	(73)	(3)
Deconsolidations(3)	(15)	(468)
Impact of foreign exchange gains and losses(4)	(307)	(122)
Reclassifications and other entries(5)	(86)	(2)
As of December 31, net accumulated value	11,396	8,970

(1) In 2012, the variation of €2,907 million came mainly from the takeover of GPA for €2,757 million – see Note 2.3. The change over the 2011 fiscal year came mainly from the acquisition of Carrefour Thailand by Big C Thailand (€621 million), acquisitions by the Franprix-Leader Price sub-group, and the increase in the percentage of holding in GPA (€603 million).
(2) Impairment losses recognized in 2012 mainly concerned Geimex for €41 million and the Casino France sector for €17 million.
(3) Deconsolidations in 2011 mainly concerned the Franprix-Leader Price sub-group (Distri Sud-Ouest sub-group) as well as GPA (€135 million).
(4) The impact of exchange rate variations recorded in 2012 result primarily from the appreciation of the euro against the Brazilian currency (-€354 million) and the depreciation of the euro against the Columbian currency (€37 million) and Thai currency (€12 million); the impact observed in 2011 mainly concerned the appreciation of the euro against the Brazilian currency.
(5) The variation of €86 million recognized in 2012 came from the reclassification of Mercialys in accordance with IFRS 5 for €50 million (see Note 10.2).

NOTE 13 • INTANGIBLE ASSETS

13.1 | BREAKDOWN

(In € millions)	12/31/2012			12/31/2011		
	Gross	Amort. and impairment	Net	Gross	Amort. and impairment	Net
Concessions, trademarks, licenses and brands	2,342	(45)	2,297	657	(63)	594
Lease rights	1,327	(37)	1,290	324	(17)	307
Software	742	(399)	343	368	(245)	123
Other intangible assets	472	(153)	319	287	(63)	224
Intangible assets	4,883	(634)	4,249	**1,636**	**(388)**	**1,248**

13.2 | CHANGES

(In € millions)	Concessions, trademarks, licenses and brands	Lease rights	Software	Other intangible assets	Total
As of January 1, 2011	**562**	**253**	**136**	**179**	**1,130**
Change in scope of consolidation	59	35	6		100
Increases and other acquisitions	6	29	13	106	154
Assets de-recognized in the year		(4)	(7)	(2)	(13)
Amortization and depreciation (continuing operations)	(14)	(2)	(59)	(32)	(107)
Reversals/Impairment losses (continuing operations)			3	1	4
Impact of foreign exchange gains and losses	(26)	(9)	(1)	(8)	(44)
Reclassifications and other entries	7	5	32	(20)	24
As of December 31, 2011	**594**	**307**	**123**	**224**	**1,248**
Change in scope of consolidation	1,870	1,051	114	98	3,133
of which the impact of GPA takeover[(1)]	*1,869*	*1,047*	*114*	*120*	*3,150*
Increases and other acquisitions	4	10	40	105	159
Assets de-recognized in the year		(5)	(7)	(2)	(14)
Amortization and depreciation (continuing operations)	(4)	(3)	(87)	(47)	(141)
Reversals/Impairment losses (continuing operations)		(6)			(6)
Impact of foreign exchange gains and losses	(136)	(77)	(13)	(11)	(237)
Reclassifications and other entries	(31)	13	173	(48)	107
of which the impact of the reclassification of Mercialys according to IFRS 5					
As of December 31, 2012	2,297	1,290	343	319	4,249

(1) Of which €2,326 million relating to the revaluation of GPA and €824 million relating to its full consolidation.

Internally generated assets (primarily IT developments) represented €43 million in 2012, as compared to €14 million in 2011.

As of December 31, 2012, intangible assets included trademarks and lease rights with an indefinite useful life of €2,286 million and €1,291 million; the latter are allocated by our operating subsidiaries in the following CGUs:

(In € millions)	12/31/2012	12/31/2011
Brazil	3,138	440
Colombia	231	218
Casino France	83	80
Franprix-Leader Price	62	64
Monoprix	24	24
Groupe GO Sport	32	30
Other	7	6
Trademarks and lease rights with an indefinite useful life	3,577	**862**

Intangible assets were tested for impairment at December 31, 2012, according to the method described in Note 1.17 “Accounting rules and methods”; the impact is presented in Note 15.

NOTE 14 • TANGIBLE ASSETS

14.1 | BREAKDOWN

(In € millions)	12/31/2012			12/31/2011		
	Gross	Amort. and impairment	Net	Gross	Amort. and impairment	Net
Land and improvements	1,909	(71)	1,838	1,498	(66)	1,432
Buildings and improvements	5,792	(2,106)	3,686	4,098	(1,436)	2,662
Other tangible assets	7,569	(4,365)	3,204	6,297	(3,678)	2,619
Tangible assets	15,270	(6,542)	8,728	**11,893**	**(5,180)**	**6,713**

14.2 | CHANGES

(In € millions)	Land and improvements	Buildings and improvements	Other tangible assets	Total
As of January 1, 2011	**1,415**	**2,443**	**2,366**	**6,224**
Changes in scope of consolidation	65	274	106	445
Increases and other acquisitions	22	92	883	997
Assets de-recognized in the year	(19)	(34)	(64)	(117)
Amortization and depreciation for the year (continuing operations)	(6)	(139)	(474)	(619)
Reversals/Impairment losses (continuing operations)	1	(2)	4	3
Impact of foreign exchange gains and losses	(12)	(45)	(38)	(95)
Reclassifications and other entries	(34)	73	(164)	(125)
As of December 31, 2011	**1,432**	**2,662**	**2,619**	**6,713**
Changes in scope of consolidation	330	973	629	1,932
of which the impact of GPA takeover[1]	*327*	*958*	*596*	*1,881*
Increases and other acquisitions	60	193	963	1,216
Assets de-recognized in the year	(42)	(67)	(70)	(179)
Amortization and depreciation for the year (continuing operations)	(5)	(178)	(532)	(715)
Reversals/Impairment losses (continuing operations)	(2)	4	(2)	
Impact of foreign exchange gains and losses	(22)	(83)	(69)	(174)
Reclassifications and other entries	87	182	(334)	(65)
of which the impact of the reclassification of Mercialys according to IFRS 5	*32*	*27*	*(19)*	*40*
As of December 31, 2012	**1,838**	**3,686**	**3,204**	**8,728**

(1) Of which 78 million relating to the revaluation of GPA and €1,802 million relating to its full consolidation.

Tangible assets were tested for impairment at December 31, 2012, according to the method described in Note 1.17 «Accounting rules and methods»; the impact is presented in Note 16.

14.3 | FIXED ASSETS FINANCED UNDER FINANCIAL LEASES

The Group has entered into finance leases for real estate and investment property, which can be analyzed as follows:

(In € millions)	12/31/2012			12/31/2011		
	Gross	Amort.	Net	Gross	Amort.	Net
Land and improvements	30	(2)	28	37	(2)	35
Buildings and improvements	219	(113)	106	222	(109)	113
Other tangible assets	674	(518)	156	645	(526)	119
Investment property				81	(10)	71
Fixed assets financed under financial leases	**923**	**(633)**	**290**	**985**	**(647)**	**338**

NOTE 15 • INVESTMENT PROPERTY

15.1 | BREAKDOWN

(In € millions)	12/31/2012			12/31/2011		
	Gross	Amort. and impairment	Net	Gross	Amort. and impairment	Net
Investment property	926	(212)	714	**2,175**	**(391)**	**1,785**

15.2 | CHANGES

(In € millions)	12/31/2012	12/31/2011
As of December 31, net accumulated value	1,785	**1,528**
Changes in scope of consolidation	35	157
Increases and other acquisitions	32	116
Assets de-recognized in the year	(1)	(69)
Amortization and depreciation (continuing operations)	(32)	(49)
Reversals/Impairment losses (continuing operations)	(1)	(2)
Impact of foreign exchange gains and losses	5	(3)
Reclassifications and other entries[1]	(1,109)	107
As of December 31, net accumulated value	714	**1,785**

(1) In 2012, the decrease is due to the reclassification of Mercialys' assets and liabilities according to IFRS 5 (see Note 1.2).

Investment properties amounted to €714 million as of December 31, 2012, 57% of which (or €405 million) related to the Big C Thailand subsidiary and 10% of which (or €74 million) related to the Exito subsidiary.

As of December 31, 2012, their fair value totaled €1,302 million (€3,626 million as of December 31, 2011, of which €1,199 million excluding Mercialys). This fair value is determined, for most of the investment properties, on the basis of valuations conducted by experts outside the Group. The valuation is made based on an open market value, supported by market indicators, in accordance with international valuation standards.

— *Fair value of the Big C Thailand subsidiary's investment properties*

The fair value of investment properties belonging to the Big C Thailand subsidiary was determined by an independent expert and is based on recurring rental income. The main assumptions used for the valuation include the rate of return, the inflation rate and the long-term vacancy and growth rates.

Return, long-term growth and inflation rate assumptions are as follows, depending on the location and type of investment property:

	2012
Return rate	7.5% - 8.0%
Long-term growth rate	1.0% - 3.2%
Inflation rate	9.5% - 16.0%

The amounts recognized in income for rental income and operating expenses relating to investment property breaks down as follows:

(In € millions)	2012	2011
Rental income from investment properties	209	334
Direct operating expenses relating to investment properties that have not generated rental income during the period	(8)	(13)
Direct operating expenses relating to investment properties that have generated rental income during the period	(19)	(22)

15.3 | FAIR VALUE OF RALLYE INVESTMENT PROPERTIES

As of December 31, 2012, the real estate portfolio recognized by Rallye as investment properties was primarily composed of a portion of a shopping center in operation (Weiterstadt) and a portion of a center under construction (Gdynia). This portfolio is listed at a value of €177 million on the consolidated balance sheet and was valued at €205 million as of December 31, 2012.

The assets in operation are valued by firms of independent experts. The other real estate assets (assets in progress reclassified as investment properties pursuant to the amendment to IAS 40) are measured at cost.

NOTE 16 • IMPAIRMENT OF NON-CURRENT ASSETS

Pursuant to IAS 36 "Impairment of assets," goodwill and other non-financial assets were tested for impairment at December 31, 2012, using the methodology described in Note 1.17 of "Accounting rules and methods".

16.1 | IMPAIRMENT LOSSES ON GOODWILL OF RALLYE'S OPERATING SUBSIDIARIES

The Cash Generating Units (CGUs) used correspond to the Group's operating subsidiaries. The goodwill amounts of the General Retail and Sporting Goods CGUs totaled €1,010 and €20 million respectively.

The value in use of the CGUs is calculated by discounting the provisional after-tax cash flows by the rates mentioned below:

Business sector	Growth rate to infinity	Discount rate	
		2012	2011
Food and general retailing	2%	8.9%	10.0%
Sporting goods retailing	2%	7.2%	6.4%

The method used to determine the values in use consists primarily of discounting future cash flows; these flows are estimated on the basis of plans or a consensus of analysts established over three years, then extrapolated over three to five years.

The terminal value is calculated on the basis of a standard flow determined from the flow for the last year of projections, and extrapolated to infinity by applying a rate of growth.

The key assumptions include the rate of growth in revenue, EBITDA margin and discount rates.

The values in use of the Group's operating subsidiaries were measured and did not result in recognition of an impairment.

As of December 31, 2012, for the Food and General Retailing segment, an increase of 100 basis points in the discount rate or a decline of 50 basis points in the EBITDA margin in the flow for the last year of projections used to calculate the terminal value would not have led to recognition of an impairment. For the Sporting goods retailing segment, an increase of 100 basis points in the discount rate or a 50 point decrease in the EBITDA margin in the flow of the last year of projections used to calculate the terminal value would not have led to recognition of an impairment.

16.2 | IMPAIRMENT OF NON-CURRENT ASSETS IN OPERATING SUBSIDIARIES

In each of the Group's business segments, the CGUs used are stores or networks. The impairments noted in these subsidiaries were retained at the holding company level to reflect the Group's intrinsic value.

Across all assets, management made the best estimate possible of the recoverable values or the values in use. In terms of goodwill, the assumptions used are indicated below.

In terms of trademarks, a test consisting of assessing the recoverable value of trademarks using the royalty method was carried out at the year-end. For GPA, the recoverable value at the year end was based on an update of work carried out for the integration of GPA. No impairments were necessary following these tests.

The impairment testing conducted in 2012 by the operating subsidiaries led to recognition of an impairment on goodwill for €73 million and on tangible and intangible assets for €16 million.

As a reminder, it should be noted that impairment testing performed in 2011 led the Casino Group to recognize an impairment on goodwill of €3 million and a reversal of depreciation of €6 million assigned to tangible and intangible assets.

— *16.2.1 Impairment of goodwill in operating subsidiaries*

The goodwill of operating subsidiaries is located primarily in the Food and General Retailing business. The values in use were calculated by discounting provisional cash flows after taxes by the rates mentioned below.

Parameters used to calculate values in use:

	2012 growth rate to infinity(1)	2012 discount rate after taxes(2)	2011 discount rate after taxes(2)
FOOD AND GENERAL RETAILING			
France (food and general retailing)(3)	0%	6.0%(4)	6.0% to 9.0%
France (other activities)(3)	-0.5% to +0.5%	6.0% to 8.8%	6.0% to 8.7%
Argentina	0.50%	17.00%	18.30%
Brazil(5),(6)	–	–	10.8% to 11.5%
Columbia(6)	0.50%	9.20%	9.50%
Uruguay	0.50%	13.10%	11.80%
Thailand(6)	0%	6.90%	7.80%
Vietnam	0.50%	14.80%	16.00%
Indian Ocean(7)	0%	6.0% to 11.9%	6.0% to 11.7%
SPORTING GOODS RETAILING			
France and Poland	1.75%	10.00%	10.00%

(1) The growth rate to infinity net of inflation ranges between -0.5% and +0.5% according to the nature of activity/brand of the CGU.
(2) The discount rate used corresponds to the weighted average cost of capital for each of the countries. This is calculated at least once a year during the annual test taking into account the debt beta of the segment, the market risk premium and the Group's cost of debt.
(3) Concerning operations in France, the discount rate, stable or up compared to fiscal year 2011, also takes account of the type of business/brand of the CGU and the related operating risks.
(4) Except for the Geimex CGU, where the discount rate after taxes is 7.0%.
(5) As the takeover of GPA is recent and GPA's net book value is lower than its market capitalization, the value in use has not been calculated.
(6) The market capitalization of GPA, BIG C and Exito listed subsidiaries amounted to €8,817 million, €4,233 million and €6,811 million, respectively, as of December 31, 2012. These are higher than the book value of the three entities.
(7) The Indian Ocean zone includes Reunion, Mayotte, Madagascar, and Mauritius. The discount rate used reflects the risks specific to each of the geographic zones.

The annual goodwill impairment test conducted at the end of the year, led to recognition of impairment as of December 31, 2012, of €73 million, of which €41 million relate to the Geimex CGU.

Based on the surplus existing between the value in use and the book value, the Casino Group estimates, on the basis of reasonably predictable events on that date, that any changes affecting the key assumptions cited above would not result in the recognition of an impairment, with the exception of the Geimex CGU (export center to the DOM TOM jointly controlled with the BAUD family).

For the Casino Group, a reasonable change in key assumptions corresponds to a 100 point increase in the discount rates or a 25 point drop of the infinity growth rate used to calculate the terminal value, or a 50 point decline in the EBITDA margin of the normative annual flow used to calculate the terminal value. Such changes would not have led to the recognition of impairment.

Concerning the Geimex CGU, a 100 point increase in the discount rate or a 25 point drop in the infinity growth rate used to calculate the terminal value, or a 50 point decline in the EBITDA margin of the normative annual flow used to calculate the terminal value, would have led to the recognition of additional impairment for Casino's share of between €1 and €7 million.

NOTE 17 • INVESTMENTS IN ASSOCIATES

17.1 | CHANGES IN INVESTMENTS IN ASSOCIATES

(In € millions)	Opening	Impairment	Share of income	Retail	Consolidation and exchange rate changes	Closing
CHANGES IN 2011						
Associated companies of the GPA group	39		3			42
Associated companies of the Franprix-Leader Price sub-group	100		(12)		35	122
OPCI – AEW Immocommercial	21		3	(3)	(21)	
Pont de Grenelle	11			(1)		10
Ruban Bleu Saint Nazaire	8		(1)			7
Centrum NS	31		(2)		(4)	25
Other companies	1					1
Total	**211**		**(9)**	**(4)**	**10**	**207**
CHANGES IN 2012						
Associated companies of the GPA group	42		8	(3)	55	102
Associated companies of the Franprix-Leader Price sub-group	122	(30)	(26)		(9)	57
Banque du Groupe Casino (see Note 17.2)			(4)		86	82
Monshowroom.com (see Note 1.2)					18	18
Pont de Grenelle	10					10
Ruban Bleu Saint Nazaire	7		(1)	1	(1)	6
Centrum NS	25		29		(53)	1
Other companies	1		(1)		1	1
Total	**207**	(30)	6	(2)	97	277

In 2011, the major changes in investments in associates concerned the transactions linked to Distri Sud Ouest (Franprix-Leader Price) and the disposal of the bulk of securities held in OPCI AEW Immocommercial.

In 2012, the main changes were due to the takeover of GPA, the consolidation of Banque du Groupe Casino by the equity method, the acquisition of a stake in Monshowroom.com (see Note 1.2) and an impairment of €30 million relating to associates of the Franprix-Leader Price sub-group (see Note 6).

A sensitivity test of changes in impairment testing assumptions (a 100 point increase in the discount rate or a 25 point drop in the infinity growth rate or a 50 point decline in the EBTDA margin) was carried out. This analysis highlights an additional impairment risk for the Casino Group's share of between €11 million and €40 million for the Franprix-Leader Price sub-group's Master franchises which were subject to an impairment of €30 million over the period. In terms of the Banque du Groupe Casino interest, the analysis highlighted an impairment risk for the Casino Group's share of between €2 million and €10 million.

The associate companies are not listed for trading, so there is no market value to determine the fair value of these investments.

Transactions with associates are presented in Note 34.1.

17.2 | PRESENTATION OF BANQUE DU GROUPE CASINO'S MAIN AGGREGATES

(In € millions at 100%)	12/31/2012
Current operating income	(3)
Net financial income (loss)	1
Net income	(7)
Assets related to credit activities	557
Cash	11
Other assets	83
Total assets	652
Shareholders' equity	98
Liabilities related to credit activities	537
Other liabilities	17
Total liabilities	652

17.3 | SHARE OF CONTINGENT LIABILITIES

As of December 31, 2012, there were no significant contingent liabilities in the associates.

NOTE 18 • INTERESTS IN JOINT VENTURES

The companies or sub-groups Monoprix, Distridyn, Régie Média Trade, Dunnhumby France, Geimex, and certain real estate subsidiaries held at 50%, are consolidated proportionately, as the Casino Group exercises joint control.

The sub-group Grupo Disco de Uruguay is consolidated proportionately for 62.5% by Exito; the agreements signed by the partners and the Casino Group provide for the exercise of joint control over its activities. This sub-group is the subject of a put option (see Note 32.2.1).

The Monoprix joint venture was subject to a takeover agreement (see Note 1.2).

18.1 | AGGREGATE ACCOUNTS OF MAIN JOINT VENTURES, RESTATED UNDER IFRS

(In € millions)	12/31/2012		12/31/2011		
	Total 2012	Monoprix	Total 2011	GPA	Monoprix
Share held		50.00%		(1)	**50.00%**
Revenue	3,691	2,012	11,467	7,794	1,976
Net income	82	70	**207**	**114**	**85**
Non-current assets	1,419	1,160	4,349	2,945	1,138
Current assets	660	310	4,089	3,122	340
Total Assets	2,079	1,470	**8,438**	**6,067**	**1,478**
Net position	864	640	2,831	1,995	635
Non-current liabilities	227	113	1,777	1,561	109
Current liabilities	988	717	3,830	2,512	734
Total liabilities	2,079	1,470	**8,438**	**6,067**	**1,478**

(1) 38.91% and 40.62% corresponding respectively to the average percentage of interest in the period for revenue and net income and 40.13% corresponding to the percentage of interest as of December 31, 2011 for balance sheet items.

18.2 | SHARE OF CONTINGENT LIABILITIES

As of December 31, 2012, there were no significant contingent liabilities in the joint ventures.

NOTE 19 • OTHER NON-CURRENT ASSETS

19.1 | BREAKDOWN OF OTHER NON-CURRENT ASSETS

(In € millions)	12/31/2012	12/31/2011
Non-current securities from portfolio activities	204	274
Other available-for-sale assets	138	105
Available for sale (AFS) financial assets	342	**379**
Loans	115	70
Non-current derivative assets	144	59
Receivables from investments and other	471	200
Other non-current receivables	245	10
Other financial assets	975	**339**
Tax and social receivables	457	
Prepaid expenses	314	253
Other non-current assets	2,088	**971**

Other non-current assets increased by €1,117 million, of which €1,016 million is related to GPA mainly due to (i) the takeover for €293 million and (ii) the reclassification of certain receivables for €712 million which were previously recognized in "Other current receivables" (including €457 million related to ICMS, PIS and Cofins taxes and €179 million relating to a receivable on Paes Mendonça).

19.2 | CHANGE IN FINANCIAL ASSETS AVAILABLE FOR SALE

(In € millions)	12/31/2012	12/31/2011
As of January 1	379	**438**
Increases	43	47
Decreases and return of capital[1]	(64)	(85)
Changes in value[2]	12	2
Impairment	(15)	(22)
Changes in consolidation and foreign exchange rates	(5)	(1)
Other	(8)	0
As of December 31	342	**379**

(1) Decreases include disposals and capital reimbursements.
(2) These changes reflect a fair value adjustment previously recognized in equity and recycled in income in 2012 for €18 million versus €5 million in 2011.

19.3 | PREPAID RENT

Prepaid expenses include €284 million of prepaid rent (€242 million in 2011). Prepaid rent represents a right to use land in certain countries, over an average period of 24 years, the cost of which is spread over the duration of use.

NOTE 20 • INVENTORIES

(In € millions)	12/31/2012			12/31/2011		
	Gross value	Depreciation	Net value	Gross value	Depreciation	Net value
Food and general retailing	4,530	(45)	4,485	3,239	(48)	3,191
Sporting goods retailing	162	(7)	155	166	(7)	159
Real estate	270	(25)	245	217	(26)	191
Total	4,962	(77)	4,885	**3,622**	**(81)**	**3,541**

NOTE 21 • TRADE RECEIVABLES

21.1 | BREAKDOWN

(In € millions)	12/31/2012	12/31/2011
Trade receivables and related accounts	1,090	962
Write-downs on trade receivables and related accounts	(95)	(114)
Receivables from credit activity	815	1,054
Write-downs on receivables from credit activity	(66)	(21)
Trade receivables, net value	**1,744**	**1,881**

The Group carries out sales of receivables on a non-recourse basis with continuing involvement (see Note 24.3).

Moreover, GPA sold receivables for a total amount of €182 million to financial institutions (credit card institutions or banks) without recourse or without obligations.

21.2 | WRITE-DOWNS ON TRADE RECEIVABLES

(In € millions)	12/31/2012	12/31/2011
WRITE-DOWNS ON TRADE RECEIVABLES AND RELATED ACCOUNTS		
Balance as of January 1	(114)	**(107)**
Allocation made	(46)	(26)
Reversal	29	19
Change in scope of consolidation	(2)	(8)
Reclassification	36	5
Currency translation adjustments	2	3
Balance as of December 31	(95)	**(114)**
WRITE-DOWNS ON RECEIVABLES FROM CREDIT ACTIVITY		
Balance as of January 1	(21)	**(97)**
Allocation made		(56)
Reversal	10	116
Change in scope of consolidation	(27)	16
Reclassification	(33)	
Currency translation adjustments	5	
Balance as of December 31	(66)	**(21)**

The conditions for taking write-downs are detailed in Note 31.4 “Credit risks”.

NOTE 22 • OTHER ASSETS

22.1 | BREAKDOWN

(In € millions)	12/31/2012	12/31/2011
Other receivables	1,475	1,524
Current accounts of unconsolidated companies	117	118
Write-downs on other receivables and current accounts	(81)	(43)
Non-hedging derivative assets and cash flow hedge	2	9
Prepaid expenses	143	135
Other assets	**1,656**	**1,743**

Other receivables primarily represent tax and social security receivables and income receivable from suppliers. Prepaid expenses represent purchases, rent, rental charges and insurance premiums.

22.2 | WRITE-DOWNS ON OTHER RECEIVABLES AND CURRENT ACCOUNTS

(In € millions)	12/31/2012	12/31/2011
Balance as of January 1	(43)	**(31)**
Allocation made	(55)	(9)
Reversal	30	7
Change in scope of consolidation	(13)	(1)
Currency translation adjustments		(9)
Balance as of December 31	(81)	**(43)**

NOTE 23 • OTHER CURRENT FINANCIAL ASSETS

(In € millions)	12/31/2012	12/31/2011
Publicly traded shares	5	18
Available-for-sale assets(1)	164	127
Short-term bonds	67	135
Short-term financial receivables(2)	75	50
Other	26	60
Investment and similar securities	337	390
Derivative assets to hedge fair value and debt derivatives	140	75
Other current financial assets	477	**465**

(1) This item includes 3.9 million GPA ADRs for €131 million as of December 31, 2012 (€110 million as of December 31, 2011).
(2) This item includes a deposit of €66 million for GPA's TRS subscribed by Rallye in June 2012.

NOTE 24 • NET CASH AND CASH-EQUIVALENTS

24.1 | BREAKDOWN OF CASH AND CASH EQUIVALENTS

(In € millions)	12/31/2012	12/31/2011
Cash equivalents	3,786	1,889
Cash	2,545	2,034
Gross cash and cash equivalents	6,331	**3,923**
Current bank loans	(523)	(587)
Net cash and cash equivalents	5,808	**3,336**

The gross cash of the parent company and wholly owned companies was approximately €12 million. All cash and cash equivalents, presented at 100% and held by companies in which non-controlling interests are present, represented approximately €6,150 million. The balance represents the cash of proportionately consolidated companies in the amount of about €169 million. With the exception of the proportionately consolidated companies for which dividend distributions are subject to approval of the partners, the cash and cash equivalents of the fully-consolidated companies is available in its entirety for the Group since the Group, despite the presence of minority shareholders, controls the distribution policy subject to restrictions related to banking covenants.

24.2 | ANALYSIS OF GROSS CASH BY CURRENCY

(In € millions)	12/31/2012	%	12/31/2011	%
Euro	2,082	33	1,599	41
US dollar	269	4	265	7
Argentine peso	44	1	34	1
Brazilian real	2,676	42	867	22
Thai baht	235	4	188	5
Colombian peso	864	14	830	21
Vietnamese dong	84	1	71	2
Uruguayan peso	43	1	40	1
Polish zloty	4	0	3	0
Other currencies	30	0	26	1
Gross cash and cash equivalents	6,331	100	**3,923**	**100**

24.3 | DE-RECOGNITION OF FINANCIAL ASSETS

The Casino Group assigns receivables to financial institutions. In general, these disposals meet the de-recognition of financial assets criteria set out in IAS 39, whose main principles are presented in Note 1.18.5 of «Accounting rules and methods”. The risk of dilution attached to assigned receivables initially recognized on the balance sheet (risk of cancellation of the receivable because of credits issued or offsetting payments) is considered to be non-existent. In practice, these are receivables on invoices issued for contractual services rendered under the contract between the Casino Group and its suppliers, based on the amount of business it does with each supplier, respectively. The other risks and rewards attached to these receivables have been transferred to the assignee. Consequently, as almost all of the risks and rewards had been transferred to the assignee at the balance sheet date, the receivables have been de-recognized.

Some subsidiaries continue to manage the debt recovery of assigned receivables. In return for this service, the latter receive compensation as part of a delegation mandate; this compensation was considered as not significant on the closing date.

During 2012, the amount of the Casino Group’s assigned receivables with continuing involvement totaled €1,275 million. The net cost relating to these assignments was €5 million. In general, the assignments are made throughout the year.

As of December 31, 2012, the Group’s cash resources included €312 million assigned receivables with continuing involvement (€219 million as of December 31, 2011).

NOTE 25 • SHAREHOLDERS’ EQUITY AND NON-CONTROLLING INTERESTS

25.1 | CAPITAL MANAGEMENT

The Group’s policy is to maintain a solid capital base in order to maintain the confidence of investors, creditors and the market, and to support the future growth of the business. The Group pays attention to the number and diversity of its shareholders as well as to the level of dividends paid to shareholders.

In June 2005, Rallye implemented a liquidity contract complying with the ethics charter developed by the AMAFI (*Association française des marches financiers pour les professionnels de la bourse et de la finance*) in order to ensure a liquid market.

Under a stock buyback program approved by the General Shareholders’ Meeting, Rallye is authorized to purchases shares of the company in order to cover stock option plans for new or existing shares, allot bonus shares to employees and executives, ensure market liquidity for the company’s shares, retain them for subsequent remittal as payment or exchange in possible M&A transactions, and retire them up to a maximum number not to exceed 10% of the capital stock.

Under the authority granted to the Board of Directors, the total amount of the capital increases that may be executed, immediately or in the future, other than through the capitalization of profits, reserves or premiums, may not exceed a nominal value of €66 million.

25.2 | CAPITAL STOCK AND RESERVES RELATED TO CAPITAL

The capital is composed of 48,691,578 shares representing a nominal value of €146 million. The issue, merger and other premiums attached to capital amounted to €1,036 million, €363 million and €40 million, respectively.

25.3 | CHANGE IN CAPITAL

Common shares issued and fully paid-up (the par value of the share is €3).

(In € millions)	12/31/2012	12/31/2011
Number of shares as of January 1	46,466,160	**44,300,003**
Exercise of stock options	23,703	50,802
2010 dividend paid in shares (balance)		1,321,416
2011 dividend paid in shares (interim and balance)	774,497	793,939
2012 dividend paid in shares (interim)	1,501,723	
Cancellation of shares	(74,505)	
Number of shares as of December 31	48,691,578	**46,466,160**

25.4 | OTHER SHAREHOLDERS' EQUITY

(In € millions)	12/31/2012	12/31/2011
Premiums(1)	1,439	1,398
Treasury shares(2)	(11)	(14)
Equity instruments (TSSDI – super subordinated securities)(3)	600	600
Other equity instruments(4)		(4)
Consolidated reserves(5)	10,437	4,740
Currency translation adjustment(6)	(159)	582
Total other shareholders' equity	12,306	**7,302**

(1) Premiums: These are the premiums (issue, spin-off and merger) of the parent company.
(2) Treasury shares as of December 31, 2012 the number of treasury shares held was 567,431, representing €11 million.
During the period, the company:
- canceled 74,505 shares following approval by the May 23, 2012 Board of Directors meeting;
- acquired 424,471 and sold 511,221 shares under the liquidity agreement;

(3) Equity instruments (TSSDI): at the beginning of 2005, the Casino Group placed on the market €600 million in perpetual "super subordinated" securities (TSSDI). The potential redemption of this instrument is at the Group's discretion and the remuneration is subordinated to the payment of a dividend for the common shares during the last twelve months. Because of its specific features, duration and remuneration, this instruments is classified as equity in an amount of €600 million. The dividend is at a rate of 10-year Constant Maturity Swap + 100 bp (the rate may not exceed 9%).
(4) Other equity instruments: as of December 31, 2011, the Casino Group held calls purchased to hedge stock option plans for a value of €4 million.
(5) Consolidated reserves: this item includes:
- the reserves of the parent company after consolidation restatements;
- the restated equity of each of the subsidiaries, minus the value of the shares held by the Group plus any goodwill;
- the cumulative effect of the changes in accounting methods and error corrections;
- the changes in fair value of the financial assets available for sale;
- the changes in fair value of the derivatives in cash flow hedging operations.

(6) Currency translation adjustments: this account includes the positive or negative currency translation adjustments related to the measurement at the closing rate of the equity of foreign subsidiaries and the fraction of the receivables and liabilities that are part of the net investment in the foreign subsidiaries.

25.5 | CHANGE IN INCOME AND EXPENSES BOOKED IN SHAREHOLDERS' EQUITY

(In € millions)	2012	2011
Financial assets available for sale	26	**(9)**
Change in fair value over the period	38	(6)
Recycling in profit or loss	(18)	(5)
Income tax (expense)/revenue	7	2
Cash flow hedges	0	**2**
Change in fair value over the period	3	9
Recycling in profit or loss	(7)	(4)
Income tax (expense)/revenue	4	(3)
Hedges of net investments	(30)	**4**
Change in fair value over the period	(47)	4
Recycling in profit or loss		
Income tax (expense)/revenue	17	
Currency translation adjustments	(742)	**(367)**
Change in translation adjustments over the period	(605)	(344)
Recycling in profit or loss	(137)	(23)
Actuarial differences	(29)	**(2)**
Change over the period	(43)	(4)
Income tax (expense)/revenue	14	2
Total	(775)	**(372)**

25.6 | CURRENCY TRANSLATION ADJUSTMENTS

(In € millions)	Group share			Minority share			Total 2012
	2012 opening	2012 change	2012 closing	2012 opening	2012 change	2012 closing	
Brazil	138	(226)	(88)	96	(681)	(585)	(673)
Argentina	(29)	(12)	(41)	(28)	(9)	(37)	(78)
Colombia	67	50	117	177	142	319	436
Uruguay	25	(2)	23	26	(9)	18	41
United States	1	(2)	(1)	2	(2)	1	(0)
Thailand	35	1	36	65	10	75	111
Poland	12		12	11	(1)	10	22
Indian Ocean	(3)		(3)	(5)	(0)	(5)	(8)
Vietnam	(3)		(3)	(6)	(1)	(7)	(10)
Total currency translation adjustments	**243**	(191)	52	**339**	(550)	(211)	(159)

(In € millions)	Group share			Minority share			Total 2011
	2011 opening	2011 change	2011 closing	2011 opening	2011 change	2011 closing	
Brazil	303	(165)	138	317	(221)	96	234
Argentina	(23)	(6)	(29)	(25)	(3)	(28)	(57)
Colombia	61	6	67	133	44	177	244
Uruguay	23	2	25	25	2	26	51
United States	(6)	7	1	(1)	3	2	3
Thailand	37	(2)	35	73	(8)	65	100
Poland	19	(7)	12	20	(9)	11	23
Indian Ocean	(3)		(3)	(6)	1	(5)	(8)
Vietnam	(2)	(1)	(3)	(4)	(2)	(6)	(9)
Total currency translation adjustments	**409**	**(166)**	**243**	**533**	**(194)**	**339**	**582**

The changes in 2012 and 2011 result primarily from the appreciation of the euro against the Brazilian currency.

25.7 | SHARE-BASED PAYMENTS

— 25.7.1 *Payments in Rallye shares*

Stock option plans

Allotment date	10/01/2007	04/23/2008	04/27/2009	12/09/2009	09/06/2010
Maturity date	03/31/2013	10/22/2013	10/27/2014	06/08/2015	03/05/2016
Number of initial beneficiaries	60	66	13	1	12
Number of options initially granted	181,127	258,091	310,521	12,000	124,485
Number of options waived	53,607	75,100	82,741		1,736
Number of options exercised			74,505		
Number of outstanding options at period end	127,520	182,991	153,275	12,000	122,749
Exercise price *(in €)*	48.73	43.15	14.24	24.62	26.44
Valuation of options:					
Fair value at time of award *(in €)*	10.16	8.74	1.55	5.90	5.99
Valuation model used	Trinomial	Trinomial	Trinomial	Trinomial	Trinomial
Volatility	26.08%	28.39%	39.81%	40.81%	40.72%
Duration of the option	5.5 years	5.5 years	5.5 years	5.5 years	5.5 years
Risk free interest rate	4.23%	3.99%	2.84%	2.83%	1.92%
Projected dividend (progression rate)	4.00%	4.00%	0%	0%	0%

None of these stock option plans provide for the possibility of early exercise.

The change in the number of options granted under the above option plans and the average exercise price over the period was as follows:

	2012		2011	
	Weighted average exercise price *(in €)*	Number of options	Weighted average exercise price *(in €)*	Number of options
Outstanding at beginning of period	33.27	678,453	33.02	926,185
Awarded during the period				
Options waived during the period	41.91	(56,215)	45	(4,220)
Exercised during the period	14.24	(23,703)	14	(50,802)
Expired during the period			37	(192,710)
Outstanding at the end of the period	33.14	598,535	**33.27**	**678,453**
That may be exercised at the end of the period	35.13	463,786	**35.03**	**541,968**

Bonus share allotment plans

Rallye also granted bonus share allotment plans in September 2010, June 2011, and May 2012. The final vesting of the shares for beneficiaries is subject to achievement of company performance criteria, which is assessed annually and results each year in a determination of the percentage of shares vested for the year in question. The total number of bonus shares definitively vested is equal to the average of the annual award. The performance criteria used for the 2010 plan is the coverage of financial expenses by EBIDTA; for the 2011 and 2012 plans, criteria includes for 50% coverage of financial expenses by EBITDA, for 50% a cost of debt level.

The details of the bonus share plans are provided in the table below:

Grant date	09/06/2010	06/08/2011	05/23/2012
Vesting date	06/03/2013	06/08/2014	05/23/2017
Number of initial beneficiaries	61	58	58
Number of shares initially awarded	143,195	133,032	185,883
Number of shares waived	5,608	313	
Number of shares outstanding at the period end	137,587	132,719	185,883
Valuation of shares:			
Fair value of shares *(in €)*	19.86	24.06	15.66
Vesting period	2 years and 6 months	3 years	3 years

The impact of the share-based payments granted by Rallye on the income statement was €3 million in 2012 and €3 million in 2011.

The impact of the share-based payments granted by the companies of the Group on the income statement was €23 million in 2012 as compared with €19 million in 2011.

— *25.7.2 Payments in Casino shares*

Stock option plans

Grant date	Starting date for the exercising of options	Expiry of exercise period	Number of options granted	Option exercise price *(in €)*	**Number of options outstanding as of 12/31/2012**
04/29/2010	10/29/2013	10/28/2015	48,540	64.87	**45,365**
12/29/2009	06/04/2013	06/03/2015	72,603	57.18	**51,261**
04/08/2009	10/08/2012	10/07/2014	37,150	49.47	**33,400**
12/05/2008	06/05/2012	06/04/2014	109,001	49.02	**69,973**
04/14/2008	10/14/2011	10/13/2013	434,361	76.72	**241,256**
12/07/2007	06/07/2011	06/06/2013	54,497	74.98	**33,210**
04/13/2007	10/13/2010	10/12/2012	362,749	75.75	**-**
12/15/2006	12/15/2009	06/14/2012	53,708	69.65	**-**
Total					**474,465**

Assumptions used to value the stock option plans

Grant date	Share price at grant date *(in €)*	Duration *(in years)*	Projected dividend	Expected volatility	Risk free interest rate	Fair value of option *(in €)*
04/29/2010	65.45	5.5	5%	29.32%	1.69%	10.33
12/04/2009	58.31	5.5	5%	30.02%	2.09%	8.59
04/08/2009	48.37	5.5	5%	29.60%	2.44%	5.07
12/05/2008	43.73	5.5	5%	26.77%	3.05%	6.14
04/14/2008	75.10	5.5	5%	24.04%	4.17%	13.61
12/07/2007	77.25	5.5	5%	25.27%	4.85%	18.18
04/13/2007	75.80	5.5	5%	23.55%	4.78%	16.73
12/15/2006	70.00	5.5	2%	25.11%	3.99%	14.31

The number of non-exercised stock options and the average weighted exercise price were as follows:

	12/31/2012		12/31/2011	
	Number of stock options outstanding	Weighted average exercise price *(in €)*	Number of stock options outstanding	Weighted average exercise price *(in €)*
Number of options outstanding as of January 1	744,273	69.55	**1,009,780**	**68.04**
of which exercisable options	*524,098*	*75.89*	*414,296*	*72.94*
Allotments	-	-	-	-
Options exercised	(8,474)	51.21	(105,332)	57.94
Options canceled	(56,033)	71.05	(110,497)	72.03
Expired options	(205,301)	74.98	(49,678)	57.89
Number of options outstanding as of December 31	474,465	67.35	**744,273**	**69.55**
of which exercisable options	*377,839*	*69.03*	*524,098*	*75.89*

Bonus share allotment plans

Grant date	Number of shares granted	End of allotment period	Holding period	Number of shares outstanding as of December 31, 2012 before application of performance conditions
10/19/2012	41,200	10/19/2014	10/19/2016	41,200
10/19/2012	11,350	10/19/2015	10/19/2017	11,350
05/11/2012	17,859	05/11/2014	05/11/2016	17,859
03/29/2012	6,422	03/29/2015	03/29/2017	6,422
12/02/2011	23,383	12/02/2014	12/02/2016	21,586
12/02/2011	2,362	12/02/2013	12/02/2015	-
10/21/2011	3,742	10/21/2014	10/21/2016	3,742
10/21/2011	26,931	10/21/2013	10/21/2015	26,931
10/21/2011	4,200	10/21/2014	10/21/2016	4,200
04/15/2011	69,481	04/15/2013	04/15/2015	66,978
04/15/2011	46,130	04/15/2014	04/15/2016	40,963
04/15/2011	241,694	04/15/2014	04/15/2016	206,744
04/15/2011	26,585	04/15/2014	04/15/2016	24,085
12/03/2010	17,268	12/03/2013	12/03/2015	13,882
10/22/2010	4,991	10/22/2012	10/22/2014	-
04/29/2010	296,765	04/29/2013	04/29/2015	227,630
04/29/2010	51,394	04/29/2013	04/29/2015	43,826
12/04/2009	24,463	12/04/2012	12/04/2014	-
Total				757,398

Assumptions used to value the bonus share plans

Grant date	Share price at grant date (in €)	Employment condition	Performance rate used	Fair value of shares (in €)
10/19/2012	69.32	Yes	-	54.92
10/19/2012	69.32	Yes	(1)	52.46
05/11/2012	72.31	Yes	-	51.76
03/29/2012	74.10	Yes	-	56.31
12/02/2011	66.62	Yes	-	50.94
12/02/2011	66.62	Yes	-	53.16
10/21/2011	62.94	Yes	-	49.79
10/21/2011	62.94	Yes	(1)	47.53
10/21/2011	62.94	Yes	-	47.53
04/15/2011	70.80	Yes	-	58.99
04/15/2011	70.80	Yes	-	56.40
04/15/2011	70.80	Yes	(1)	56.34
04/15/2011	70.80	Yes	(1)	56.34
12/03/2010	69.33	Yes	-	55.35
10/22/2010	67.68	Yes	-	57.07
04/29/2010	65.45	Yes	(1)	50.86
04/29/2010	65.45	Yes	-	50.86
12/04/2009	58.31	Yes	-	42.47

(1) The performance criteria used mainly relates to the level of organic growth in revenue and the level of current operating income and depends on the company with which the beneficiary is associated.
As of December 31, 2012, the performance rates were as follows:
Monoprix: 100% under the 2012 plans, 0% for 2011 and 94% for 2010;
Other companies: 17% for 2011 and 94% for 2010.

Bonus shares in the process of vesting were as follows:

Bonus shares in the process of vesting	2012	2011
Shares outstanding as of January 1	784,610	**836,003**
Shares granted	76,831	444,508
Shares canceled	(90,623)	(378,008)
Shares issued	(13,780)	(117,893)
Shares outstanding as of December 31	757,398	**784,610**

— 25.7.3 *Payment in GPA shares*

The exercise price of «Silver» options corresponds to the average closing price of the GPA share on the BOVESPA exchange during the last twenty trading days, to which a 20% discount is applied.

The number of shares issued following the exercise of "Silver" options is fixed, contrary to "Gold" options; the number of shares that are allocated if "Gold" options are exercised is variable because it depends on the "ROIC" (Return on Invested Capital) performance criteria for the series A2 to series A5 Gold plans. The performance criteria for the most recent plan, Series A6 - Gold, will be the "ROCE" ratio (Return on Capital Employed). "Gold" options may not be exercised separately from "Silver" options.

Plan name	Grant date	Starting date for the exercising of options	Expiry date	Number of options granted	Option exercise price *(in reais)*	Number of options outstanding as of December 31, 2012
Series A2 – Gold	03/03/2008	04/30/2008	03/30/2011	848	0.01	-
Series A2 – Silver	03/03/2008	04/30/2008	03/30/2012	950	26.93	-
Series A3 – Gold	05/13/2009	05/31/2012	03/31/2013	668	0.01	-
Series A3 – Silver	05/13/2009	05/31/2012	05/31/2013	693	27.47	-
Series A4 – Gold	05/24/2010	05/31/2013	05/31/2014	514	0.01	255
Series A4 – Silver	05/24/2010	05/31/2013	05/31/2014	182	46.49	63
Series A5 – Gold	05/31/2011	05/31/2014	05/31/2015	299	0.01	229
Series A5 – Silver	05/31/2011	05/31/2014	05/31/2015	299	54.69	229
Series A6 – Gold	03/15/2012	03/15/2015	03/15/2016	526	0.01	441
Series A6 – Silver	03/15/2012	03/15/2015	03/15/2016	526	64.13	441
Total						**1,658**

Assumptions used to value the stock option plans

GPA used the following assumptions to value theses plans:

- dividend yield rate of 0.81%;
- expected volatility of 33.51%;
- risk free interest rate of 10.19%.

The average fair value of existing options was 51.19 reais as of December 31, 2012.

The number of non-exercised stock options and the average weighted exercise price were as follows:

	12/31/2012		12/31/2011	
	Number of stock options outstanding	Weighted average exercise price *(in reais)*	Number of stock options outstanding	Weighted average exercise price *(in reais)*
Number of options outstanding as of January 1	**1,963**	**16.90**	**2,512**	**14.31**
of which exercisable options	*1,963*	*16.90*	*1,174*	*20.56*
Allotments	1,052	32.08	598	27.36
Options exercised	(1,293)	16.46	(1,111)	20.68
Options canceled	(64)	29.40	(11)	42.32
Expired options	-	-	(25)	32.64
Number of options outstanding as of December 31	**1,658**	**26.40**	**1,963**	**16.90**
of which exercisable options	*1,658*	*26.40*	*1,963*	*16.90*

25.8 | DIVIDEND DISTRIBUTION

In 2012, Rallye paid the following:

- the balance of the 2011 dividend in the amount of €1.03 per share;
- an interim dividend of €0.80 per share.

The Shareholders' Meeting of May 23, 2012, decided that the balance of the 2011 dividend amounting to €1.03 could, at the shareholder's discretion, be received in cash or in new Company shares. Rights were exercised for payment in shares at a level of 35.3%.

In accordance with the authorization given by the Shareholders' Meeting, the Board meeting of September 6, 2012, decided on the payment of an interim dividend for 2012 of €0.80. The Board of Directors also decided that payment of this interim dividend could, at the shareholder's discretion, be received in cash or in new Company shares. Rights were exercised for payment in shares at a level of 85.1%.

These transactions enabled Rallye to boost its shareholders' equity by €48 million through the creation of 774,497 new shares in payment of the balance of the 2011 dividend, and 1,501,723 new shares in payment of the interim dividend for 2012.

The Board of Directors is proposing payment of a dividend of €1.83 per share for fiscal 2012, leaving a balance of €1.03 per share to be paid after the interim dividend of €0.80 paid in October 2012.

NOTE 26 • PROVISIONS

(In € millions)	As of 01/01/2012	Increases for the year	Reversals used in the year	Reversals not used in the year	Changes in scope and transfers	Foreign currency changes	Other	As of 12/31/2012
After-sale service	10	7	(9)				(1)	7
Employment service medal	23	4					1	28
Pensions	167	90	(84)	(6)		2	47	216
Services rendered	16	17	(16)					17
Other disputes	41	18	(8)	(6)	2		4	51
Other risks and contingencies	269	212	(65)	(60)	399	(38)	(8)	709
Restructuring	13	14	(9)	0			1	19
Total provisions	**539**	362	(191)	(72)	401	(36)	44	1,047
of which non-current	*350*	*103*	*(102)*	*(9)*	*399*	*(36)*	*64*	*769*
of which current	*189*	*259*	*(89)*	*(63)*	*2*		*(20)*	*278*

The provisions for disputes, risks and other expenses are composed of a multitude of amounts related to employment disputes (labor tribunal), property disputes (disputes over work, disputed rent, tenant evictions, etc.), or tax or economic disputes (infringements, etc.).

More specifically, the various risks and expenses amounted to €705 million and included in particular provisions relating to GPA (see table below) as well as provisions for put options relating to the Franprix-Leader Price sub-group's Master franchises of €62 million.

(In € millions)	PIS/Cofins/ CPMF disputes[1]	Other tax disputes	Labor disputes	Civil disputes	Total
December 31, 2012	106	248	84	49	487

(1) VAT and similar taxes.

NOTE 27 • PENSION COMMITMENTS AND SIMILAR BENEFITS

The Group's commitments for defined benefit plans primarily relate to France for end of career indemnities and a supplemental pension plan.

27.1 | DEFINED BENEFIT PLAN

The table below provides the reconciliation between the valuation of all company commitments and the provisions recognized in the consolidated financial statements as of December 31, 2012 and 2011.

— 27.1.1 *Summary*

(In € millions)	France		International		Total	
	2012	2011	2012	2011	2012	2011
Present value of hedged obligations	210	176			210	176
Fair value of plan assets	(43)	(49)			(43)	(49)
Financial hedge of commitments financed	166	127			166	127
Present value of non-hedged obligations	16	14	33	26	50	40
Provision recognized in the balance sheet	182	**141**	33	**26**	216	**167**

— 27.1.2 *Change in commitments*

(In € millions)	France		International		Total	
	2012	2011	2012	2011	2012	2011
A. CHANGE IN ACTUARIAL DEBT						
Actuarial debt at the beginning of period	190	**179**	26	**18**	216	**197**
Cost of services rendered	8	13	3	5	11	17
Interest on actuarial debt	6	6	2	1	7	7
Acquisitions/sales of subsidiaries		1				1
Disbursals	(11)	(10)	(3)	(3)	(14)	(13)
Actuarial losses and (gains)	39	1	4	4	43	5
Currency translation adjustments			2		2	-
Other transfers	(6)		1		(5)	
Actuarial debt at end of period (A)	226	**190**	33	**26**	260	**216**
B. CHANGE IN HEDGING ASSETS						
Fair value of hedging assets at beginning of period	49	**55**			49	**55**
Return expected on hedging assets	1	1			1	1
Actuarial (losses) and gains	1	1			1	1
Employer's contribution						
Employee contributions						
Benefits paid	(9)	(9)			(9)	(9)
Change in scope of consolidation						
Other transfers	1	1			1	1
Fair value of hedging assets at end of period (B)	43	**49**			43	**49**
C. FINANCIAL HEDGE A-B	182	**141**	33	**26**	216	**167**
Asset ceiling						
Net pension commitment	182	**141**	33	**26**	216	**167**

— 27.1.3 *Balance of actuarial differences recognized in shareholders' equity*

(In € millions)	2012	2011
Provisions and other current liabilities	61	19
Deferred tax assets	(21)	(7)
Cumulative decrease in shareholders' equity	40	**12**
of which company owners	20	6
Earnings after tax recognized in shareholders' equity	(27)	**(2)**

— 27.1.4 *Reconciliation of balance sheet provisions*

(In € millions)	France		International		Total	
	2012	2011	2012	2011	2012	2011
Beginning of period	141	124	26	18	167	143
Actuarial differences recognized in shareholders' equity	38		4	4	42	4
Contribution of participants						
Expenses for the year	13	18	4	6	18	24
Disbursals	(11)	(10)	(3)	(3)	(14)	(13)
Partial repayments of plan assets	9	9	-		9	9
Changes in scope of consolidation		1	-			1
Foreign currency changes			2		2	
Other transfers	(7)	(1)	1		(7)	(1)
End of year	183	141	33	26	216	167

— 27.1.5 *Expense components for the period*

(In € millions)	France		International		Total	
	2012	2011	2012	2011	2012	2011
CONTINUING OPERATIONS						
Financial cost	6	6	2	1	7	7
Expected return on assets	(1)	(1)			(1)	(1)
Expense recognized in financial income	5	4	2	1	7	6
Cost of services rendered	8	13	3	5	11	18
Cost of past services						
Reduction/Plan liquidation						
Expenses recognized as personnel expenses	8	13	3	5	11	17
Expense for the year	13	18	4	6	18	24

— 27.1.6 *Policy and strategy for hedging commitments*

(In € millions)	2012	2011	2010	2009	2008
Present value of hedged obligations	210	176	166	140	464
Fair value on plan assets	(43)	(49)	(55)	(62)	(432)
Sub-total	167	127	111	78	32
Present value of non-hedged obligations	50	40	31	28	38
Capped assets					30
Provision recognized in the balance sheet	216	167	143	107	100

Hedging assets are held in a euro-denominated fund, which primarily includes fixed-rate bonds.

— 27.1.7 *Actuarial assumptions*

The principal actuarial assumptions used to value the commitments are detailed in the table below:

	France		International	
	2012	2011	2012	2011
Discount rate	3.2%	4.3% – 4.5%	3.2% – 6.1%	3.8% – 7.0%
Rate of salary increases	2.5%	2.25% – 2.5%	3.5% – 10.0%	2.0% – 3.5%
Retirement age	62 to 64 years	62 to 64 years	55 to 65 years	50 to 65 years
Expected return on assets	3.5% – 4.0%	3.6% – 4.0%		

With respect to France, the discount rate is determined on the basis of the Bloomberg 15-year index on AA composites.

In 2012, the expected rate of return on plan assets corresponds to the actual rate recorded in the previous year. The effective return in 2012 and 2011 for France was €1 million.

— 27.1.8 *Sensitivity of actuarial assumptions*

The impact of a change of +/- 50 basis points in the discount rate would generate a change of -5.0% and +5.8% in the total amount of commitments.

A +/- 10 basis point increase or decrease in the salary growth rate would generate a +1.2% and -1.0% increase or decrease in the total commitment.

The impact of a change of 50 basis points in the expected rate of return from the hedging assets would not result in a significant change in the proceeds from those assets.

— 27.1.9 *Adjustment from experience*

Adjustments from experience correspond to the impact on commitments between benefits estimated at the preceding closing and the benefits paid over the period. These totaled €19 million at closing at December 31, 2012 (€10 million at December 31, 2011).

— 27.1.10 *Payments expected in 2013*

The Group expects to pay indemnities of about €12 million to its defined benefit plans over 2013.

27.2 | DEFINED CONTRIBUTION PLANS

The defined contributions plans are primarily retirement benefits and totaled €302 million for fiscal 2012 (€289 million for 2011).

NOTE 28 • FINANCIAL LIABILITIES

28.1 | VALUE OF FINANCIAL LIABILITIES

(In € millions)	12/31/2012			12/31/2011		
	Non-current portion	Current portion	Total	Non-current portion	Current portion	Total
Bond issues	8,672	1,125	9,797	7,080	626	7,706
Other financial debt	2,529	2,462	4,991	1,853	3,189	5,042
Finance leases	68	47	115	61	41	102
Liabilities related to puts on non-controlling interests	444	68	512	66	43	109
Derivative financial liabilities	17	17	34	25	51	76
Total financial liabilities	**11,730**	**3,719**	**15,449**	**9,085**	**3,950**	**13,035**

28.2 | DETAILS OF BONDS

Bonds *(In € millions)*	Currency	Par value	Rate	Maturity	Maturity date	2012*	2011*
Rallye 2003 2013 convertible bond	EUR	300	fixed rate 3.250%	10 years 3 months	July 2013	351	336
Rallye 2010 2014 bond	EUR	500	fixed rate 5.875%	4 years	March 2014	498	495
Rallye 2010 2015 OREA	EUR	100	variable rate	3 years	February 2015	99	99
Rallye 2009 2015 bond	EUR	500	fixed rate 8.375%	5 years 3 months	January 2015	496	494
Rallye 2009 2016 bond	EUR	500	fixed rate 7.625%	6 years	November 2016	496	495
Rallye 2012 2018 EMTN	EUR	150	fixed rate 5.000%	6 years	October 2018	149	
Casino 2002 2012 bond	EUR	413	fixed rate 6.000%	9 years 8 months 10 years	February 2012		414
Casino 2009 2012 bond	EUR	165	fixed rate 7.880%	3 years 6 months	August 2012		166
Casino 2008 and 2009 2013 bond	EUR	544	fixed rate 6.380%	4 to 5 years	April 2013	552	567
Casino 2007 et 2008 2014 bond	EUR	578	fixed rate 4.880%	5 years 10 months 7 years	April 2014	600	605
Casino 2009 2015 bond	EUR	750	fixed rate 5.500%	5 years 6 months	January 2015	789	787
Casino 2011 2016 bond	EUR	600	fixed rate 4.470%	4 years 6 months	April 2016	601	598
Casino 2010 2017 bond	EUR	888	fixed rate 4.380%	7 years	February 2017	855	828
Casino 2010 2018 bond	EUR	508	fixed rate 4.480%	7 years 6 months	November 2018	539	506
Casino 2012 2019 bond	EUR	650	fixed rate 3.160%	7 years	August 2019	655	
Casino 2012 2020 bond	EUR	600	fixed rate 3.990%	8 years	March 2020	620	
Casino 2011 2021 bond	EUR	850	fixed rate 4.730%	10 years	May 2021	862	824
Exito/Carulla Bond issues	COP	96	variable rate	7 and 10 years	April 2013 May 2015	96	89
GPA 2007 Bond	BRL	96	variable rate CDI +0.5%	5 and 6 years	March 2012 March 2013	96	86
GPA 2009 Bond	BRL	148	variable rate 109.5% CDI	3/4 and 5 years	December 2014	146	81
GPA 2011 2014 bond	BRL	226	variable rate 107.7% CDI	3 years	January 2014	226	101
GPA 2011 2015 bond	BRL	296	variable rate 108.5% CDI	3 years and 6 months	June 2015	295	133
GPA 2012 2015 bond	BRL	148	variable rate 100% CDI + 1%	3 years and 6 months	July 2015	148	
GPA 2012 2015 bond	BRL	444	variable rate CDI + 1%aa	3 years and 6 months	November 2015	443	
GPA 2012 2013 bond	BRL	37	variable rate 105.35% CDI	1 year	April 2013	37	
GPA 2012 2014 bond	BRL	74	variable rate CDI + 0.72%aa	1 year and 6 months	December 2014	74	
GPA 2012 2015 bond	BRL	74	variable rate CDI + 0.72%aa	2 years and 6 months	January 2015	74	
Total bonds						9,797	**7,706**

* The amounts above include the impact of fair value hedges.

— *Breakdown of other financial debt*

Bank borrowings *(In € millions)*	Currency	Par value	Rate	Maturity	Maturity date	2012	2011
Alpetrol Bank loan	EUR	50	variable rate	5 years	January 2012		50
Alpetrol Structured loan	EUR	100	variable rate	5 years	June 2012		100
Alpetrol Line of credit	EUR	125	variable rate			125	15
Alpetrol Bank loan	EUR	100	variable rate	3 years and 6 months	January 2016	99	
Rallye Bank loan	EUR	75	variable rate	2 years 11 months	April 2012		75
Rallye Structured loan	EUR	150	variable rate	5 years	July 2017	149	149
Rallye Bank loan	EUR	100	variable rate	3 years	March 2013	100	100
Rallye Bank loan	EUR	75	variable rate	5 years	June 2013	75	75
Rallye Bank loan	EUR	40	variable rate	5 years	February 2014	40	40
Rallye Bank loan	EUR	150	variable rate	7 years	May 2014	150	150
Rallye Bank loan	EUR	50	variable rate	10 years	February 2018	50	50
Rallye Equity swap	EUR	37	variable rate		May 2012		37
Rallye Line of credit	EUR	70	variable rate			70	380
Parande Other bank borrowings	EUR	111	variable rate			111	102
GO Sport Line of credit		120	variable rate	3 years 6 months		94	78
Casino Calyon structured loan	EUR	184	variable rate	6 years	June 2013	184	184
Casino Alaméa	EUR	300	variable rate	5 years	April 2015	300	300
Casino Other bank borrowings(1)	EUR					226	259
Casino Commercial paper	EUR					235	438
Casino Latin America						1,223	602
Casino(2) Other International(3)						752	919
Bank loans						523	587
Interest accrued(4)						485	352
Total bank borrowings						**4,991**	**5,042**

(1) Of which Franprix-Leader Price for €175 and €188 million respectively in 2012 and 2011.
(2) Relates to GPA and Exito for €1,222 and €1 million respectively in 2012 (versus €569 and €31 million, respectively, in 2011).
(3) Primarily concerns Big C Thailand for €719 and €890 million, respectively.
(4) The accrued interest relates to the total financial debt, including bond borrowings.

28.3 | DEBTS RELATED TO PUTS ON NON-CONTROLLING INTERESTS

(In € millions)	% of ownership	Commitment	Price	Fixed or variable	Non-current financial liabilities	Current financial liabilities
GPA[1]	38.17%	7.36%	399	V	399	
Franprix-Leader Price[2]	26.00% to 84.00%	16.00 to 74.00%	97	F/V	44	53
Lanin/Disco (Uruguay)[3]	96.55%	3.45%	15	F		15
Monoprix (Somitap)	54.52%	45.48%	1	F	1	1
Total commitments			**512**		**443**	**69**

(1) See note 2.3.
(2) Relates to put options of Franprix-Leader Price sub-group subsidiaries. The value of these commitments to buy is usually based on net income. A +/-10% change in the indicator has an impact of +/-€3 million; the maturity dates of these options are spread over the 2012 to 2035 period.
(3) This option may be exercised until June 21, 2021.

28.4 | FINANCIAL LIABILITIES

— 28.4.1 *Composition of net financial debt*

(In € millions)	12/31/2012			12/31/2011		
	Non-current portion	Current portion	Total	Non-current portion	Current portion	Total
Bond issues	8,672	1,125	9,797	7,080	626	7,706
Other financial debt	2,529	2,462	4,991	1,853	3,189	5,042
Finance leases	68	47	115	61	41	102
Liabilities related to puts on non-controlling interests	444	68	512	66	43	109
Derivative financial liabilities	17	17	34	25	51	76
Total financial liabilities	11,730	3,719	15,449	**9,085**	**3,950**	**13,035**
Financial derivative assets	(246)	(140)	(386)	(129)	(75)	(204)
Other financial assets	(40)		(40)		(106)	(106)
Investment and similar securities		(337)	(337)		(390)	(390)
Cash and cash equivalents		(6,331)	(6,331)		(3,923)	(3,923)
Total financial assets	(286)	(6,808)	(7,094)	**(129)**	**(4,494)**	**(4,623)**
Net financial debt	11,444	(3,089)	8,355	**8,956**	**(544)**	**8,412**

— 28.4.2 *Change in financial debt*

(In € millions)	2012	2011
Financial debt at beginning of period	12,831	**10,567**
New borrowings[1]	2,228	3,924
Reimbursements (principal and interests)[2]	(2,102)	(2,032)
Other financial assets		11
Changes in fair value (set against income)	(10)	7
Currency translation adjustments	(248)	(108)
Changes in scope[3]	1,975	414
Changes in debt related to puts on non-controlling interests[4]	403	51
Reclassification as financial liabilities held for sale (Mercialys)	(12)	
Other	(2)	(3)
Financial debt at end of period	15,063	**12,831**
Financial liabilities (see Note 28.4.1)	15,449	13,035
Financial derivative assets (see Note 28.4.1)	(386)	(204)

(1) The new borrowings primarily include the operations described below: (i) the subscription by Casino, Guichard-Perrachon and GPA to new bonds for a total amount of €1,586 million (€1,250 million and €336 million respectively), a private placement by Rallye for €150 million and (ii) the subscription by the GPA and Exito subsidiaries to new bonds for €184 million and €122 million respectively. The balance of the changes is mainly due to the use of credit lines by Monoprix for €125 million.
(2) Reimbursement of borrowings mainly correspond to: the reimbursement of (i) Casino, Guichard-Perrachon and GPA bonds for €558 million and €77 million, respectively, (ii) other borrowings and financial debt relating to Rallye, GPA, Big C Thailand, Exito and Franprix-Leader Price for €370 million, €202 million, €188 million, €154 million and €53 million respectively, (iii) bank overdrafts and accrued interest for €219 million and (iv) net commercial paper flows for €203 million.
(3) Changes in scope primarily concern the transaction described in Note 2.3 regarding the takeover of GPA.
(4) Changes in debt relating to puts on minority interests mainly concern the recognition of the put option granted to the Diniz family for €399 million (see Notes 2.3 and 28.3).

During the period, Casino, Guichard-Perrachon issued two bonds for €600 million and €650 million with, respectively, maturity dates of 2020 and 2019 and effective interest rates (EIRs) of 4.05% and 3.22%.

GPA financing operations

During the first half of 2012, GPA and its subsidiaries issued bonds for a total nominal amount of 2.1 billion reais (€777 million – see Note 28.2). These bonds are repayable on maturity and benefit from early redemption conditions: (i) the 1.2 billion reais loan (€444 million) may be redeemed early immediately, and (ii) the 400 million reais loan (€148 million) is only eligible for early redemption after an initial period of 18 months. The remaining 500 million reais (€185 million) does not have an early redemption clause.

These borrowings must respect financial ratios, with the exception of the 100 million reais loan (€37 million). These ratios are calculated based on GPA's consolidated data:

- net debt [i] must not exceed shareholders' equity;
- consolidated net debt/EBITDA <3.25.

(i) Net debt = debt less cash and cash equivalents and trade receivables.

Big C Thailand financing operations

The refinancing of the Carrefour Thailand acquisition was signed with three local financial institutions and includes:

- funding of 27 billion bahts (€669 million) with maturity of between two and seven years, bearing interest at THBFIX 3 months or 6 months or BIBOR 3 months plus margin. This funding will be reimbursed through various methods (annual debt amortization, renewal of promissory notes and repayment on maturity);
- a five-year loan of 5 billion bahts (€124 million) with annual repayments (from January 2013 to July 2017). This loan bears interest at THBFIX 6 months plus margin.

Of the 27 billion bahts in funding (€669 million) available, Big C Thailand has only used the 18 billion bahts (€446 million) long-term loan and used the entire second loan.

This refinancing must meet financial ratio requirements (Net financial debt/EBITDA and Net financial debt/Shareholders' equity) (see Note 31.5).

— 28.4.3 *Payment schedule for gross financial debt and other debt*

Payment schedule of financial liabilities as of December 31, 2012

(In € millions)	Book value	Less than 1 year	1-5 years	Over 5 years
Bond issues	9,797	1,125	5,812	2,860
Other borrowings	4,991	2,462	2,190	339
Finance leases	115	47	51	17
Financial derivatives (fair value hedging)	34	17	17	
Financial debt	512	68	425	19
Trade payables	6,747	6,747		
Other debt	5,454	4,407	722	325
Total	27,660	14,886	9,214	3,560

Payment schedule of financial liabilities as of December 31, 2011

(In € millions)	Book value	Less than 1 year	1-5 years	Over 5 years
Bond issues	7,706	626	4,409	2,671
Other borrowings	5,042	3,189	1,544	309
Finance leases	102	41	49	12
Financial derivatives (fair value hedging)	76	51	22	3
Financial debt	109	43	66	
Trade payables	5,517	5,517		
Other debt	4,301	3,762	539	
Total	**22,852**	**13,228**	**6,629**	**2,995**

NOTE 29 • OTHER DEBT

(In € millions)	12/31/2012			12/31/2011		
	Non-current	Current	Total	Non-current	Current	Total
Derivative financial liabilities	135	47	182	74	13	87
Tax and social security liabilities	576	1,822	2,398	286	1,485	1,771
Other liabilities	28	1,186	1,214	66	810	876
Debts on non-current assets	29	238	267	24	279	303
Current accounts		93	93		64	64
Financing of credit activity	48	924	972		1,019	1,019
Prepaid income	191	137	328	90	91	181
Total	1,007	4,447	5,454	**540**	**3,761**	**4,301**

NOTE 30 • FAIR VALUE OF FINANCIAL INSTRUMENTS

30.1 | BOOK VALUE AND FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

— 30.1.1 *Financial assets*

The procedures for determining fair values by type of assets recognized at fair value are as follows:

- For financial instruments assigned to "Investment securities" and "Cash and Cash Equivalents," fair value is determined by reference to the market price on the closing date (Level 1).
- For financial instruments assigned to the items "Non-current derivative assets," "Non-current financial hedging assets" and "Derivative assets on fair value hedge and debt derivatives," fair value is determined using measurement techniques based on observable market inputs (Level 2).
- For investments in Private Equity funds allocated to the item "Non-current securities of the portfolio business," fair value is determined on the basis of the most recent data provided by the managers of these funds (Level 3).
- For other unlisted instruments assigned to the item "Other financial assets available for sale" and composed essentially of equity interests in unconsolidated companies, fair value is determined using measurement techniques such as option valuation models used or discounted cash flow method. The models take into consideration assumptions based on market data (these fair value measurements are generally Level 3). Changes in assumptions would not give a resulting estimate of fair value significantly different from the value used by the Group.

The tables below provide a comparison of the book value of financial assets and their fair value as of December 31, 2012 and 2011:

(In € millions)	12/31/2012			Breakdown by instrument category				12/31/2012
	Book value							
	Total assets	Non-financial assets	Financial assets	Fair value through income	Assets held to maturity	Loans and receivables	Financial assets available for sale	Fair value
Other non-current assets	2,088	769	1,319	144	11	822	342	1,319
Non-current financial hedging assets	246		246	246				246
Trade receivables	1,744		1,744			1,744		1,744
Other current assets	1,656	680	976	3		973		976
Other current financial assets	477		477	237		76	164	477
Cash and cash equivalents	6,331		6,331	485		5,846		6,331

(In € millions)	12/31/2011			Breakdown by instrument category				12/31/2011
	Book value							
	Total assets	Non-financial assets	Financial assets	Fair value through income	Investments held to maturity	Loans and receivables	Financial assets available for sale	Fair value
Other non-current assets	971	252	719	59	10	271	379	719
Non-current financial hedging assets	129		129	129				129
Trade receivables	1,881		1,881			1,881		1,881
Other current assets	1,743	621	1,122	10		1,112		1,122
Other current financial assets	465		465	288		50	127	465
Cash and cash equivalents	3,923		3,923	586		3,337		3,923

— 30.1.2 *Financial liabilities*

The procedures for determining fair values by type of liabilities recognized at fair value are as follows:

- bond issues are recorded at fair value on the basis of market inputs for the portion covered by fair value hedge accounting. For other borrowings, fair value is calculated based on other valuation methods such as the discounted cash flow method, taking into account the Group's credit risk and interest rate conditions at the closing date;

- derivative instruments are valued (internally or externally) on the basis of the usual valuation techniques for this type of instrument. The valuation models include observable market parameters (particularly rate curves) and counterparty quality. These fair value measurements are generally Category 2;
- the financial liabilities related to the minority puts are determined using the contractual calculation formulas and are discounted as appropriate. These fair value measurements are generally Category 3.

The tables below provide a comparison of the book value of financial liabilities and their fair value.

(In € millions)	12/31/2012			Breakdown by instrument category				12/31/2012
	Book value	Non-financial liabilities	Value of financial liabilities	Liabilities recognized at amortized cost	Liabilities held for trading	Liabilities designated as fair value through profit/loss	Hedge accounting instruments	Fair value of financial liabilities
Bond issues	9,797		9,797	9,797				10,601
Other borrowings and liabilities	5,503		5,503	4,99	512			5,537
Financial leases	115		115	115				115
Fair value derivative hedging liabilities	34		34				34	34
Trade payables	6,747		6,747	6,747				6,747
Other debt	5,454	2,055	3,4	3,218	28	150	4	3,4

(In € millions)	12/31/2011			Breakdown by instrument category				12/31/2011
	Book value	Non-financial liabilities	Value of financial liabilities	Liabilities recognized at amortized cost	Liabilities held for trading	Liabilities designated as fair value through profit/loss	Hedge accounting instruments	Fair value of financial liabilities
Bond issues	7,706		7,706	7,706				8,030
Other borrowings and liabilities	5,042		5,042	5,042				5,081
Financial leases	102		102	102				102
Fair value derivative hedging liabilities	76		76				76	76
Trade payables	5,517		5,517	5,517				5,517
Other debt	4,301	1,338	2,963	2,874	3	78	7	2,963

30.2 | HIERARCHY OF THE FAIR VALUE OF FINANCIAL INSTRUMENTS

The rule distinguishes three classification categories for financial instruments, based on the two valuation methods used (listed prices and measurement techniques). The Group uses this classification to set out the characteristics of the financial instruments recognized in the statement of financial position at fair value on the closing date:

- level 1: financial instruments listed for trading on an active market;
- level 2: financial instruments for which the fair value measurement uses valuation techniques based on observable market parameters;
- level 3: financial instruments for which all or a portion of the fair value is not based on observable parameters.

The table below presents the financial assets and liabilities recognized at fair value at December 31, 2012 and 2011, based on the following three hierarchies:

(In € millions)	Hierarchy of fair values			12/31/2012
	Market price	Models with observable parameters	Models with non-observable parameters	
	Level 1	Level 2	Level 3	
ASSETS				
Financial assets available for sale	167	43	229	439
Derivative hedging assets (current and non-current)		385		385
Derivative assets (current and non-current)	25	11	133	169
Other	488	72		560
LIABILITIES				
Derivative hedging liabilities (current and non-current)		34		34
Derivative liabilities (current and non-current)		182		182
Other				

(In € millions)	Hierarchy of fair values			12/31/2011
	Market price	Models with observable parameters	Models with non-observable parameters	
	Level 1	Level 2	Level 3	
ASSETS				
Financial assets available for sale	132	53	277	462
Derivative hedging assets (current and non-current)		204		204
Derivative assets (current and non-current)		17	51	68
Other	634	167		801
LIABILITIES				
Derivative hedging liabilities (current and non-current)	7	76		83
Derivative liabilities (current and non-current)		81		81
Other				

NOTE 31 • FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The main risks inherent in the financial instruments used by the Group are market risks (interest rate and foreign exchange rate risks, equity risks), equity risks and liquidity risks.

To manage its exposure to interest rate and foreign exchange fluctuations, the Group uses financial derivatives such as interest rate swaps, currency swaps and forward instruments. These mainly involve over-the-counter instruments traded with first-tier counterparties. Most of these derivative instruments are eligible for hedge accounting. However, in order to implement a more dynamic and more flexible management of its interest rate position, in 2011 the Group introduced a minor and strictly contained portion of speculation into the management of its hedges, in line with the policy of other major corporations in this area. This leads to enhanced flexibility on the trading portion for both the fixing/variabilization policy, as well as counterparty risk management for the portfolio.

Derivative instruments break down as follows:

(In € millions)	Interest rate risk	Foreign exchange risk	Other market risks	12/31/2012	12/31/2011
ASSETS					
Derivatives – at fair value through profit/loss			165	165	85
Derivatives - cash flow hedges					8
Derivatives - fair value hedges	351	38		389	204
Total derivative assets	351	38	165	554	**297**
of which non-current	*225*	*24*	*141*	*390*	*189*
of which current	*126*	*14*	*24*	*164*	*108*
LIABILITIES					
Derivatives – at fair value through profit/loss			177	177	79
Derivatives - cash flow hedges	2	3		5	3
Derivatives - fair value hedges	27	7		34	83
Total derivative liabilities	29	10	177	216	**165**
of which non-current	*17*		*175*	*192*	*100*
of which current	*12*	*10*	*2*	*24*	*65*

As of December 31, 2012, the IFRS cash flow hedge reserve had a credit balance of €4 million (€1 million in credit as of December 31, 2011).

No significant inefficiency was measured on future cash flow hedges.

The fair value of derivative financial instruments which do not qualify for hedge accounting within the meaning of IAS 39 totaled -€11 million as of December 31, 2012 (-€5 million as of December 31, 2011).

31.1 | INTEREST RATE RISK

The Group's strategy is based on dynamic debt management, which consists of keeping certain lines of credit variable in order to take advantage of lower rates and to hedge against possible rate increases.

As part of the management of its exposure to interest rate risk, the Group uses different derivative interest rate instruments.

The main derivative instruments are rate swaps. Although they are not all eligible for hedge accounting, all interest-rate hedge instruments are subscribed in the framework of the above mentioned interest and exchange rate risk management policy.

The Group's finance policy consists of managing its interest cost by combining variable and fixed rate derivative instruments.

— *Analysis of sensitivity to interest rates*

(In € millions)	12/31/2012	12/31/2011
Borrowings	2,994	3,578
Financial leases	46	41
Bank overdrafts and spot credits	523	587
Total variable-rate debt (excluding accrued interest)(1)	3,563	**4,206**
Cash equivalents	3,786	1,889
Cash	2,545	2,034
Total assets	6,331	**3,923**
Net position before management	(2,768)	**283**
Derivative instruments	4,990	1,802
Net position after management	2,222	**2,085**
Net position to be renewed at less than one year	2,222	2,085
Change of 1%	23	21
Average duration remaining until the end of the year	1	1
Change in interest expense	21	**21**
Cost of debt	708	675
Impact of change in interest expense/financial charges	2.97%	**3.07%**

(1) The maturity date of variable-rate assets and liabilities corresponds to the date on which rates are revised. Debt items not exposed to interest rate risks, primarily debts linked to puts and accrued interest not due, are not included in this calculation.

The remaining financial instruments of the Group do not bear interest and are therefore not subject to interest-rate risk.

31.2 | FOREIGN EXCHANGE RISK

Through the geographic diversification of its businesses, the Group is exposed to currency translation risk, i.e. the fact that its balance sheet and income statement, and consequently its financial structure ratios, are sensitive to changes in exchange rate parities in the consolidation of the accounts of its foreign subsidiaries outside the Euro zone, and to trading risk for non-euro transactions.

With respect to operating foreign exchange risk, the Group's hedging policy is to cover highly probable budget exposures, linked primarily to monetary flows resulting from purchases in a currency other than its functional currency, such as merchandise purchased in US dollars hedged by forward purchases and foreign exchange currency swaps. The Group's policy is to hedge all purchasing budgets with derivatives that have the same payment date as the budgeted supplies.

The Group's net exposure based on notional amounts after taking account of hedges, is concentrated on the following major currencies (excluding the functional currencies of entities):

(In € millions)	USD	JPY	EUR	Other	12/31/2012	12/31/2011
Exposed trade receivables	(5)		(2)		(8)	(7)
Other exposed financial assets	(691)	(2)	(13)	(6)	(712)	(581)
Exposed trade payables	147		15		162	109
Exposed financial liabilities	415				415	243
Gross debt/(receivable) exposure	(134)	(2)		(6)	(143)	**(236)**
Hedged trade receivables						
Other hedged financial assets	(472)				(472)	(474)
Hedged trade receivables	65				65	62
Hedged financial liabilities	364				364	242
Net debt/(receivable) exposure	(91)	(2)		(6)	(100)	**(66)**

The net balance sheet exposure of -€66 million at December 31, 2011, primarily relates to the US dollar and euro for -€70 million and €3 million, respectively.

— *Sensitivity analysis of the net exposure to foreign exchange risk after hedging*

A 10% increase in the value of the euro as of December 31 in relation to these currencies would have resulted in the decrease reported below. For the purposes of this analysis, it is assumed that all other variables, particularly interest rates, remain constant.

A 10% decrease in the value of the euro as of December 31 in relation to these currencies would have resulted in the opposite effects.

(In € millions)	12/31/2012	12/31/2011
US dollar	(12)	(11)
Other currencies		
Total	(12)	**(11)**

31.3 | EQUITY RISK

— *Consolidated interests*

The Group may use equity derivative instruments (total return swaps, forwards, calls) to create synthetically an economic exposure to its subsidiaries' listed shares (see Note 7.2). The book value applied to these instruments corresponds to the valuation estimate at the closing date provided by a financial institution. The valuation of these instruments takes market parameters such as interest rates and stock market prices into account. The maturity date of the majority of these instruments is 2014.

— *Investment portfolio*

The Group continued with its program of disposals from the financial investment portfolio in 2012, thus reducing its economic exposure.

Rallye's financial investments benefit from a high level of diversification, in geographical and segment terms but also according to investment type, partner and size, which allows risks to be pooled effectively. This risk management is further strengthened by the number of investments and their small size: As of December 31, 2012 the portfolio had around 80 lines, of which 80% had an estimated value of €4 million or less, with a maximum amount of net invested cash of €17 million per line.

Price risk related to a negative change of 10% in the price of securities held:

(In € millions)	12/31/2012	12/31/2011
Balance sheet position (fair value)	252	305
Shareholders' equity sensitivity	(22)	(27)
Income sensitivity	(2)	(4)

A 10% decrease in the share price of GPA's ADRs recognized as available-for-sale assets would trigger a €13 million decrease in shareholders' equity as of December 31, 2012 (-€11 million in 2011).

— *Investment portfolio*

The value of the investment portfolio in publicly traded investment securities on the balance sheet was €8 million as of December 31, 2012. Given both the correlation to the Eurostoxx 50 (ß) index of the shares held, a 10% decline in the equity markets from their December 31, 2012 level, applied to this total exposure of €8 million euros, would have had a negative impact of €1 million on earnings before tax.

31.4 | CREDIT RISKS

— *Commercial credit risk*

The Group's policy requires that the financial health of all of its customers who wish to obtain credit terms of payment be verified. In addition, client account balances are monitored regularly and, as a result, the Group does not have any significant exposure to bad debt.

The outstanding "commercial" trade receivables are analyzed below:

(In € millions)	Assets not due and not impaired	Assets due not impaired on the closing date				Assets impaired	Total
		Less than 1 month late	1-6 months late	More than 6 months late	Total		
December 31, 2011	675	58	37	23	118	169	962
December 31, 2012	**753**	**95**	**53**	**24**	**173**	**164**	**1,090**

The payment times for receivables due and not impaired may vary significantly based on the category of customers with whom the Group companies conduct their business, depending on whether they are private companies, individuals or public entities The impairment policies used are determined, entity by entity, based on the specific features of the various customer categories. As indicated above, the Group believes it is not exposed to significant risk in terms of credit concentration.

— *Credit risk on other assets*

Other assets, mainly consisting of tax receivables and redemption fees, are neither past due nor depreciated.

With respect to credit risk for other financial assets owned by the Group, such as cash and cash-equivalents, financial assets available for sale, and certain financial derivatives, the Group's exposure to potential problems caused by third parties is limited to a maximum equal to the book value of the instruments concerned. The Group's cash management policy covering cash and cash equivalent investments with first-tier counterparties and in instruments that also have first-tier ratings.

As part of transactions conducted on financial markets, the Company is exposed to counterparty risk. Rallye favors financial relations with various banks of international size who enjoy the best ratings from specialized agencies, while avoiding an excessive concentration of dealings with a limited number of financial institutions. Consequently, Rallye considers its exposure to counterparty risk to be low.

In addition, the derivatives used in the management of foreign exchange and interest rate risks are negotiated directly with the lending institution, which eliminates any additional counterparty risk.

31.5 | RISK OF ACCELERATED REPAYMENT OF FINANCIAL DEBT

The Group's bank and bond financing contain the normal undertakings and default clauses for this type of agreement, including maintaining the loan at its rank (pari-passu), the limitation of security interests given to other lenders (negative pledge) and cross defaults.

At the level of the Rallye Group, loan agreements containing clauses requiring that financial ratios be adhered to represent approximately 11% of the financial debt. These ratios are applicable only to bank loans; Rallye's bond issues do not contain any undertaking regarding financial ratios. Certain bank financing agreements are subject to the following two financial ratios:

Description of covenants	Ratios to be adhered to	Ratios as of December 31, 2012
Consolidated EBITDA[1]/Consolidated Net Financial Debt	> 2.75	4.07
Rallye SA's shareholders' equity	> €1.2 billion	€1.9 billion

(1) EBITDA is defined as the current operating income plus current operating depreciation and amortization.

Rallye has an EMTN (Euro Medium Term Notes) program with a ceiling of €4,000 million. As of December 31, 2012, outstanding bonds issued under this program reached €5,968 million.

The majority of the Group's debt is at the Casino, Guichard-Perrachon level. Resources are managed by the Corporate Finance Department. The Group's main subsidiaries and jointly controlled entities (GPA, Big C Thailand, Monoprix, Exito) also have their own financial resources.

All subsidiaries submit a weekly report on their cash positions to the Group, and any new sources of funding are subject to validation by the Corporate Finance Department.

Casino, Guichard-Perrachon has an EMTN program with a ceiling of €9,000 million. As of December 31, 2012, outstanding bonds issued under this program reached €5,968 million. All of these loans carry the Casino Group's rating issued by the Standard & Poor's and Fitch Ratings rating agencies, "BBB-".

Casino, Guichard-Perrachon also has a commercial paper program with a ceiling of €1 billion; the outstanding amount as of December 31, 2012 was €235 million.

Casino, Guichard-Perrachon's bonds and commercial paper are not subject to any financial covenants.

Most of the Group's other financing agreements include conditions requiring that financial ratios be adhered to and mainly concern subsidiaries in the following countries: France, Brazil and Thailand.

As of the closing date, the covenants relating to Casino, Guichard-Perrachon's main financial resources can be summarized as follows:

- the syndicated credit line of €1.2 billion, the club deal of USD 900 million, as well as the bilateral lines for an aggregate amount of €420 million are subject to a commitment to meet Consolidated Net Financial Debt [ii]/consolidated EBITDA [i] of < 3.5;
- the other bilateral lines for an aggregate amount of €50 million and the Alaméa borrowings of €300 million are subject to the commitment to comply with Consolidated Net Financial Debt ratio/consolidated EBITDA of < 3.7;
- the Calyon structured loan of €184 million is subject to the commitment to meet consolidated net financial debt/consolidated EBITDA of <4.3.

(i) EBITDA is defined as the current operating income plus current operating depreciation and amortization.

(ii) Net financial debt as defined in the bank contracts may be different from that presented in the consolidated financial statements (see 1.4.29); it is composed of the borrowings and financial debt net of cash and cash equivalents and of the net impact of the derivative assets and liabilities placed in hedge accounting on financial borrowings and debts.

As of December 31, 2012, the consolidated net financial debt (ii)/consolidated EBITDA (i) ratio was 1.925, whereas Casino, Guichard-Perrachon's covenants were negotiated at a floor of 3.5. Room for maneuver over the next 12 months is deemed comfortable in terms of Rallye and Casino respecting their financial covenants.

The majority of GPA, Big C Thailand and Monoprix' financing agreements must meet financial ratio requirements. These financial ratios were met as of December 31, 2012.

The loan agreements for Casino, Guichard-Perrachon's bank lines have a mandatory early redemption clause in the event of a change in the majority shareholder.

The bonds issued by Rallye carry an early redemption clause at investors' wishes in the event of a change of control at either Casino Guichard-Perrachon or Rallye.

Bonds issued by Casino Guichard-Perrachon carry an early redemption clause at the discretion of investors in the event that Casino Guichard-Perrachon's senior long-term debt rating is downgraded to "non-investment grade," but only if this downgrade is the result of a change in the Company's majority shareholder. Moreover, apart from the €578 million loan reaching maturity in April 2014, they carry a "coupon step-up" clause which increases the interest rate in the event that Casino, Guichard-Perrachon's senior long-term debt is downgraded to "non-investment grade".

As of December 31, 2012, the Group's liquidity position is solid:

— *Confirmed bank lines*

(In € millions)	Rate	Amount available		
		Casino Group	Rallye	Groupe GO Sport
Confirmed bank lines < 1 year	Variable	390	195	120
Confirmed bank lines > 1 year	Variable	693	1,120	
Total lines authorized		**1,083**	**1,315**	**120**
Total lines used		*190*	*195*	*66*
Syndicated lines < 1 year	Variable			
Syndicated lines > 1 year	Variable	1,882	735	
Total lines authorized		**1,882**	**735**	
of which total lines used				

— *Schedule of cash flows on financial liabilities as of December 31, 2012*

(In € millions)	Book value	Contractual cash flows	Less than 1 year	1-5 years	Over 5 years
Bonds and other borrowings, ex. derivatives	14,788	16,725	3,874	9,366	3,485
Finance leases	115	525	69	428	28
IFRS liabilities (recognition of puts)	512	170	51	75	44
Derivative financial instruments	(338)	(440)	(69)	(262)	(109)
Cash entries		(1,199)	(383)	(609)	(207)
Cash withdrawals		799	320	380	98
Derivative contracts settled net		(37)	(5)	(32)	
Trade payables and other liabilities (excluding social security and tax liabilities)	9,964	9,963	9,874	62	27
Total	25,041	26,943	13,799	9,669	3,475

NOTE 32 • CONTINGENT ASSETS AND LIABILITIES AND OTHER CONTRACTUAL OBLIGATIONS

As of December 31, 2012, management estimated, to the best of its current knowledge, that there are no commitments, which could have a significant impact on the present or future financial position of the Group other than those indicated in this note.

The exhaustive nature of this inventory is monitored by the financial, legal and tax departments, which are also involved in preparing the contracts that bind the Group.

The commitments related to current activity primarily concern the Group's operating businesses, with the exception of the confirmed and unused lines of credit, which constitute a financing commitment.

The commitments related to exceptional transactions are related to the Group's scope of consolidation.

32.1 | COMMITMENTS RELATED TO CURRENT OPERATIONS

— 32.1.1 *Commitments given*

The amounts of the commitments indicated in the table below represent the potential maximum amounts (not discounted), which the Group would have to pay under guarantees given. These amounts are not reduced by the sums, which the Group might possibly recover under collection actions or because of counter-guarantees received.

(In € millions)	12/31/2012	12/31/2011
Assets given as collateral(1)	315	146
Securities and bank guarantees given(2)	1,456	617
Commitment on fixed purchase orders*(3)	92	97
Reserve for credits granted to customers(4)		886
Other commitments	95	98
Total commitments given	**1,958**	**1,844**
Maturities:		
< 1 year	124	1,292
1 to 5 years	1,685	478
> 5 years	149	74

* Reciprocal commitments.
(1) Corresponds to non-current assets, which have been pledged or mortgaged and to current assets encumbered with real sureties.
(2) In 2012, includes €1,324 million relating to GPA which granted securities and bank guarantees as part of mainly tax-related disputes. The change recognized between 2012 and 2011 is mainly due to the takeover of GPA.
(3) Corresponds to commitments to purchase goods and services signed by the Group; these firm purchase commitments are decreased by any installments paid.
(4) In 2011, the authorized credit reserves given to clients related only to Banque du Groupe Casino.

The commitments of the French subsidiaries in relation to the "Droit Individuel à la Formation" (individual training rights) amounted to 5,864,043 hours as of December 31, 2012. They totaled 5,982,658 hours as of December 31, 2011. A total of 78,570 hours of rights were used during the fiscal year.

— 31.1.2 *Commitments received*

The amounts of the commitments indicated in the table below represent the potential maximum amounts (not discounted), which the Group would receive under guarantees received.

(In € millions)	12/31/2012	12/31/2011
Securities and bank guarantees received	78	89
Financial assets accompanied by guarantees	63	57
Confirmed lines of credit not used (See note 31.5)	4,684	4,537
Other commitments	20	29
Total commitments received	**4,845**	**4,712**
Maturities:		
< 1 year	269	1,158
1 to 5 years	3,957	2,936
> 5 years	619	618

32.2 | COMMITMENTS RESULTING FROM EXCEPTIONAL OPERATIONS

— 32.2.1 Commitments given

The amounts of the commitments indicated in the table below represent the maximum potential amounts (not discounted) which the Group would pay under the guarantees given, except under commitments to purchase shares which are measured at fair value.

This table does not include the commitments, which the Group has made to associates and joint ventures (see Notes 17 and 18 respectively).

(In € millions)	12/31/2012	12/31/2011
Guarantees granted related to the disposal of(1):		
• Polish activities(2)	47	54
• Smart & Final shares		4
• real estate assets	21	13
• other assets	2	1
Commitments to purchase shares * of which(3):	262	256
• Franprix-Leader Price	157	195
• Disco (Uruguay)	90	61
Monoprix *	1,175	(4)
Other exceptional commitments given	16	31
Total commitments given to exceptional transactions	**1,523**	**359**

* Reciprocal commitments.

(1) For real estate sales, the Group is the lessee under traditional fixed-rent commercial leases. The Casino Group has issued a guarantee that hedges the vacant property risk, if it decides to leave the premises and cannot find a replacement lessee at equivalent financial terms, from the first day of year four up to the last day of year six. This guarantee is conditional and cannot be quantified.
In respect of the disposal of its production activities on Reunion Island, Vindémia undertook purchase volume commitments for a period of five years. At present, the volumes are being achieved.

(2) The Casino Group granted the usual guarantees for the asset sales it concluded, particularly:
- Under the sale of the shares of Leader Price Polska in 2006, Casino guarantees the buyer against non-provisioned risk originating prior to the sale and which may subsequently arise. The guarantee, in the amount of €17 million for a maximum of 18 months, may be increased to €50 million to cover tax risks, expiring at a date in keeping with the statute of limitations applicable to the said risks.
An unfavorable arbitral award led the Casino Group to pay and expense the sum of €14 million in September 2009. An appeal to overturn this ruling has been filed. The residual risk of €35 million is purely theoretical in that Leader Price Polska has already undergone numerous tax audits relating to the guarantee period.
- Under the terms of the sale of hypermarket businesses, Mayland (formerly Géant Polska) guarantees the buyer against non-provisioned risk originating prior to the sale and which may arise subsequently. The guarantee amounted to €46 million and was granted for a maximum 24 month period from the sale date. The duration of the guarantee may be extended to 8 years in the event of environmental requirements. The amount has decreased since 2008. As of December 31, 2012, it amounted to €18 million. After deduction of a provision for risk, the amount presented in the table above totaled €13 million.

(3) In compliance with IAS 32, the purchase commitments given to fully consolidated subsidiaries are not recognized in off-balance-sheet commitments. They are accounted for as «financial liabilities» at their net present value or at their fair value (see Notes 1.26 of «Accounting rules and methods» and 29.4).
The contractual valuation of commitments to sell or buy shares may be based on various company profitability indicators. In this instance, their valuation is calculated on the basis of the best information available: the latest figures available, if the option may be exercised at any time; or income expected for the coming years, if the option can only be exercised after a certain date. In many cases, the Casino Group granted promises to purchase (puts), but is also the recipient of promises to sell (calls). The figure reported is the value of the promises to purchase granted.
- Franprix-Leader Price
Options on the shares of the Master franchises that are not controlled by the Casino Group These purchase commitments run up until 2040 and their price is based on the operating performance of the companies in question.
- Uruguay
The family shareholders received a purchase commitment granted by Casino on 29.3% of the company Disco. This option may be exercised until June 21, 2021. Its price is based on the company's consolidated operating performance, with a minimum price of US$41 million, plus interest, at the rate of 5% per year.

(4) Monoprix
Under the settlement agreement signed by Galeries Lafayette and Casino on July 26, 2012, Galeries Lafayette will sell its 50% stake in Monoprix to Casino for €1,175 million (see Note 1.2). A standby guarantee in favor of Galeries Lafayette for €1,209 million was set up covering a share of the acquisition price and interest between April 1 and October 30, 2013, relating to the indexation of the acquisition price. Casino's takeover of Monoprix is subject to approval by the French Competition authority.
Given the events that occurred after the 2011 closing, as described in Note 32.2 to the 2011 consolidated financial statements, the value of the commitment to Galeries Lafayette and pertaining to 50% of Monoprix' capital was not indicated in 2011.

— 32.2.2 Commitments received

Commitments received as of December 31, 2012, and as of December 31, 2011, amounted to €8 million.

32.3 | CONTINGENT ASSETS AND LIABILITIES

The Group is involved in a number of disputes and arbitrations with third parties or the tax authorities of certain countries in relation to its normal business activities. Provisions are formed for these disputes and arbitrations if there is a legal, contractual or constructive obligation to a third party at the date of the financial statements, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Contingent liabilities arising from investments in associates and joint ventures are described in Notes 17.3 and 18.2.

— *Litigation with the Baud family*

Various litigation, in response to new requests, of no material importance, is ongoing, such as the litigation regarding the termination in 2006 by Casino of the brand license agreement entered into by Geimex with Leader Price Polska.

Geimex is proportionately consolidated in the Group's consolidated financial statements. Casino's interests in the company total €44 million, including goodwill of €20 million.

For informational purposes, the net revenue and consolidated net income of the Geimex group for fiscal 2012 totaled €254 and €5 million, respectively.

— *Defense procedure at the initiative of sellers of a controlling interest in Globex Utilidades SA*

In June 2009, GPA, via one of its subsidiaries, acquired a controlling interest in Globex Utilidades SA, a leading player in electronic and household electrical goods under the brand name "Ponto Frio".

The previous majority shareholder (Morzan Empreendimentos) judged that GPA and jointly and severally its controlling shareholders, including GPA's majority shareholder Wilkes, but also Casino, Guichard-Perrachon and three of its other sub-holding companies, had breached the provisions of the agreement relating to the payment conditions for the share payable in GPA shares. Morzan Empreendimentos thus initiated an arbitration proceeding before the International Chamber of Commerce via a petition dated May 30, 2012.

The arbitration tribunal is currently being constituted. In any event, both GPA and its controlling shareholders consider that the request is unfounded. Furthermore, with the exception of GPA and Wilkes, which are parties to the share disposal agreement, none of the other parties named as defendants are bound by the provisions of the said agreement.

— *Thai claims*

During the events of the second quarter of 2010 in Bangkok, the Big C Thailand subsidiary suffered losses from a fire resulting in the complete or partial destruction of a number of assets and operating losses. The insurance companies are in the process of finalizing their investigations, which should lead to the payment of compensation recognized in 2013 for €11 million.

Between August and November 2011, the country was struck by serious floods which directly affected four retailing centers, five hypermarkets and fifteen small stores; other stores were indirectly affected. This led to the partial or total destruction of certain real estate and operational assets, as well as significant operating losses. The total cost of the claim is being calculated; the losses suffered as of December 31, 2012 have been assessed at approximately €45 million, of which €22 million are operating losses. In connection with these damages, the Casino Group has received an initial payment of €14 million. This amount will be deducted from the right to reimbursement, the balance of which at the closing date was €11 million net of franchises.

— *GPA's contingent liabilities*

(In € millions)	12/31/2012	12/31/2011[1]
INSS (employer contributions to the Brazilian national social security program)	100	42
IRPJ – IRRF and CSLL (income tax)	281	63
PIS, COFINS and CPMF (VAT and similar taxes)	379	143
ISS, IPTU and ITBI (tax on services, tax on urban real estate ownership and tax on real estate transactions)	114	59
ICMS (VAT)	1,183	418
Labor disputes	152	24
Civil disputes	236	69
Total	**2,445**	**817**

(1) Quota share (40.13%).

32.4 | COMMITMENTS RELATING TO FINANCE AND OPERATING LEASES

— *Lessee under real estate finance leases*

The Group has entered into finance leases for real estate and investment property. The reconciliation between the minimum future lease payments for finance leases and the present value of the net minimum lease payments is as follows:

(In € millions)	12/31/2012	
	Minimum payments	Present value of payments
Within 1 year	13	9
1-5 years	14	4
More than five years	43	13
Total minimum payments under the lease	70	
Less financing charges	(42)	
Present value of minimum payments under the lease	27	27

(In € millions)	12/31/2011	
	Minimum payments	Present value of payments
Within 1 year	15	13
1-5 years	27	21
More than five years	21	6
Total minimum payments under the lease	**63**	
Less financing charges	(22)	
Present value of minimum payments under the lease	**41**	**41**

— *Lessee under capital equipment leases*

The Group has entered into finance leases and rent-to-own agreements for various types of equipment. The reconciliation between the minimum future lease payments for finance leases and the present value of the net minimum lease payments is as follows:

(In € millions)	12/31/2012	
	Minimum payments	Present value of payments
Within 1 year	39	36
1-5 years	61	55
More than five years	2	1
Total minimum payments under the lease	101	
Less financing charges	(10)	
Present value of minimum payments under the lease	91	91

(In € millions)	12/31/2011	
	Minimum payments	Present value of payments
Within 1 year	25	24
1-5 years	36	34
More than five years	3	3
Total minimum payments under the lease	**65**	
Less financing charges	(3)	
Present value of minimum payments under the lease	**61**	**61**

— *Lessee under operating leases on real estate assets*

The Group either owns the premises in which its businesses operate, or leases them under operating leases.
The minimum future lease payments payable for operating leases are as follows:

(In € millions)	12/31/2012	12/31/2011
	Minimum payments	Minimum payments
Within 1 year	**723**	571
1-5 years	**1,008**	913
More than five years	**710**	680

The amount of the minimum future lease payments receivable under the non-cancelable sub-lease agreements stood at €11 million at the closing of fiscal 2012 versus €15 million at the closing of fiscal 2011.

— *Lessee under equipment operating leases*

The Group has taken out operating leases for various types of equipment, in cases where it was not in the Group's interest to purchase the assets.
The minimum future lease payments payable for operating leases are as follows:

(In € millions)	12/31/2012	12/31/2011
	Minimum payments	Minimum payments
Within 1 year	**42**	37
1-5 years	**67**	48
More than five years		

— *Lessor under operating leases*

The Group is also a lessor of operating leases through its real estate business. The minimum future lease payments receivable for operating leases which cannot be terminated are as follows:

(In € millions)	12/31/2012	12/31/2011
	Minimum payments	Minimum payments
Within 1 year	**195**	275
1-5 years	**178**	221
More than five years	**38**	44

The amount of contingent rental payments received by the Group and included in the income statement for 2012 stands at €9 million versus €10 million in 2011.

NOTE 33 • CURRENCY EXCHANGE RATES

Prices of one euro in foreign currency	12/31/2012		12/31/2011	
	closing	**average**	closing	average
US Dollar (USD)	**1.3194**	**1.2856**	1.2939	1.3917
Polish Zloty (PLN)	**4.0740**	**4.1843**	4.4580	4.1187
Romanian Leu (RON)	**4.4445**	**4.4581**	4.3233	4.2386
Argentine Peso (ARS)	**6.4879**	**5.8485**	5.5730	5.7453
Uruguayan peso (UYP)	**25.5737**	**26.0332**	25.8566	26.8345
Thai Baht (THB)	**40.3470**	**39.9440**	40.9910	42.4247
Colombian Peso (COP)	**2,333.00**	**2,311.59**	2,512.4300	2,569.1830
Brazilian Real (BRL)	**2.7036**	**2.5097**	2.4159	2.3259
Vietnamese Dong (VND)	**27,480.000**	**26,771.000**	27,262.0000	28,514.6200

NOTE 34 • NOTE 34 - TRANSACTIONS WITH RELATED PARTIES

Related parties include:

- parent companies;
- entities which exercise joint control or notable influence over the entity;
- subsidiaries;
- associates;
- joint ventures (mainly Monoprix);
- members of the Board of Directors and members of the Executive Board.

As part of the day-to-day management of the Group, the Company is involved in normal business relationships with all its subsidiaries. In addition, the Company benefits from the guidance of its majority shareholder Euris, the Group's ultimate controlling company, under the terms of a strategic advisory services agreement signed in 2003.

Transactions with related individuals (directors, corporate offices and members of their family) are not significant. This is also true for transactions with parent companies.

During the year, the parent companies subscribed to bonds issued by associates of the Franprix-Leader Price sub-group for €106 million.

In December 2012, Cdiscount sold receivables for a total amount of €87 million to Banque du Groupe Casino.

The transactions with related parties summarized below mainly concern the operational transactions with companies over which the Group exercises notable influence or joint control. These companies are consolidated under the equity method or are proportionately consolidated. The transactions are concluded at market price.

Transactions with related individuals (directors, corporate offices and members of their family) are not significant.

34.1 | TRANSACTIONS WITH THE PARENT COMPANY

The accounts of the Rallye Group are integrated into the consolidated financial statements of parent company Foncière Euris, with registered offices at 83, rue du Faubourg Saint-Honoré – 75008 Paris – France (Siren No.: 702,023,508) and whose closing date is December 31, 2012.

There were no significant transactions between the Rallye Group and Foncière Euris in 2012.

In 2008, a partnership was set up between Foncière Euris and Rallye to enable one of Rallye's subsidiaries (Parinvest) to invest in projects developed by Foncière Euris. Under the terms of the partnership agreement, which was concluded for an initial duration of four years, for projects that have already obtained building permits, Foncière Euris will offer Parinvest a maximum 50% stake, while Parinvest reserves the right to accept or decline the offer. The investment is made on the basis of external valuations.

For projects being set up that have not yet obtained building permits, Foncière Euris has the right, but not the obligation, to offer to enter into partnership with Parinvest.

In exchange, Parinvest has agreed not to set up or participate in any new shopping center projects without offering Foncière Euris the opportunity to participate. The partnerships implemented in 2008 concern the Beaugrenelle and Carré de Soie centers in France and the Manufaktura and Wzgorze centers in Poland.

The partnership ended in 2012. However, the conditions of the partnership still stand for the projects launched under this partnership and in progress at December 31, 2012.

Group shares in the Carré de Soie and Manufaktura shopping center were sold in 2010 and 2012 and no new project has been implemented since 2008 in the context of this partnership.

34.2 | TRANSACTIONS WITH JOINT VENTURES AND ASSOCIATES

(In € millions)	As of December 31, 2012		As of December 31, 2011	
	Transaction amount	Balances	Transaction amount	Balances
Total transactions with joint ventures:				
Loans	79	85	(83)	6
Receivables	(20)	128	56	148
Liabilities	34	135	(32)	101
Expenses	53		50	
Income	68		68	
Total transactions with associates:				
Loans				
Receivables	(65)	68	47	133
Liabilities				
Expenses	27		28	
Income	5		9	

34.3 | GROSS COMPENSATION ALLOCATED TO ADMINISTRATIVE AND MANAGEMENT BODIES

(In € millions)	2012	2011
Short-term benefits excluding social security costs[(1)]	7	6
Short-term benefits: social security costs	2	2
Retirement payments owed to principal executives		
Share-based payments[(2)]	1	1
Total	**10**	**8**

(1) Gross salaries, bonuses, in-kind benefits and directors' fees.
(2) Expense recorded on the income statement for the year for stock option plans and bonus share allocation plans.

NOTE 35 • STATUTORY AUDITORS' FEES

The fees posted as expenses in the audit of the Rallye Group's financial statements amounted to €9.9 million as of December 31, 2012. Fees for directly-related procedures came to €0.4 million for the fiscal year ending December 31, 2012.

NOTE 36 • SUBSEQUENT EVENTS

36.1 | BOND ISSUE

Under its EMTN program, on January 18, 2013, Casino issued a bond of €750 million with a ten-year maturity (2023) and annual coupon of 3.31%.

36.2 | ACQUISITION OF DISTRIBUTION SUD-OUEST

On February 1, 2013, Franprix-Leader Price signed an agreement to acquire the Distribution Sud-Ouest Master franchise which covers 70 stores in which it owned a 49% stake as of December 31, 2012. This acquisition is subject to approval by the French Competition authority.

36.3 | ACQUISITION OF 38 FRENCH NORMA STORES

On February 1, 2013, Franprix-Leader Price signed an agreement with the French Norma group to acquire 38 existing stores and 4 projected stores in the South East of France. The memorandum of understanding includes a completion date of May 31, 2013, following the discharge of conditions precedent.

CONSOLIDATED FINANCIAL STATEMENTS

List of principle consolidated companies as of December 31, 2012

–

Companies	Registered office	Business sector	SIREN No. or country	Method of conso.	12/31/2012 % of interest	12/31/2012 % of control
Rallye SA*	**75008 Paris**	**Holding**	**054,500,574**		**Parent company**	
Alpétrol SAS	75008 Paris	Holding	325,337,475	FC	100.0	100.0
Bruyère (La) SA	75008 Paris	Holding	409,961,950	FC	67.0	67.0
Cobivia SAS	75008 Paris	Holding	318,906,146	FC	100.0	100.0
Genty Immobilier SAS	75008 Paris	Real estate	324,309,699	FC	100.0	100.0
H.M.B SAS	75008 Paris	Holding	582,079,679	FC	100.0	100.0
Kergorju SCI	29200 Brest	Real estate	323,354,589	FC	100.0	100.0
Magasins Jean SAS	29200 Brest	Food and general retailing	303,469,332	FC	100.0	100.0
Matignon Sablons SAS	75008 Paris	Holding	392,712,816	FC	100.0	100.0
MFD Inc. (ex Athlete's Foot Group Inc.)	GA 30331 Atlanta	Holding	United States	FC	100.0	100.0
Miramont Finance & Distribution SA	75008 Paris	Holding	328,276,324	FC	100.0	100.0
Parker 1 LLC	Wilmington, Delaware 19801	Holding	United States	FC	100.0	100.0
Perrières (Des) SCI	75008 Paris	Real estate	342,781,093	FC	100.0	100.0
Sables (Les) SCI	75008 Paris	Real estate	348,637,869	FC	62.5	62.5
Sivigral SCI	75008 Paris	Real estate	308,697,499	EM	40.0	40.0
Parande SAS	**75008 Paris**	**Holding**	**414,838,615**	**FC**	100.0	100.0
Centrum Alexa Sàrl	Luxembourg	Real estate	Luxembourg	FC	60.0	60.0
Centrum Development Luxembourg SA	Luxembourg	Real estate	Luxembourg	FC	100.0	100.0
Centrum Gdynia Sàrl	Luxembourg	Real estate	Luxembourg	PC	27.4	32.5
Centrum Leto SA	Luxembourg	Real estate	Luxembourg	FC	100.0	100.0
Centrum NS Luxembourg Sàrl	Luxembourg	Real estate	Luxembourg	PC	33.3	33.3
Centrum Poznan SA	Luxembourg	Real estate	Luxembourg	FC	100.0	100.0
Centrum Saint-Petersbourg Sàrl	Luxembourg	Real estate	Luxembourg	PC	50.0	50.0
Centrum Weiterstadt SA	Luxembourg	Real estate	Luxembourg	FC	60.0	60.0
Centrum Wzgorze SP Zoo	Gdynia	Real estate	Poland	PC	27.4	32.5
Einkaufszentrum Am Alex GmbH	Berlin	Real estate	Germany	FC	54.0	90.0
Gutenbergstrasse BAB5 GmbH	Berlin	Real estate	Germany	FC	48.0	80.0
IG Real Estate Investments SRL	Bucharest	Real estate	Romania	FC	81.6	100.0
IG Romanian Investments Ltd	Nicosia	Real estate	Cyprus	FC	81.6	81.6
Loop 5 Shopping Centre GmbH	Düsseldorf	Real estate	Germany	PC	24.0	50.0
Parande Ventures (partnership)	New York	Holding	United States	FC	99.0	99.0
Pargest SAS	75008 Paris	Holding	501,492,144	FC	100.0	100.0
Pargest Holding SAS	75008 Paris	Holding	501,515,167	FC	100.0	100.0
Parinvest SAS	75008 Paris	Holding	433,872,040	FC	100.0	100.0
Pont de Grenelle SCI	75008 Paris	Real estate	447,523,648	EM	20.0	20.0
Ruban Bleu St Nazaire SCI	75116 Paris	Real estate	477,660,013	EM	50.0	50.0
Euristates Inc.	**Wilmington, Delaware 19801**	**Holding**	**United States**	**FC**	100.0	100.0
555 Watertown LLC	Watertown, Massachusetts 02472	Real estate	United States	FC	95.5	100.0
Beacon Pleasant Street LLC	Wilmington, Delaware 19801	Holding	United States	FC	84.4	86.2

* Listed companies.

Companies	Registered office	Business sector	SIREN No. or country	Method of conso.	12/31/2012 % of interest	12/31/2012 % of control
EREC Ventures LLC	Wilmington, Delaware 19801	Holding	United States	FC	97.9	100.0
EREC Ventures II LLC	Wilmington, Delaware 19801	Holding	United States	FC	99.8	100.0
Euris North America Corp.	Wilmington, Delaware 19801	Holding	United States	FC	100.0	100.0
ENAC Ventures LLC	Wilmington, Delaware 19801	Holding	United States	FC	99.4	100.0
Euris Real Estate Corp.	Wilmington, Delaware 19801	Holding	United States	FC	100.0	100.0
Parande Brooklyn Corp.	Wilmington, Delaware 19801	Holding	United States	FC	100.0	100.0
Parande Brooklyn Ventures LLC	Wilmington, Delaware 19801	Holding	United States	FC	95.7	100.0
Repton Place LLC	Boston, Massachusetts 02110	Real estate	United States	FC	84.4	100.0
Groupe GO Sport SA*	**38360 Sassenage**	**Sport**	**958,808,776**	**FC**	90.2	88.9
Buissières (Les) SAS	38360 Sassenage	Real estate	067,500,397	FC	90.2	100.0
Club Sports Diffusion SA	1050 Brussels	Sport	Belgium	FC	90.2	100.0
Courir France SAS	38360 Sassenage	Sport	428,559,967	FC	90.2	100.0
GO Sport France SAS	38360 Sassenage	Sport	428,560,031	FC	90.2	100.0
GO Sport Les Halles SNC	38360 Sassenage	Sport	329,021,463	FC	90.2	100.0
GO Sport Polska SP Zoo	02801 Varsovie	Sport	Poland	FC	90.2	100.0
Grand Large Sport SAS	38360 Sassenage	Sport	412,271,421	FC	90.2	100.0
GO Sport Espagne SA	28010 Madrid	Sport	Spain	FC	90.2	100.0
Groupe GO Sport Suisse Sàrl	CH1215 Geneva	Sport	Switzerland	FC	90.2	100.0
International Sports Retail Dév (ISRD) Sàrl	CH1215 Geneva	Sport	Switzerland	EM	45.1	50.0
Limpart Investments BV	1102 Amsterdam	Sport	The Netherlands	FC	90.2	100.0
Sports Trade Marketing International (STMI) Sàrl	CH1215 Geneva	Sport	Switzerland	EM	45.1	50.0
Casino, Guichard-Perrachon SA*	**42000 Saint-Étienne**	**Food and general retailing**	**554,501,171**	**FC**	49.1	59.3
Alamea Investments[1]	Luxembourg	Financing	Luxembourg	FC	2.5	5.0
Alcudia Promotion SAS	42000 Saint-Étienne	Real estate	502,470,974	FC	49.1	100.0
Banque du Groupe Casino SA	75116 Paris	Banking	434,130,423	EM	24.5	50.0
Bergsaar BV	Amsterdam	Holding	The Netherlands	FC	49.1	100.0
Groupe Big C*	Lupini	Food and general retailing	Thailand	FC	28.7	58.6
Casino Carburants SAS	42000 Saint-Étienne	Gas stations	428,267,942	FC	49.1	100.0
Casino Information Technology SAS	42000 Saint-Étienne	Services	444,524,177	FC	49.1	100.0
Casino International SAS	42000 Saint-Étienne	Services	424,064,780	FC	49.1	100.0
Casino Ré SA	Luxembourg	Insurance	Luxembourg	FC	49.1	100.0
Casino Restauration SAS	42000 Saint-Étienne	Food	342,043,528	FC	49.1	100.0
Casino Services SAS	42000 Saint-Étienne	Services	428,267,249	FC	49.1	100.0
Casino Vacances SNC	75009 Paris	Travel	414,047,852	FC	49.1	100.0
Cavi Retail LTD	Hong Kong	Holding	Vietnam	FC	49.1	100.0
Cdiscount SA	33700 Mérignac	E-commerce	424,059,822	FC	49.0	100.0
Club Avantages SAS	42000 Saint-Étienne	Loyalty cards	409,864,683	FC	48.1	98.0
Coboop BV	Amsterdam	Holding	The Netherlands	FC	49.1	100.0
Cofidol SAS	42000 Saint-Étienne	Holding	477,800,018	FC	49.1	100.0
Comacas SNC	42000 Saint-Étienne	Purchasing	428,270,003	FC	49.1	100.0
Dinetard SAS	42000 Saint-Étienne	Real estate	315,999,029	FC	49.1	100.0
Distribution Casino France SAS	42000 Saint-Étienne	Food and general retailing	428,268,023	FC	49.1	100.0
Distridyn SA	75008 Paris	Food and general retailing	325,366,334	PC	24.5	50.0
dunnhumby France SAS	42000 Saint-Étienne	Marketing	492,705,595	PC	24.5	50.0

* Listed companies.

Companies	Registered office	Business sector	SIREN No. or country	Method of conso.	12/31/2012 % of interest	12/31/2012 % of control
Easydis SAS	42160 Andrézieux-Bouthéon	Logistics	383,123,874	FC	49.1	100.0
EMC Distribution SAS	75116 Paris	Purchasing	428,269,104	FC	49.1	100.0
Floréal SA	42000 Saint-Étienne	Food and general retailing	950,405,928	FC	49.1	100.0
Forézienne de participations	42000 Saint-Étienne	Holding	501,655,336	FC	49.1	100.0
Géant Foncière BV	Amsterdam	Holding	The Netherlands	FC	49.1	100.0
Géant Holding BV	Amsterdam	Holding	The Netherlands	FC	49.1	100.0
Géant International BV	Amsterdam	Holding	The Netherlands	FC	49.1	100.0
Geimex SA	75001 Paris	Food and general retailing	303,765,291	PC	24.5	50.0
Gelase SA	Brussels	Holding	Belgium	FC	49.1	100.0
Halles des Bords de Loire (Les) SCI	75008 Paris	Real estate	477,667,067	FC	49.0	100.0
IGC Promotion SAS	42000 Saint-Étienne	Real estate	487,514,481	FC	49.1	100.0
IGC Services SAS	42000 Saint-Étienne	Real estate	424,064,707	FC	49.1	100.0
Intexa SA*	42000 Saint-Étienne	No activity	340,453,463	FC	48.0	97.9
IRTS SARL	Le Grand Saconnex	Services	Switzerland	FC	49.1	100.0
Latic	Wilmington, Delaware	Holding	United States	FC	49.1	100.0
Libertad SA	Cordoba	Food and general retailing	Argentina	FC	49.1	100.0
L'Immobilière Groupe Casino SAS	42000 Saint-Étienne	Real estate	428,269,856	FC	49.1	100.0
Marushka Holding BV	Amsterdam	Holding	The Netherlands	FC	49.1	100.0
Mayland (ex-Géant Polska)	Varsovie	Food and general retailing	Poland	FC	49.1	100.0
Mon Showroom.com	13470 Carnoux-en-Provence	E-commerce	488,972,993	EM	29.7	49.9
Groupe Monoprix	92116 Clichy	Food and general retailing	552,018,020	PC	24.5	50.0
Onagan Promotion SAS	42000 Saint-Étienne	Real estate	428,251,912	FC	49.1	100.0
Pachidis SA	42000 Saint-Étienne	Holding	420,233,777	FC	49.1	100.0
Plouescadis SAS	75016 Paris	Real estate	420,233,876	FC	49.1	100.0
Polca Holding SA	Brussels	Holding	Belgium	FC	49.1	100.0
Régie Média Trade SAS	75008 Paris	Services	428,251,862	PC	24.5	50.0
Restauration Collective Casino SAS	42000 Saint-Étienne	Food	440,322,808	FC	49.1	100.0
Ségisor SA	42000 Saint-Étienne	Holding	423,944,677	FC	49.1	100.0
Serca SAS	42000 Saint-Étienne	Food and general retailing	325,079,457	FC	49.1	100.0
Soderip SNC	42000 Saint-Étienne	Real estate	389,737,305	FC	49.1	100.0
Spice Espana S.L.	Pamplona	Services	Spain	FC	49.1	100.0
Sudéco SAS	42000 Saint-Étienne	Food and general retailing	348,877,044	FC	49.1	100.0
Tevir SA	42000 Saint-Étienne	Holding	428,268,874	FC	49.1	100.0
Théiadis SAS	42000 Saint-Étienne	Holding	492,169,594	FC	49.1	100.0
Tonquin BV	Eindhoven	Holding	The Netherlands	FC	49.1	100.0
Uranie SAS	42000 Saint-Étienne	Food and general retailing	380,236,547	FC	49.1	100.0
Villa Plancha SAS	42000 Saint-Étienne	Food	497,588,590	FC	49.1	100.0
Vindémia SA	Sainte-Marie (Reunion Island)	Food and general retailing	Indian Ocean	FC	49.1	100.0
Wilkes(2)	São Paulo	Food and general retailing	Brazil	FC	34.5	52.5
Groupe GPA (ex CBD)*,(3)	**São Paulo**	**Food and general retailing**	**Brazil**	**FC**	18.7	99.94
Banco Investcred Unibanco SA («BINV»)	São Paulo	Financing	Brazil	EM	2.6	50.0
Indústria de Móveis Bartira Ltda («Bartira»)(4)	São Caetano do Sul	Furniture making	Brazil	PC	2.5	25.0

* Listed companies.

Companies	Registered office	Business sector	SIREN No. or country	Method of conso.	12/31/2012 % of interest	12/31/2012 % of control
GPA Malls & Properties Gestão de Ativos e Serviços. Imobiliários Ltda. («GPA M&P»)	São Paulo	Real estate	Brazil	FC	18.7	100.0
Via Varejo*	São Caetano do Sul	Food and general retailing	Brazil	FC	9.8	52.4
Financeira Itaù CBD SA - Crédito, Financiamento e Investimento («FIC»)[(5)]	São Paulo	Financing	Brazil	EM	8.1	50.0
Nova Casa Bahia SA («NCB»)	São Caetano do Sul	Food and general retailing	Brazil	FC	9.8	100.0
Novasoc Comercial Ltda («Novanosc»)[(6)]	São Paulo	Food and general retailing	Brazil	FC	1.9	100.0
Sendas Distribuidora SA («Sendas»)	São João de Meriti	Food and general retailing	Brazil	FC	18.7	100.0
Sé Supermercado Ltda («Sé»)	São Paulo	Food and general retailing	Brazil	FC	18.7	100.0
Groupe Éxito*	**Medellin**	**Food and general retailing**	**Colombia**	**FC**	26.9	54.8
Devoto	Montevideo	Food and general retailing	Uruguay	FC	25.9	96.6
SA Didetexco	Municipio de Envigado	Food and general retailing	Colombia	FC	25.3	94.0
Groupe Anfilco (Disco)	Montevideo	Food and general retailing	Uruguay	PC	16.8	62.5
Patrimonio Autonomo San Pedroi Plaza	Bogota, D.C.	Real estate	Colombia	FC	13.7	51.0
Codim 2 SA (Groupe Codim)	**20200 Bastia**	**Food and general retailing**	**400,594,412**	**FC**	49.1	100.0
Balcadis 2 SNC	20220 Île Rousse	Food and general retailing	400,420,287	FC	49.1	100.0
Cash Corses SNC	20200 Bastia	Food and general retailing	421,001,306	FC	49.1	100.0
Costa Verde SNC	20230 San Nicolao	Food and general retailing	487,625,501	FC	49.1	100.0
Fidis 2 SNC	20240 Ghisonaccia	Food and general retailing	407,721,125	FC	49.1	100.0
Hyper Rocade 2 SNC	20600 Furiani	Food and general retailing	400,315,438	FC	49.1	100.0
Lion de Toga 2 SNC	20200 Bastia	Food and general retailing	400,315,479	FC	49.1	100.0
Pacam 2 SNC	20167 Mezzavia	Food and general retailing	400,332,078	FC	49.1	100.0
Poretta 2 SNC	20137 Porto-Vecchio	Food and general retailing	400,332,128	FC	49.1	100.0
Prical 2 SNC	20260 Calvi	Food and general retailing	480,266,956	FC	48.6	99.0
Prodis 2 SNC	20110 Propriano	Food and general retailing	400,564,431	FC	49.1	100.0
Semafrac SNC	20600 Furiani	Food and general retailing	412,639,676	FC	49.1	100.0
Sodico 2 SNC	20250 Corte	Food and general retailing	400,315,545	FC	49.1	100.0
Sudis 2 SNC	20137 Porto-Vecchio	Food and general retailing	400,332,151	FC	49.1	100.0
Unigros 2 SNC	20200 Bastia	Food and general retailing	400,315,610	FC	49.1	100.0
Groupe Franprix-Leader Price	**75016 Paris**	**Food and general retailing**	**343,045,316**	**FC**	49.1	100.0
Addy Participations SAS	75016 Paris	Holding	523,371,045	FC	25.0	51.0
Groupe Barat	92500 Rueil-Malmaison	Food and general retailing	433,591,575	FC	49.1	100.0
Cafige SAS	75009 Paris	Holding	498,598,853	EM	24.0	49.0
Cofilead SAS	75017 Paris	Holding	499,268,597	FC	29.4	60.0
Groupe Cogefisd	75017 Paris	Food and general retailing	377,563,648	FC	41.2	84.0
DFP (Baud SA)	94430 Chennevières-sur-Marne	Food and general retailing	414,265,165	FC	49.1	100.0
Distribution Leader Price SNC	77220 Gretz-Armainvilliers	Food and general retailing	384,846,432	FC	49.1	100.0
Groupe DSO	31700 Blagnac	Food and general retailing	501,628,994	EM	24.0	49.0
Groupe Faure	09000 Foix	Food and general retailing	388,869,067	EM	24.0	49.0
Figeac	75017 Paris	Food and general retailing	344,316,708	FC	41.2	84.0

* Listed companies.

Companies	Registered office	Business sector	SIREN No. or country	Method of conso.	12/31/2012	
					% of interest	% of control
Franprix Holding SA	75016 Paris	Food and general retailing	955,200,621	FC	49.1	100.0
H2A SAS	92700 Colombes	Financial	437,812,316	FC	49.1	100.0
HD Rivière	31000 Toulouse	Holding	512,538,190	FC	49.1	100.0
Leader Price Holding SA	75016 Paris	Food and general retailing	419,695,341	FC	49.1	100.0
Groupe Nougein	75008 Paris	Food and general retailing	521,315,770	EM	24.0	49.0
Patrick Fabre Distribution SAS	75006 Paris	Holding	510,748,734	FC	49.1	100.0
Groupe Planes	11000 Carcassonne	Food and general retailing	750,177,974	EM	17.7	36.0
Pro Distribution SA	92370 Chaville	Holding	422,464,313	FC	29.4	60.0
R.L.P. Investissement SARL	77220 Gretz-Armainvilliers	Food and general retailing	392,077,954	FC	49.1	100.0
Sarjel SAS	94100 St-Maur-des-Fossés	Financial	389,376,023	FC	29.4	60.0
Sédifrais SA	95560 Montsoult	Food and general retailing	341,500,858	FC	47.6	100.0
SI2M SAS	93500 Pantin	Holding	501,678,312	EM	24.0	74.0
Sodigestion SA	92000 Nanterre	Financial	441,740,917	FC	29.4	60.0
Groupe Sofigep	92500 Rueil-Malmaison	Food and general retailing	338,884,976	FC	49.1	100.0
Groupe Sud-Est	94430 Chennevières-sur-Marne	Food and general retailing	524,094,224	FC	49.1	100.0
Surgenord SAS	93500 Pantin	Holding	329,492,102	FC	47.6	100.0
Taleb	91000 Évry	Holding	522,265,941	FC	29.4	60.0
Volta 10	92100 Boulogne-Billancourt	Real estate	523,767,622	FC	25.0	51.0
Mercialys SA*	**75016 Paris**	**Real estate**	**424,064,707**	**FC**	**19.8**	**40.3**
Agout SNC	42000 Saint-Étienne	Real estate	497,952,812	FC	19.8	100.0
Caserne de Bonne (La) SCI	75008 Paris	Real estate	477,667,976	FC	19.8	100.0
Centre commercial Kerbernard SCI	42000 Saint-Étienne	Real estate	777,501,396	FC	19.4	98.3
Chantecouriol SNC	42000 Saint-Étienne	Real estate	499,849,487	FC	19.8	100.0
Corin Asset Management SAS	20600 Furiani	Real estate	492,107,990	PC	7.9	40.0
Dentelle SNC	42000 Saint-Étienne	Real estate	498,780,345	FC	19.8	100.0
Diane (La) SCI	13100 Aix-en-Provence	Real estate	424,153,815	FC	19.8	100.0
Géante Périaz SNC	42000 Saint-Étienne	Real estate	498,760,396	FC	19.8	100.0
Mercialys Gestion SAS	42000 Saint-Étienne	Real estate	484,531,561	FC	19.8	100.0
Point Confort SA	42000 Saint-Étienne	Real estate	306,139,064	FC	19.8	100.0
Salins (Les) SAS	42000 Saint-Étienne	Real estate	493,244,594	FC	19.8	100.0
Timur SCI	42000 Saint-Étienne	Real estate	382,921,773	FC	19.8	100.0
Vendolonne SNC	42000 Saint-Étienne	Real estate	483,813,937	FC	19.8	100.0

* Listed companies.
(1) Alamea Investments is a Luxembourg limited company 95% owned by a bank and 5% owned by the Casino Group. This company is a structured ad hoc entity and due to the characteristics of the structure in place is fully consolidated.
(2) The Casino Group holds 52.45% of the voting rights of the Wilkes company.
(3) By controlling Wilkes (GPA's holding company), the Casino Group directly controls 99.94% of GPA's voting rights. Mr. Abilio Diniz has protective veto rights within Wilkes.
(4) Although GPA only owns a 10% stake in Novasoc, this company is fully consolidated as GPA hold 99.98% of Novasoc's voting rights in accordance with the shareholders' pact.
(5) FIC and BINV finance the purchases of GPA's customers. These entities are the result of a partnership between Banco Itaú Unibanco S.A ("Itaú Unibanco"), GPA, and Via Varejo and are consolidated using the equity method as GPA only has a significant influence on the direction of the company's operational and financial policies.
(6) Batira is proportionally consolidated even though GPA only holds, via its NCB subsidiary, 25% of the voting rights. The remaining 75% is owned by the Klein family through the Casa Bahia Comercial Ltda. ("Casa Bahia") ("Casa Bahia"). GPA and the Klein family signed a partnership agreement establishing joint control of this subsidiary which states that all operational or financial decisions must be unanimously approved by the partners.

STATUTORY AUDITORS' REPORT

on the consolidated financial statements

Year ended December 31, 2012

To the Shareholders,

In compliance with the audit engagement entrusted to us by your General Meetings, we hereby present to you our report for the year ended December 31, 2012, on:

- the audit of Rallye's consolidated financial statements, as attached to this report;
- the justification of our assessment;
- the specific verification required by law.

The consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

I. OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the annual financial statements are free of material misstatement. An audit includes examining, by audit sampling or other selective testing procedures, evidence supporting the amounts and disclosures appearing in the consolidated financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the evidence collected provides a sufficient and appropriate basis for our opinion.

In our opinion, the consolidated financial statements for the year present a true and fair view, in accordance with IFRS as adopted by the European Union, of the net assets, financial position, and results of operations of the group of persons and entities included in the consolidation.

II. JUSTIFICATION OF THE ASSESSMENT

In accordance with the requirements of Article L. 823-9 of the French Commercial Code with respect to the justification of our assessments, we draw your attention to the following matters:

CHANGES IN SCOPE OF CONSOLIDATION

- Note II 2.3 to the consolidated financial statements describes the accounting treatment of the takeover of the GPA group. Our work involved assessing the data which forms the basis of the estimate of the provisional value of assets, liabilities, acquired contingent liabilities, and goodwill, as well as the revaluation value of the previously-owned share in GPA, examining the calculations carried out by the Group, and verifying the accounting treatment applied.
  We have also assessed the related information provided in the notes to the consolidated financial statements.
- Note II 1.2 to the consolidated financial statements describes the accounting treatment of the method of consolidation applied to Mercialys and its recognition as "Assets held for sale" in the financial statements for the year ended December 31, 2012. We have assessed the legal and factual situation between the Group and Mercialys as of December 31, 2012, which underpins the appropriate nature of this accounting treatment. Our work also included verifying the correct accounting treatment of Mercialys' assets and liabilities in accordance with IFRS 5 "Non-current assets held for sale and discontinued operations" and assessing the related information in Note 10.2 to the consolidated financial statements.

ACCOUNTING ESTIMATES

The Group has made a number of estimates and assumptions concerning the impairment of goodwill, real estate assets and non-current assets (Notes 1.17 and 16). The recoverable amount of non-current assets is determined, among other things, based on the forecast of future results and cash flows derived from the multi-year financial plans approved by management, and, for the Brazilian subsidiary GPA, based on the stock market price at year end.

We examined the consistency of the assumptions made and the quantitative expressions thereof as well as the documentation available to us and verified, based on this information, the appropriate nature of the assumptions made by the Group.

The assessments thus made are part of our audit procedure for the consolidated financial statements, taken as a whole, and thus contributed to the formation of our opinion, expressed in the first section of this report.

III. SPECIFIC VERIFICATION

We have also, in accordance with auditing standards applicable in France, performed the specific verification required by law regarding information relating to the Group, as provided in the management report.

We have no matters to report regarding its fair presentation and consistency with the consolidated financial statements.

Paris-La Défense, March 28, 2013

The Statutory Auditors

KPMG Audit

A division of KPMG S.A.

Patrick-Hubert Petit

ERNST & YOUNG et Autres

Pierre Bourgeois

INDIVIDUAL COMPANY FINANCIAL STATEMENTS

Income Statement

–

(In € millions)	Note	2012	2011
Net revenue	1	1.9	**2.2**
Other purchases and external expenses		(17.4)	(22.8)
Taxes		(0.6)	(0.6)
Payroll expenses		(7.3)	(8.4)
Net allocations (reversals) to amortization and provisions		(9.5)	(2.3)
Other net operating expenses		(0.3)	(0.3)
Operating income (loss)	1	(33.2)	**(32.2)**
Financial income		391.6	370.2
Financial expenses		(234.3)	(297.7)
Net financial income (loss)	2	157.3	**72.6**
Income from current operations before tax		124.1	**40.4**
Extraordinary reversals (allocations) of provisions		(0.6)	(0.1)
Extraordinary income (expenses) from management transactions			0.1
Extraordinary income (expenses) on share capital transactions		46.6	39.8
Net extraordinary income (loss)	3	46.0	**39.8**
Income tax	4	(0.2)	
Net income (loss)		169.9	**80.3**

INDIVIDUAL COMPANY FINANCIAL STATEMENTS

Balance Sheet

ASSETS

(In € millions)	Notes	Gross	Amortization and depreciation	2012 Net	2011 Net
Intangible fixed assets	5	18.2	0.3	17.9	40.9
Tangible fixed assets	5	1.2	0.8	0.4	0.4
Financial investments	6-8-11	3,087.7	478.5	2,609.2	2,281.5
Total fixed assets		**3,107.1**	**479.6**	2,627.5	**2,322.8**
Receivables	7-11	2,173.3		2,173.3	2,538.9
Marketable securities	8	14.7	1.1	13.6	10.1
Cash and cash equivalents	8	0.1		0.1	0.2
Total current assets		**2,188.1**	**1.1**	2,187.0	**2,549.1**
Prepaid expenses	9	0.4		0.4	0.8
Deferred bond issue costs	9	17.0		17.0	22.5
Bond redemption premiums	9	3.0		3.0	4.4
Currency conversion differences		4.9		4.9	
Total assets		**5,320.4**	**480.7**	4,839.6	**4,899.6**

EQUITIES AND LIABILITIES

(In € millions)	Notes	2012	2011
Share capital		146.1	139.4
Share issue premiums		1,439.1	1,398.1
Reserves		75.7	75.1
Retained earnings		94.9	98.1
Interim dividend		(37.3)	(35.6)
Net income for the fiscal year		169.9	80.3
Total shareholders' equity	10	1,888.4	**1,755.3**
Provisions	11	138.5	110.6
Borrowings and loans	12	2,779.6	3,020.2
Accounts payable	13	6.5	6.8
Other debt	13	26.7	5.6
Total debt		2,812.7	**3,032.6**
Prepaid income			0.1
Currency conversion differences			1.0
Total equity and liabilities		4,839.6	**4,899.6**

INDIVIDUAL COMPANY FINANCIAL STATEMENTS

Cash Flow Statement

(In € millions)	2012	2011
Cash flow from operating activities:		
Net income	169.9	**80.3**
Elimination of expenses and income without effect on cash flow or not related to operating activities:		
• Amortization, depreciation and provisions	41.7	88.8
• Capital gains on disposals net of tax	(50.2)	(39.8)
• Dividends paid in shares	(34.5)	
Gross margin from self-financing	126.9	**129.3**
Variation in working capital requirements related to the operating activity		
• Net inventories		
• Net operating receivables	0.4	6.7
• Non-operating receivables	42.4	(42.4)
• Accounts payable	5.5	(13.9)
Net cash flow from operating activities (A)	175.2	**79.7**
Cash flow from investment activities:		
Acquisition of tangible and intangible fixed assets	(0.1)	
Disposable of tangible and intangible fixed assets		
Acquisition of financial investments	(432.2)	(341.1)
Disposal of financial investments	202.5	84.8
Net cash flow from investment activities (B)	(229.8)	**(256.3)**
Cash flow from financing activities:		
Dividends paid to Company shareholders	(36.1)	(24.8)
Capital increases in cash	0.3	0.7
Capital repayment		
Change in treasury shares	2.6	(10.6)
Loan issues	148.2	368.5
Loan redemptions	(385.0)	(450.2)
Variation in accrued interest	20.2	(19.7)
Current account advances to Company subsidiaries	317.1	(286.9)
Net cash flow from financing activities (C)	67.3	**(423.0)**
Increase (decrease) in cash and cash equivalents (A+B+C)	12.7	**(599.6)**
Cash at beginning of period (D)	(9.5)	590.1
Cash at end of period (E)	3.2	(9.5)
Increase (decrease) in cash and cash equivalents (E-D)	12.7	**(599.6)**

INDIVIDUAL COMPANY FINANCIAL STATEMENTS

Notes to Rallye financial statements

I. ACCOUNTING RULES AND METHODS

The financial statements have been prepared in accordance with the principles, standards and methods set out in the French National Chart of Accounts issued in 1999, in conformity with Regulation No. 99-03 of the French Accounting Regulations Committee (CRC).

Information which is not mandatory appears only if it is of significant importance. Accounting entries are valued on the basis of the historical cost method.

1.1 • TANGIBLE AND INTANGIBLE FIXED ASSETS

Tangible and intangible fixed assets appear on the balance sheet at their acquisition or contribution value. Financial amortization of fixed assets is measured on a straight-line basis over the following periods:

Type of assets	Amortization period
Software	1 year
Office furniture and equipment	2 to 10 years
Transportation equipment	4 years
Fittings and improvements	10 years

In accordance with CRC Regulation 2004-01, merger losses must be recorded under intangible fixed assets.

1.2 • FINANCIAL INVESTMENTS

SHARE INVESTMENTS

Share investments appear in the balance sheet at their acquisition or contribution value and are subject to a provision for depreciation when the value in use is less than their book value.

Rallye measures the value in use of its share investments on the basis of several criteria, including net worth, revalued net asset value, present value of financial income less debt, stock market price and external appraisals. Impairment of the current account or provisions for contingencies may be recorded when a subsidiary has negative shareholders' equity.

OTHER FINANCIAL INVESTMENTS

Loans and receivables and other long-term investments are recorded in the balance sheet at their acquisition cost under "Other financial investments." Impairment losses are recorded when their expected net realizable value is lower than their book value.

With regard to Rallye shares acquired in connection with buyback arrangements, the expected net realizable value is the average share price over the last twenty days of the fiscal year.

1.3 • RECEIVABLES

Receivables are recorded under assets at their nominal value. An allowance for impairment is recorded when their fair value, based on recoverability, is lower than their book value.

1.4 • MARKETABLE SECURITIES

Marketable securities are recognized at their acquisition value. Impairment is recorded when their market value is lower than:

- the average share price from the last twenty days of the fiscal year for treasury shares;
- and the year-end net asset value for other marketable securities.

Impairments are not recorded for treasury shares and allocated to bonus share and stock option plans, owing to the existing allocation commitments toward employees and to the contingency provision recognized as a liability.

1.5 • DEFERRED BOND ISSUE COSTS

Issue costs of borrowings and bonds are spread out over the life of the issue, in line with scheduled redemption.

1.6 • CURRENCY CONVERSION DIFFERENCES

Receivables and debts denominated in foreign currencies are converted at the closing exchange rate. Any differences which may arise between the amounts originally recorded and the amounts as converted at the closing exchange rate are booked under unrealized foreign exchange rate gains and losses. When the Company can justify an overall foreign exchange position because due dates are close, unrealized gains and losses may be offset, and only the net loss will be subject to a provision.

1.7 • PROVISIONS

In accordance with CRC Regulation No. 2000-06 covering liabilities, provisions are recorded for the liabilities and contingencies arising from the Company's obligations toward third parties, which are expected to result in the use of resources without any consideration in return.

Provisions for retirement obligations reflect the forecast liability based on the aggregate rights vested by employees, in accordance with National Accounting Board (CNC) Recommendation 2003 R-01. This provision was calculated using the projected unit credit method and taking into account social security charges. As of December 31, 2012, the provision stood at €319,777.

Provisions may be made for conditional redemption premiums on bond issues if the payment of the premium becomes likely. The provision is spread out over the life of the issue. The Company has assessed the need to provision redemption premiums, in particular, taking into account the maturity date of the bonds and the difference between the current market price of the underlying shares and the redemption value of the bonds.

The Company has granted bonus share allocation plans and as such, booked a provision equal to the acquisition cost of shares that should be allocated according to the terms of the plan as of the date of closure. This provision is established in accordance with CRC Regulation 2008-15 of December 4, 2008.

The Company has put interest rate financial instruments in place. Provisions may be made for instruments that do not qualify as hedging instruments, provided they are likely to show unrealized losses.

The provision for taxes regards a tax dispute affecting the years 1992 to 1994 and reflects the assessment of the associated financial risk, based on the current status of legal proceedings.

Other provisions are made for specific risks and expenses. The amount of the provisions is given in Note 11 to the parent company financial statements.

1.8 • DEBT

Accounts payable and other debts are recorded at nominal value under liabilities.

1.9 • FINANCIAL INSTRUMENTS

As part of the management of its exposure to interest rate risk, Rallye uses various derivative interest rate instruments. Income and expenses relating to financial instruments are included on an accrual basis in the income statement for the period. When hedge accounting is not applied, a provision is made for unrealized net losses from the estimated market value of financial instruments.

Financial instruments that qualify as hedging instruments are included in off-balance sheet commitments at their nominal value.

1.10 • INCOME FROM CURRENT OPERATIONS

Income from current operations corresponds to the income and expenses arising from the Company's ordinary operations, as well as operations following on from such activities.

1.11 • NET EXTRAORDINARY INCOME (LOSS)

Net extraordinary income (loss) includes the income and expenses arising from transactions outside the Company's ordinary operations, as well as income and expenses of material amounts.

1.12 • INCOME TAX

Rallye has opted for tax consolidation and assumes the income tax due for the consolidated group. As of December 31, 2012, the Group comprised 12 companies.

The tax consolidation agreement signed between Rallye and its subsidiaries sets out the methods for sharing the tax burden among the companies, as follows:

- Rallye personally and finally bears the cost of corporate tax, additional income tax payments, as well as taxes on capital gains made by its subsidiaries included in the tax consolidation group;
- subsidiaries that are included in the tax consolidation group shall pay Rallye the portion of annual minimum tax (IFA) due on their behalf;
- in the event that a subsidiary leaves the tax consolidation group, Rallye is solely liable for the payment of tax and any other payments, which may be due. Rallye may compensate the exiting subsidiary for additional taxes, which might be due as a result of its having belonged to the Group.

II. FISCAL YEAR HIGHLIGHTS

RALLYE BOOSTED ITS SHAREHOLDERS' EQUITY BY USING THE OPTION TO PAY THE BALANCE OF THE 2011 DIVIDEND AND THE INTERIM 2012 DIVIDEND IN RALLYE SHARES

The Shareholders' Meeting of May 23, 2012, decided that the balance of the 2011 dividend amounting to €1.03 could, at the shareholder's discretion, be received in cash or in new Company shares. Rights were exercised for payment in shares at a level of 35.3%.

In accordance with the authorization given by the Shareholders' Meeting, the Board meeting of September 6, 2012, decided on the payment of an interim dividend for 2012 of €0.80 per share. The Board of Directors also decided that payment of this interim dividend could, at the shareholder's discretion, be received in cash or in new Company shares. Rights were exercised for payment in shares at a level of 85.1%.

These transactions enabled Rallye to boost its shareholders' equity by €48.4 million by issuing 774,497 new shares for the balance of the 2011 dividend, and 1,501,723 new shares for the 2012 interim dividend.

DISSOLUTION OF MATIMMOB 1 WITH FULL TRANSFER OF ASSETS AND LIABILITIES

Rallye, acting as sole shareholder of Matimmob 1, decided to dissolve the company without liquidation with the full transfer of assets and liabilities as of October 29, 2012.

III. POST-BALANCE-SHEET EVENTS

None.

IV. COMMENTS REGARDING CERTAIN LINE ITEMS

NOTE 1 • OPERATING INCOME (LOSS)

1.1 | BREAKDOWN

(In € millions)	2012	2011
Revenue	1.9	2.2
Provision reversals		9.6
Operating income	**1.9**	**11.8**
Other purchases and external expenses	17.4	22.8
Taxes	0.6	0.6
Payroll expenses	7.3	8.4
Amortization, depreciation and provisions	9.5	11.9
Other operating expenses	0.3	0.3
Operating expenses	**35.1**	**44.0**
Operating income (loss)	**(33.2)**	**(32.2)**

1.2 | OPERATING INCOME

Revenue is generated for the most part in France and comprises services to subsidiaries:

(In € millions)	2012	2011
Services	1.1	0.7
Financial services	0.8	1.5
Revenue	**1.9**	**2.2**

1.3 | OPERATING EXPENSES

Transfers of expenses were allocated according to type of expense based on the following details:

(In € millions)	2012	2011
Other purchases and external expenses[1]	2.4	11.6
Payroll expenses	0.9	0.7
Transfers of operating expenses	**3.3**	**12.3**

(1) These transfers of expenses relate to bond issue costs of €1.8 million in 2012 and €11.5 million in 2011.

Other purchases and external expenses mainly include bank commissions and fees.

Other operating expenses mainly relate to directors' fees awarded to the Company's directors.

1.4 | WORKFORCE AND COMPENSATION PAID TO MEMBERS OF ADMINISTRATIVE AND MANAGEMENT BODIES

	2012	2011
Managerial staff	19	19
Other staff	11	12
Total average workforce	**30**	**31**
Compensation paid to executives *(in € millions)*	0.3	0.3

NOTE 2 • FINANCIAL INCOME (LOSS)

(In € millions)	2012	2011
Dividends	235.2	119.3
Provision reversals	1.8	15.4
Other interests and similar income	150.6	233.7
Foreign exchange gains	0.5	
Net income from disposals of securities	3.5	1.8
Financial income	391.6	**370.2**
Interest and similar expenses	200.9	195.9
Financial provision allowances	33.4	101.8
Financial expenses	234.3	**297.7**
Net financial income (loss)	157.3	**72.6**

For fiscal year 2012, dividends included €68.9 million from Casino and €166.1 million from L'Habitation Moderne de Boulogne.

Interest, income and similar expenses relate to the following:

- payment on current accounts with subsidiaries of €136.6 million;
- loans and exchange rate hedging operations of €160.8 million;
- interest rate financial instruments of €28.3 million;
- and miscellaneous financial income and expenses of €6.4 million.

Allocations and reversals of financial provisions mainly relate to the following:

- impairment of share investments of €6.4 million (see Note 6.2);
- bond redemption premiums of €7.1 million;
- interest rate financial instruments of €19.5 million.

NOTE 3 • EXTRAORDINARY INCOME

(In € millions)	2012	2011
Income from disposals of financial investments	46.6	39.8
Provision reversals (allocations)	(0.6)	(0.1)
Other extraordinary income/(expenses)		0.1
Net extraordinary income (loss)	46.0	**39.8**

Income from the disposal of financial investments relates to the disposal of Casino shares and treasury shares (see Note 6.2).

NOTE 4 • CORPORATE INCOME TAX

As the head of the tax consolidation group, Rallye is personally and ultimately liable for tax on the companies in the Group.

For fiscal year 2012, a corporate income tax charge of €0.2 million was recognized, which corresponded to 3% of distributed income.

Rallye's corporate income tax charge would have been the same if it were not consolidated for tax purposes.

4.1 | BREAKDOWN OF TAXATION BETWEEN OPERATING INCOME AND EXTRAORDINARY INCOME

Tax relating to current operating and extraordinary income, which takes into account the tax adjustments specific thereto, breaks down as follows:

(In € millions)	Income before tax	Tax due	Income after taxes
Income from current operations	124.1	(0.2)	123.9
Net extraordinary income (loss)	46.0		46.0

4.2 | UNREALIZED TAX

Tax losses carried forward totaling €1,952.3 million as of December 31, 2012, are recorded within the tax consolidation group and may be carried forward indefinitely.

Long-term capital losses that may be carried forward amounted to €7 million. They were recorded by the tax consolidation group and may be charged against long-term capital gains of the same nature, taxable at 15%.

Tax carry-forward expiry dates are as follows:

(In € millions)	2012	2011
December 31, 2017	0.7	0.7
December 31, 2018	1.4	1.4
December 31, 2019	1.3	1.3
December 31, 2020	1.7	1.7
December 31, 2021	0.8	0.8
December 31, 2022	1.1	
Long-term capital losses that may be carried forward (taxable at 15%)	**7.0**	**5.9**

NOTE 5 • TANGIBLE AND INTANGIBLE FIXED ASSETS

5.1 | BREAKDOWN

(In € millions)	2012	2011
Gross intangible fixed assets	18.2	41.2
Amortization	(0.3)	(0.3)
Net value of intangible fixed assets	**17.9**	**40.9**
Land	0.1	0.1
Buildings	0.6	0.6
Other tangible fixed assets	0.5	0.5
Gross tangible fixed assets	**1.2**	**1.2**
Amortization	(0.8)	(0.8)
Net value of tangible fixed assets	**0.4**	**0.4**
Net tangible and intangible fixed assets	**18.3**	**41.3**

5.2 | VARIATION

(In € millions)	Gross	Amortization	Net
As of January 1, 2011	**2.6**	**(0.9)**	**1.7**
Increases	50.4	(0.2)	50.2
Decreases	(10.6)		(10.6)
As of December 31, 2011	**42.4**	**(1.1)**	**41.3**
Increases	0.1	(0.1)	
Decreases	(23.1)	0.1	(23.0)
As of December 31, 2012	**19.4**	**(1.1)**	**18.3**

The decreases in intangible fixed assets for the fiscal year relate to the recognition in income of the merger loss allocated to Casino shares disposed of during the period.

NOTE 6 • FINANCIAL INVESTMENTS

6.1 | BREAKDOWN

(In € millions)	2012	2011
Share investments	3,087.0	2,751.0
Impairment	(478.5)	(472.0)
Net value of share investments	2,608.5	**2,279.0**
Other financial investments	0.7	2.7
Impairment		(0.2)
Net value of other financial investments	0.7	**2.5**
Net financial investments	2,609.2	**2,281.5**

6.2 | VARIATION

(In € millions)	Gross	Provisions	Net
As of January 1, 2011	**1,988.4**	**(438.1)**	**1,550.3**
Increases	1,000.9	(34.8)	966.1
Decreases	(235.6)	0.8	(234.8)
As of December 31, 2011	**2,753.7**	**(472.2)**	**2,281.5**
Increases	442.1	(6.5)	435.6
Decreases	(108.1)	0.2	(107.9)
As of December 31, 2012	3,087.7	(478.5)	2,609.2

In 2011, increases and decreases in financial investments are explained by the following:

- acquisition of Casino shares for €211.1 million;
- subscription to increase the share capital of Parande of €130 million;
- acquisition of L'Habitation Moderne de Boulogne shares for €186.7 million following the merger of Kerrous by Rallye;
- acquisition of Rallye shares as part of the liquidity agreement for €20.7 million;
- disposal of Casino shares for €29.3 million;
- cancellation of Kerrous shares following the merger with Rallye for €187.6 million;
- disposal of Rallye shares as part of the liquidity agreement for €18.7 million.

In 2012, increases in financial investments are explained by the following:

- acquisition of Casino shares for €411.9 million;
- subscription to increase the share capital of Groupe GO Sport of €20.3 million;
- acquisition of Rallye shares as part of the liquidity agreement for €9.9 million.

The decreases in financial investments are explained by the following:

- disposal of Casino shares for €95.5 million;
- cancellation of Matimmob 1 shares following the dissolution of the company for €0.8 million;
- disposal of Rallye shares as part of the liquidity agreement for €11.9 million.

The allocation of provisions mainly relates to Parande shares for €6.1 million and Miramont Finance et Distribution shares for €0.4 million.

NOTE 7 • RECEIVABLES

The amounts and maturities of net receivables reported under balance sheet assets are as follows:

(In € millions)	2012	2011
Receivables booked to fixed assets	0.1	**0.1**
Trade receivables and related accounts	136.3	152.7
Current accounts	2,032.9	2,340.6
Other operating receivables	4.1	3.3
Receivables for disposals of fixed assets		42.3
Current receivables	2,173.3	**2,538.9**
Net receivables	2,173.4	**2,539.0**
of which: up to 1 year	*2,173.3*	*2,538.9*
over 1 year	*0.1*	*0.1*

The current account advances made by Rallye to its subsidiaries are part of the Group's centralized cash management system. They are due within one year.

NOTE 8 • NET CASH POSITION

8.1 | MARKETABLE SECURITIES

(In € millions)	2012	2011
Treasury shares	11.4	12.5
Marketable securities	3.3	
Gross value	14.7	**12.5**
Impairment	(1.1)	(2.4)
Net value	13.6	**10.1**

As of December 31, 2012, «Treasury shares» comprised 567,431 Rallye shares intended to cover stock option and bonus share plans.

8.2 | TREASURY SHARES

	2012			2011
	Marketable securities	Financial investments	Total	
Number of shares held:				
As of January 1	641,936	86,750	728,686	**649,930**
Cancellations	(74,505)		(74,505)	
Purchases		424,471	424,471	863,462
Sales		(511,221)	(511,221)	(784,706)
As of December 31	567,431		567,431	**728,686**
GROSS VALUE OF SHARES HELD *(in € millions)*				
As of January 1	12.5	2.0	14.5	**8.9**
Cancellations	(1.1)		(1.1)	
Purchases		9.9	9.9	26.9
Sales		(11.9)	(11.9)	(21.3)
As of December 31	11.4		11.4	**14.5**

In connection with the liquidity agreement entered into by Rallye and Rothschild & Cie Banque in June 2005, the Company acquired 424,471 and sold 511,221 Rallye shares.

During 2012, 74,505 Rallye shares were canceled to cover the dilution associated with the exercise of stock options.

8.3 | NET CASH POSITION

(In € millions)	2012	2011
Marketable securities	3.3	
Impairment		
Net value	3.3	
Cash and cash equivalents	0.1	0.2
Bank overdrafts	(0.2)	(9.7)
Net cash position	3.2	**(9.5)**

NOTE 9 • ADJUSTMENTS ACCOUNTS AND SIMILAR

(In € millions)	2012	2011
Prepaid expenses	0.4	0.8
Deferred bond issue costs	17.0	22.5
Bond redemption premiums	3.0	4.4
Currency conversion differences	4.9	
Adjustments accounts and similar	25.3	**27.7**

Borrowings issuance costs and bond redemption premiums are amortized over the life of the debt and credit lines or are based on the debt redemption schedule.

NOTE 10 • SHAREHOLDERS' EQUITY

10.1 | BREAKDOWN

As of December 31, 2012, share capital totaled at €146,074,734 comprising 48,691,578 shares with a par value of €3.

(In € millions)	2012	2011
Share capital	146.1	139.4
Share, merger and contribution premiums	1,439.1	1,398.1
Legal reserve	13.9	13.3
Regulated reserves	1.4	1.4
Other reserves	60.4	60.4
Retained earnings	94.9	98.1
Interim dividend	(37.3)	(35.6)
Net income for the year	169.9	80.3
Shareholders' equity	**1,888.4**	**1,755.3**

10.2 | CHANGES IN SHAREHOLDERS' EQUITY

(In € millions)	2012	2011
As of January 1	1,755.3	**1,699.2**
Capital increase/decrease	6.7	6.5
Share premium	41.0	49.8
Other movements		
Dividend paid	(84.4)	(80.4)
Net income for the year	169.9	80.3
As of December 31	1,888.4	**1,755.3**

The increase in share capital and share premium is a result of the creation of:

- 774,497 shares as a result of the option for payment of the balance of the 2011 dividend in shares;
- 1,501,723 shares as a result of the option for payment of the interim 2012 dividend in shares;
- 23,703 shares as a result of the exercising of stock options; and
- the cancellation of 74,505 shares, authorized by the Board of Directors on May 23, 2012.

10.3 | CHANGES IN CAPITAL BY NUMBER OF SHARES

	2012	2011
Number of shares as of January 1	46,466,160	**44,300,003**
Cancellation of shares	(74,505)	
Exercise of stock options	23,703	50,802
Payment of dividend in shares	2,276,220	2,115,355
Number of shares as of December 31	48,691,578	**46,466,160**

10.4 | SHARE EQUIVALENTS

— *Stock option plans*

Type of plan	Subscription	Subscription	Subscription	Subscription	Subscription
Grant date	10/01/2007	04/23/2008	04/27/2009	12/09/2009	09/06/2010
Maturity date	03/31/2013	10/23/2013	10/26/2014	06/08/2015	03/05/2016
Number of options initially awarded	181,127	258,091	310,521	12,000	124,485
Number of options that may be issued or purchased	127,520	182,991	153,275	12,000	122,749
Number of options exercised			74,505		
Number of options canceled	53,607	75,100	82,741		1,736
Exercise price, in €	48.73	43.15	14.24	24.62	26.44
Value of options at time of grant, in €	10.16	8.74	1.55	5.90	5.99

All of the option plans were granted without performance-based conditions, but beneficiaries are required to be employed within the Group.

— *Bonus share allocation plans*

Grant date	09/06/2010	06/08/2011	05/23/2012
End of share acquisition period	03/06/2013	06/08/2014	05/23/2015
End of share retention period	03/06/2015	12/08/2016	05/23/2017
Number of shares initially awarded	143,195	133,032	185,883
Number of shares that may be issued or purchased	137,587	132,719	185,883
Number of shares canceled	5,608	313	
Value of shares at time of grant, in €	19.86	24.06	15.66
Conditions of presence	Yes	Yes	Yes
Performance conditions	Yes	Yes	Yes

As of December 31, 2012, 456,189 Rallye shares were allocated to cover bonus share allocation plans, and a liability provision of €3.4 million was recorded.

NOTE 11 • PROVISIONS

11.1 | BREAKDOWN

(In € millions)	Contingent liabilities			
	Tax litigation	Redemption premiums	Miscellaneous risks	Total
As of January 1, 2011	**2.9**	**43.0**	**17.0**	**62.9**
Provisions		5.6	58.9	64.5
Reversals			(16.8)	(16.8)
As of December 31, 2011	**2.9**	**48.6**	**59.1**	**110.6**
Provisions		5.6	22.6	28.2
Reversals			(0.3)	(0.3)
As of December 31, 2012	**2.9**	**54.2**	**81.4**	**138.5**

The contingency provision for tax litigation regards a tax dispute affecting the years 1992 to 1994.

As of December 31, 2012, the provision relating to redemption premiums concerns a bond in the amount of €299.1 million. The provision for the year was prorated over the life of the bond.

The provision for miscellaneous risks relates in particular to bonus share plans, financial instruments and pension commitments.

11.2 | VARIATION

(In € millions)	2012	2011
As of January 1	110.6	**62.9**
Provisions	28.2	64.5
Reversals	(0.3)	(16.8)
As of December 31	138.5	**110.6**
Of which operational	*2.2*	*(0.8)*
Of which financial	*25.1*	*48.4*
Of which extraordinary	*0.6*	*0.1*

NOTE 12 • FINANCIAL DEBTS

12.1 | BREAKDOWN OF FINANCIAL DEBTS

(In € millions)	2012	2011
Bank borrowings	755.4	1,138.0
Bonds exchangeable for Casino shares	304.0	304.0
Other bonds	1,719.9	1,568.5
Spot credit lines		
Other financial debt	0.3	9.7
Borrowings and loans[(1)]	2,779.6	**3,020.2**
of which: fixed-rate	*2,023.9*	*1,872.5*
variable rate	*755.7*	*1,147.7*

(1) Of which expenses payable of €95.1 million as of December 31, 2012.

12.2 | MATURITY OF FINANCIAL DEBTS

(In € millions)	2012	2011
Up to 1 year	639.6	556.1
1-5 years	1,940.0	2,264.1
Over 5 years	200.0	200.0
Total	**2,779.6**	**3,020.2**

As of December 31, 2012, Rallye had €1,500 million in unused credit lines.

The element of borrowings and debts payable within one year to credit institutions relates to:

- an exchangeable bond of €299.1 million maturing on July 1, 2013;
- financing of €175 million maturing in March and June 2013;
- confirmed credit lines of €70 million;
- accrued interest as of December 31, 2012, of €95.2; and
- a bank overdraft of €0.3 million.

12.3 | BOND FEATURES

— *Bonds exchangeable for Casino shares*

	Bonds exchangeable until 2013
Total par value	€300 million
Issue date	April 2003
Annual interest rate	3.25%
Par value	€80
Normal maturity	July 1, 2013
Redemption value	€95.256
Exchange	1.0653 shares for one bond(1)
Quotation	Yes
Number of bonds outstanding:	
• at issuance	3,750,000
• as of December 31, 2012	3,738,946

(1) The exchange option may be exercised up until June 20, 2013.

— *Other bonds/private placements*

	2014 bonds	2015 bonds	2016 bonds	2018 bonds
Total par value	€500 million	€500 million	€500 million	€150 million
Issue date	March 2010	October 2009	November 2009	October 2012
Annual interest rate	5.875%	8.375%	7.625%	5.000%
Par value	€50,000	€50,000	€50,000	€100,000
Normal maturity	March 24, 2014	January 20, 2015	November 4, 2016	October 15, 2018
Redemption value	€50,000	€50,000	€50,000	€100,000
Quotation	Yes	Yes	Yes	Yes
Number of bonds outstanding:				
• at issuance	10,000	10,000	10,000	1,500
• as of December 31, 2012	10,000	10,000	10,000	1,500

NOTE 13 • ACCOUNTS PAYABLE AND OTHER DEBTS

(In € millions)	2012	2011
Accounts payable[(1)]	**6.5**	**6.8**
Current accounts	1.8	4.9
Other debts[(2)]	24.9	0.7
Other debts	**26.7**	**5.6**
of which: up to 1 year	*33.2*	*12.4*
over 1 year		

(1) Of which expenses payable of €1.5 million as of December 31, 2012.
(2) Of which expenses payable of €2.5 million as of December 31, 2012.

The loans received from Rallye's subsidiaries are paid into the current account as part of the Group's centralized cash management system.

NOTE 14 • OFF-BALANCE-SHEET INFORMATION

14.1 | COMMITMENTS RELATED TO CURRENT OPERATIONS

(In € millions)	2012	2011
Securities and bank guarantees pledged	100.8	150.2
Bond redemption premiums	2.8	8.4
Other commitments given	21.6	16.1
Total commitments given	**125.2**	**174.7**
Unused confirmed credit lines	1,500.0	1,605.0
Other commitments received	3.9	4.1
Total commitments received	**1,503.9**	**1,609.1**

Rallye also guarantees its investment subsidiaries in connection with currency forward transactions concluded with leading financial institutions.

14.2 | MATURITY SCHEDULE OF CONTRACTUAL OBLIGATIONS

(In € millions)	< 1 year	1 to 5 years	> 5 years	Total
Financial debt	639.6	1,940.0	200.0	2,779.6
Operating leases	0.9			0.9
Total	**640.5**	**1,940.0**	**200.0**	**2,780.5**

14.3 | INDIVIDUAL TRAINING RIGHTS

As of December 31, 2012, commitments for individual training rights amounted to 2,552 hours. The rights used over the year represent 150 hours.

NOTE 15 • RISK EXPOSURE

15.1 | INTEREST RATE RISKS

Financial debt, for which the amount outstanding was €2,684.1 million as of December 31, 2012, is at fixed rate for €1,949.1 million and at a variable rate for €735 million.

As of December 31, 2012, the market value of interest rate financial instruments not classified as hedging was €77 million.

15.2 | LIQUIDITY RISKS

Rallye has significant confirmed credit lines. As of December 31, 2012, these unused confirmed credit lines amounted to €1,500 million.

Loans and credit lines may result in a pledge of Casino shares. As of December 31, 2012, there were 5,186,329 Casino common shares pledged to financial institutions as collateral for various loans and credit lines.

Some bank borrowings must maintain the following financial ratios:

Type of covenants	Ratios to maintain	Ratios as of 12/31/2012
Consolidated EBITDA(1) / Consolidated net financial debt	> 2.75	4.07
Rallye SA's equity capital	> €1.2 billion	€1.9 billion

(1) EBITDA is defined as the current operating income plus current operational depreciation and amortization.

These ratios had been maintained as of the closing date.

15.3 | EQUITY RISKS

Rallye owns a 23.73% direct stake in Casino's capital and 60.01% in Group GO Sport's capital. These companies, which are listed in accordance with Note 1.2 "Accounting Rules and Methods," are evaluated according to multiple criteria and were not subject to provisions as of December 31, 2012.

As of December 31, 2012, Rallye held 567,431 Rallye shares at a cost price of €11.4 million. These shares, held in the context of covering bonus share plans and stock options, had a market value of €14.2 million as of December 31, 2012.

In April 2003, Rallye issued a bond exchangeable for Casino shares for €300 million. Taking account of the Casino share price as of December 31, 2012, a pro rate temporis provision was made for the redemption premium in the financial statements.

NOTE 16 • RELATED PARTIES AND AFFILIATES

Affiliates are companies in the Rallye Group that are consolidated via the full consolidation method.

Balance sheet and income statement line items concerning affiliates are as follows:

(In € millions)	2012
ASSETS	
Net financial investments	2,608.8
Net receivables	2,169.2
LIABILITIES	
Debts	2.4
INCOME	
Share income	235.0
Other financial income	143.0
Financial expenses	4.3

Related parties comprise entities likely to be consolidated via the full consolidation method, parent companies, members of the Board of Directors and the Management Committee and all entities under joint control or notable influence.

Rallye maintains normal relationships with its related parties within the scope of current Group management.

NOTE 17 • CONSOLIDATION

Rallye prepares consolidated financial statements. The Company's financial statements are in turn integrated into the consolidated financial statements of Foncière Euris, with registered offices at 83, rue du Faubourg Saint-Honoré – 75008 Paris – France (Siren No.: 702,023,508).

INDIVIDUAL COMPANY FINANCIAL STATEMENTS

Subsidiaries and equity interests

(In € millions)	Capital	Shareholders' equity excluding capital	Share capital held *(as a %)*	Book value of shares held	
				Gross	Net
A - SUBSIDIARIES[1] (AT LEAST 50% OF THE CAPITAL HELD BY THE COMPANY)					
Cobivia SAS	31.8	(119.5)	100%	54.1	54.1
L'Habitation Moderne de Boulogne	99.7	12.9	100%	187.6	187.6
Magasins Jean SAS	0.3	0.9	100%	2.2	1.2
Matignon Sablons SAS	10.8	(13.9)	100%	11.0	11.0
MFD SA	35.7	0.9	100%	307.5	36.7
Parande SAS	22.0	(19.3)	100%	283.8	89.0
B - EQUITY INTERESTS[1] (10 TO 50% OF THE CAPITAL HELD BY THE COMPANY)					
Casino Guichard - Perrachon SA	172.4	7,648.5	23.73%	2,055.2	2,055.2
Groupe GO Sport SA	45.3	216.7	60.01%	171.8	171.8
Sivigral SCI	0.4	1.2	40%	2.1	0.7
French Development Venture SA	0.0	1.8		10.4	
C - OTHER SUBSIDIARIES AND EQUITY INTERESTS					
Subsidiaries other than in A				1.3	1.3
Equity interests other than in B					

(1) With book value in excess of 1% of Rallye's share capital.

Loans and advances agreed to by the Company and not yet repaid	Sureties and guarantees granted by the Company	Net revenue for the fiscal year ended	Income from last fiscal year ended	Dividends received by the Company during the fiscal year
860.7	230.0		(49.3)	
381.6	125.0		170.5	166.1
		6.3	0.1	
478.7			(7.7)	
6.4			(0.4)	
305.3		0.1	(31.4)	
		172.0	412.7	68.9
		65.9	1.8	
				0.1
0.2				

INDIVIDUAL COMPANY FINANCIAL STATEMENTS

Rallye's financial statement for the previous five years

–

(In €)	12/31/2008	12/31/2009	12/31/2010	12/31/2011	**12/31/2012[1]**
I - FINANCIAL SITUATION AT THE END OF THE FISCAL YEAR					
Share capital	127,080,420	127,080,420	132,900,009	139,398,480	**146,074,734**
Existing common shares	42,360,140	42,360,140	44,300,003	46,466,160	**48,691,578**
Maximum number of shares to be created:					
• through bond redemption					
• through exercise of subscription options	839,781	1,202,702	926,185	678,453	**598,535**
• through exercise of warrants					
• through bonus share allocations to be issued	87,298				
2 - OPERATIONS AND NET INCOME FOR THE FISCAL YEAR					
Net revenue	4,958,279	5,730,202	4,852,631	2,205,828	**1,906,658**
Earnings before tax, employee shareholding and allocations to amortization and provisions	111,275,856	247,871,625	139,921,940	169,068,495	**211,598,803**
Income tax					
Earnings after tax, employee shareholding and allocations to amortization and provisions	47,523,454	148,297,761	75,559,074	80,256,091	**169,931,443**
Distributed earnings	77,519,056	77,519,056	81,069,005	85,033,073	**89,105,588**
3 - EARNINGS PER SHARE					
Earnings after tax, employee shareholding but before allocations to amortization and provisions	2.63	5.85	3.16	3.64	**4.35**
Earnings after tax, employee shareholding and allocations to amortization and provisions	1.12	3.50	1.71	1.73	**3.49**
Dividend per share	1.83	1.83	1.83	1.83	**1.83**
4 - WORKFORCE					
Average number of personnel employed during the fiscal year	39	36	35	31	**30**
Payroll costs for the fiscal year	5,621,944	5,109,375	7,315,134	5,846,730	**4,994,164**
Total amount paid in social benefits for the fiscal year	2,647,027	2,175,537	3,478,638	3,314,856	**3,233,507**

(1) Subject to approval by the Shareholders' Meeting.

STATUTORY AUDITORS' REPORT

on the annual financial statements

Year ended December 31, 2012

To the Shareholders,

In compliance with the audit engagement entrusted to us by your General Meetings, we hereby present to you our report for the year ended December 31, 2012, on:

- the audit of Rallye's annual financial statements, as attached to this report;
- the justification of our assessment;
- the specific verifications and information required by law.

The annual financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

I. OPINION ON THE ANNUAL FINANCIAL STATEMENTS

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the annual financial statements are free of material misstatements. An audit includes examining, by audit sampling or other selective testing procedures, evidence supporting the amounts and disclosures appearing in the annual financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall presentation of the financial statements.

In our opinion, the annual financial statements present a true and fair view, in accordance with the French accounting rules and principles, of the results of operations for the year ended, as well as of the financial position, and net assets and liabilities of the Company at the end of that year.

II. JUSTIFICATION OF THE ASSESSMENT

In accordance with the requirements of Article L.823-9 of the French Commercial Code with respect to the justification of our assessments, we draw your attention to the following matters:

- The recognition rules applicable to provisions for bond redemption premiums are described in the "Accounting principles and methods" note to Section 1.7 – "Provisions". As part of our assessment of the accounting rules and principles followed by your Company, we verified the appropriateness of the accounting methods detailed above and of the information provided in Note 11.
- The rules for evaluating financial investments and marketable securities are described in the "Accounting principles and methods" note to Sections 1.2 – "Financial investments" and 1.4 – "Marketable securities". Our work involved assessing the data and assumptions on which these estimates are based, reviewing calculations made by the Company, and verifying information provided in Notes 6 and 8 to the financial statements.

The assessments thus made are part of our audit procedure for the annual financial statements, taken as a whole, and have thus contributed to the formation of our opinion, as expressed in the first section of this report.

III. SPECIFIC VERIFICATION AND INFORMATION

We have also, in accordance with auditing standards applicable in France, performed all the specific verifications required by law.

We have no matters to report regarding the fair presentation and consistency with the annual financial statements of the information given in the management report of the Board of Directors and in the documents provided to the shareholders with respect to the financial position and the financial statements.

Concerning the disclosures made in application of the provisions of Article L. 225-102-1 of the Commercial Code regarding corporate officers' compensation and benefits in kind and on the commitments granted in their favor, we have checked their consistency with the financial statements or with the data used to prepare these financial statements and, as appropriate, with the information gathered by your Company from the companies that control your Company or companies that it controls. On the basis of this audit, we certify that the information is true and fair.

As provided by law, we ascertained that the required information concerning the names of the main shareholders have been properly disclosed in the management report.

Paris-La Défense, March 28, 2013

The Statutory Aud itors

KPMG Audit

A division of KPMG S.A.

Patrick-Hubert Petit

ERNST & YOUNG et Autres

Pierre Bourgois

SHAREHOLDERS' MEETING

Draft resolutions

RESOLUTIONS WITHIN THE COMPETENCE OF THE ORDINARY SHAREHOLDERS' MEETING

FIRST RESOLUTION

(Approval of the annual financial statements for the year ended December 31, 2012)

The Shareholders Meeting, having heard the reports of the Board of Directors and the Statutory Auditors for the year ended December 31, 2012, approves the financial statements as presented, showing net income of €169,931,442.58.

It also approves the operations reflected by these financial statements or summarized in these reports.

Furthermore, it notes the transfer to the "Retained earnings" account, in accordance with the decision taken by the Shareholders' Meeting of May 23, 2012, of the dividends on the 567,431 treasury shares held by the Company, allocated for the balance of the 2012 dividend and as interim dividend for 2013, on the date of their payment, representing a total amount of €1,038,398.73.

SECOND RESOLUTION

(Approval of the consolidated financial statements for the year ended December 31, 2012)

The Shareholders' Meeting, having heard the reports of the Board of Directors concerning the activity of the Group for the fiscal year 2012, and the Statutory Auditors' report, approves the consolidated financial statements, as presented, showing consolidated net income of €245,473,634.

THIRD RESOLUTION

(Allocation of Company income)

The Shareholders' Meeting, on the recommendation of the Board of Directors, resolves to allocate income for the year ending December 31, 2012, as follows:

Net income for the year	€169,931,442.58
Legal reserve	(-) €667,625.40
Retained earnings	(+) €94,878,793.84
Net income available for distribution	**(=) €264,142,611.02**
Payment of a dividend to shareholders	(-) €87,904,209.34
Retained earnings for the balance	**(=) €176,238,401.68**

The proposed dividend corresponds to a dividend payment of €1.83 net per share.

The Shareholders' Meeting notes that an interim dividend in the net amount of €0.80 per was decided upon by the Board of Directors on September 6, 2012, and paid on October 10, 2012; the net balance of €1.03 per share will be paid out on or after May 24, 2013.

The new shares derived from the payment of the foregoing interim dividend or, after the payment, from the exercise of stock options, only entitle the holders to payment of the dividend balance scheduled for payment (or €1.03 per share).

The dividend income of €87,904,209,34 to be paid to shareholders is calculated on the basis of the number of shares comprising the share capital on December 31, 2012, and will be adjusted to reflect the number of shares issued between January 1, 2013, and the payment date of the dividend balance following the exercise of stock options entitled to the dividend balance.

The dividend income paid to shareholders is eligible for the 40% tax deduction for individuals having their tax residence in France, in accordance with Article 158-3-2° of the French General Tax Code *(Code général des impôts)* unless they opt for the withholding tax pursuant to Article 117 *quater* of the French General Tax Code.

Dividends paid in respect of the last three years were as follows:

(In €)	2011	2010	2009
Dividend	1.83	1.83	1.83

Dividends on the treasury shares held by the Company on the day the dividend payment is made will be transferred to «Retained earnings.»

FOURTH RESOLUTION
(Conventions of Article L.225-38 of the French Commercial Code)

The Shareholders' Meeting, having heard the Statutory Auditors' special report on the conventions referred to in Article L.225-38 of the French Commercial Code, approves the new conventions introduced during 2012, as mentioned in the aforesaid report.

FIFTH RESOLUTION
(Interim dividend paid in shares)

The Ordinary Shareholders' Meeting, in accordance with Article L.232-18 of the French Commercial Code, authorizes the Board of Directors, in the event of distribution of one or more interim dividends for the 2013 fiscal year, to offer shareholders the option of payment in cash or in shares of all or part of the interim dividend amount.

The Board of Directors is accordingly authorized, at its sole discretion, to pay the interim dividend as follows:

- either by offering shareholders the option of a payment in cash or shares;
- or by offering shareholders part of the payment in cash and the remainder with the option of receiving either cash or shares.

The Board of Directors may also decide to pay one or more of these interim payments wholly in cash.

If shareholders decide to exercise their option to receive dividends in shares, the shares subscribed for shall be common shares. They shall have the same characteristics and grant the same rights as former shares.

The Board of Directors shall set the period, as from the time the decision to pay an interim payment is taken, that shareholders will have for requesting payment in shares. This period shall not be longer than three months.

The Shareholders' Meeting resolves that the issue price of the new shares shall be 90% of the average opening price of the Rallye shares on the twenty stock market trading days preceding the date of resolution to pay the interim dividend, less the net amount of the interim dividend and rounded up to the nearest euro cent.

Subscriptions must be for a whole number of shares. If the amount of the interim dividend does not permit this, the shareholder can ask to receive either the next lower whole number of shares, in which case they shall receive the balance of their entitlement in cash, or the next higher whole number of shares, in which case they must pay the balance outstanding in cash when they submit their request to receive the interim dividend in shares.

The Board of Directors is granted all powers, which may be delegated to the Chief Executive Officer, to take all measures necessary to pay the interim dividend or dividends in shares, if it resolves to distribute a dividend and to offer the option of paying in shares, to set the date, even retrospectively, from which entitlement to the new shares takes effect, to register the resulting capital increase and to amend the bylaws accordingly.

SIXTH RESOLUTION
(Ratification of a Director's appointment)

The Shareholders' Meeting ratifies the appointment, provisionally made by the Board Meeting of July 26, 2012, of the company Matignon Diderot for the outstanding period of its predecessor's term, i.e., until the conclusion of this Shareholders' Meeting.

SEVENTH RESOLUTION
(Renewal of Director's mandate)

The Shareholders' Meeting renews the term of office of Philippe CHARRIER as Director for a period of one (1) year, expiring at the conclusion of the Shareholders' Meeting convened to approve the financial statements for the fiscal year ending December 31, 2013.

EIGHTH RESOLUTION
(Renew of Director's mandate)

The Shareholders' Meeting renews the term of office of Jean CHODRON DE COURCEL as Director for a period of one (1) year, expiring at the conclusion of the Shareholders' Meeting convened to approve the financial statements for the fiscal year ending December 31, 2013.

NINTH RESOLUTION
(Renewal of Director's mandate)

The Shareholders' Meeting renews the term of office of Jacques DUMAS as Director for a period of one (1) year, expiring at the conclusion of the Shareholders' Meeting convened to approve the financial statements for the fiscal year ending December 31, 2013.

TENTH RESOLUTION
(Renewal of Director's mandate)

The Shareholders' Meeting renews the term of office of Jean-Charles NAOURI as Director for a period of one (1) year, expiring at the conclusion of the Shareholders' Meeting convened to approve the financial statements for the fiscal year ending December 31, 2013.

ELEVENTH RESOLUTION
(Renewal of Director's mandate)

The Shareholders' Meeting renews the term of office of Christian PAILLOT as Director for a period of one (1) year, expiring at the conclusion of the Shareholders' Meeting convened to approve the financial statements for the fiscal year ending December 31, 2013.

TWELFTH RESOLUTION
(Renewal of Director's mandate)

The Shareholders' Meeting renews the term of office of the company Finatis as Director for a period of one (1) year, expiring at the conclusion of the Shareholders' Meeting convened to approve the financial statements for the fiscal year ending December 31, 2013.

THIRTEENTH RESOLUTION
(Renewal of Director's mandate)

The Shareholders' Meeting renews the term of office of the company Foncière Euris as Director for a period of one (1) year, expiring at the conclusion of the Shareholders' Meeting convened to approve the financial statements for the fiscal year ending December 31, 2013.

FOURTEENTH RESOLUTION
(Renewal of Director's mandate)

The Shareholders' Meeting renews the term of office of the company Euris as Director for a period of one (1) year, expiring at the conclusion of the Shareholders' Meeting convened to approve the financial statements for the fiscal year ending December 31, 2013.

FIFTEENTH RESOLUTION
(Renew of Director's mandate)

The Shareholders' Meeting renews the term of office of the company Eurisma as Director for a period of one (1) year, expiring at the conclusion of the Shareholders' Meeting convened to approve the financial statements for the fiscal year ending December 31, 2013.

SIXTEENTH RESOLUTION
(Renewal of Director's mandate)

The Shareholders' Meeting renews the term of office of the company Matignon Diderot as Director for a period of one (1) year, expiring at the conclusion of the Shareholders' Meeting convened to approve the financial statements for the fiscal year ending December 31, 2013.

SEVENTEENTH RESOLUTION
(Appointment of a non-voting observer)

The Shareholders' Meeting renews the term of office of André CRESTEY as non-voting observer for a period of one (1) year, expiring at the conclusion of the Shareholders' Meeting convened to approve the financial statements for the fiscal year ending December 31, 2013.

EIGHTEENTH RESOLUTION
(Renewal of the Statutory Auditors' engagement)

The Shareholders' Meeting, having noted the expiry of the audit engagement of KPMG SA, Statutory Auditors, resolves to renew said engagement for a period of six fiscal years, i.e., until the Shareholders' Meeting convened to approve the financial statements for the fiscal year ending December 31, 2018.

NINETEENTH RESOLUTION

(Renewal of the alternate auditors' engagement)

The Shareholders' Meeting, having noted the expiry of the audit engagement of KPMG Audit ID SAS, Statutory Auditors, resolves to renew said engagement for a period of six fiscal years, i.e., until the Shareholders' Meeting convened to approve the financial statements for the fiscal year ending December 31, 2018.

TWENTIETH RESOLUTION

(Authorization for the Company to purchase its own shares)

The Shareholders' Meeting, having noted the Board of Directors' report, and in application of Articles L.225-209 *et seq.* of the French Commercial Code, authorizes the Board of Directors to purchase the Company's own shares in order to:

- cover the stock option purchase and/or subscription plans granted to employees and corporate officers, by application of Articles L.225-177 *et seq.* of the French Commercial Code, as well as all corporate savings or stock ownership plans;
- award bonus shares to employees and officers of the Company within the framework laid down by Articles L.225-197-1 *et seq.* of the French Commercial Code;
- ensure active trading of the Company's shares under the liquidity agreement signed with an investment services firm, in accordance with the Code of Ethics drawn up by the AMAFI and approved by the AMF;
- hold shares for delivery to holders of Company securities who exercise their right to receive shares through redemption, conversion, exchange, presentation of a warrant or any other instrument entitling them to receive existing shares;
- hold shares for subsequent use as exchange or payment in a merger or acquisition transaction, in compliance with market practice as permitted by the French Financial Markets Authority (AMF);
- cancel shares up to a maximum of 10% of share capital over a period of 24 months as part of a capital reduction plan.

The maximum unit purchase price is set at €75 per share.

However, the Board of Directors may adjust the aforesaid maximum price if there is a change in the par value per share, a capital increase through the capitalization of retained earnings and a bonus share allocation, a share split or consolidation, a capital amortization or reduction, a distribution of reserves or other assets, and any other operations affecting equity, in order to reflect the impact of such transactions on the share value.

Use of the authorization may not have the effect of taking the number of shares held by the Company to more than 10% of the number of shares making up the share capital as of December 31, 2011, i.e. 4,869,157 shares with a maximum value of €265.2 million, it being specified that, when Company shares are purchased within the context of a liquidity contract, the number of these shares taken into account for calculation of the 10% threshold referred to above will correspond to the number of these shares purchased, with a deduction made for the number of shares resold for the liquidity contract during the period of authorization.

The aforementioned shares may be acquired, sold, transferred or exchanged by any means and at any time, on the stock market or off-market, between trading parties or over the counter, including as blocks of shares or through the use of derivatives such as call options. The maximum share of capital that may be transferred in the form of blocks of shares may be as high as the entire amount of the repurchase program.

The shares may also be loaned, in accordance with the provisions of Articles L.432-22 *et seq.* of the French Monetary and Financial Code.

The authorization of the share repurchase program will expire at the next Shareholders' Meeting convened to approve the 2013 financial statements and management report, and no later than November 14, 2014.

The Company may not use this resolution to continue implementing its repurchase program in the event of a public offer relating to shares, bonds or other securities issued by the Company or at the Company's initiative.

A description of the share repurchase program will be included in the Reference Document filed with the French Financial Markets Authority (AMF).

In view of guaranteeing the implementation of this resolution, full powers are given to the Board of Directors, with the option to delegate these powers, in order to:

- carry out the actual transactions and set their conditions and methods;
- complete all declarations and formalities with the French Financial Markets Authority (AMF);
- execute all trading orders and enter into any agreements, in particular with a view to keeping registers of the purchase and sale of shares;
- make adjustments in the purchase price of the shares to take into account the effect of the above-mentioned transactions on the share value;
- carry out all formalities and, more generally, take all necessary measures.

The Board of Directors shall inform the Annual Ordinary Shareholders' Meeting of the transactions carried out pursuant to the present authorization.

RESOLUTIONS WITHIN THE COMPETENCE OF THE EXTRAORDINARY SHAREHOLDERS' MEETING

TWENTY-FIRST RESOLUTION

(Delegation of authority conferred to the Board of Directors to allow it to issue shares or securities giving entitlement to the allocation of new or existing shares of the Company or of existing shares of any company in which it directly or indirectly owns more than 50% of the capital or debt securities, with continued preferential subscription rights in case of the issue of new shares)

The Extraordinary Shareholders' Meeting, having noted the Board of Directors' report and the Statutory Auditors' special report, and having noted the full payment of the share capital, as required by Articles L.225-127, L.225-129, L.225-129-2, L.228-91, L.228-92, L.228-93 *et seq.* of the French Commercial Code, delegates to the Board of Directors, with the option to subdelegate to the Chief Executive Officer or, in agreement with the latter, to one or several Deputy Managing Directors, its authority for the purpose of deciding, in one or several transactions and at its sole decisions, in the proportions and at the times that it shall deem appropriate, both in France and abroad, the issue with continued preferential subscription rights for shares or any securities granting access, through any immediate and/or future means, to the Company's share capital through the allocation, at the Company's choice of either new or existing Company shares, or a combination of both, or giving entitlement to the allocation of the Company's debt securities or again to the existing shares of a company in which the Company directly or indirectly holds more than half of the capital, subject to the authorization of the Extraordinary Shareholders' Meeting of the company concerned. The subscription may be carried out in cash, or by offsetting debts.

Share equivalents or securities giving entitlement to the allocation of the Company's debt securities or the existing shares of a company in which the Company directly or indirectly holds more than half of the capital, thus issued may include debt securities or be linked to the issue of such securities or again allow the issue of intermediate securities. They may in particular take the form of subordinated or non-subordinated securities with a fixed or indefinite duration and be denominated in Euros or the equivalent value in foreign currency or in composite currency units. Issues of warrants to Company's shares may be carried out through a subscription offering but also through the free award to owners of former shares, on the understanding that the Board of Directors will have the option of deciding that the entitlement to fractional shares will not be negotiable and that the corresponding securities will be sold.

The total nominal amount of the securities that may be issued under this delegation cannot exceed sixty-six (66) million Euros, if they are securities representing a percentage of the capital, and one (1) billion Euros or its equivalent in a foreign currency or in composite currency units, if they are debt securities.

The Shareholders' Meeting further authorizes the Board of Directors to enable the holders of securities to exercise their right to the allocation of the Company's new shares, to increase the share capital by a maximum nominal amount of sixty-six (66) million Euros, to which amount will be added, if necessary, the nominal amount of the additional shares to be issued to protect the rights of holders of securities giving entitlement to the Company's shares, pursuant to the law.

The total nominal amount of the debt securities that may be issued in future cannot exceed one (1) billion Euros or its equivalent value in foreign currency or in composite currency units; this amount will be increased by any reimbursement premium above par.

The Board of Directors may, in accordance with the law, introduce, in the event of the issue or allocation of new shares, if it considers it necessary, a subscription right to excess shares according to which shares not be subscribed as of right will be allocated to the shareholders who subscribe to a higher number of shares than what they are entitled to as of right, in proportion to the subscription rights that they have, and at any rate, within the limit of their requests.

If the subscriptions as of right and where applicable, for excess shares do not absorb the entirety of the issue, the Board may limit the issue to the amount of the subscriptions received, provided that it reaches at least three quarters of the issue decided.

Furthermore, the Shareholders' Meeting authorizes the Board of Directors, if the subscriptions as of right, and where applicable, for excess shares, do not take up the entirety of the issue of shares or securities, to freely distribute all or part of the unsubscribed shares or securities and/or offer the public all or part of the unsubscribed shares or securities.

In the event of the allocation of new shares, this delegation automatically means a waiver by shareholders of their preferential subscription rights to the shares to which these securities will give entitlement in favor of the holders of the securities to be issued.

This delegation, given for a period of twenty-six (26) months from this meeting, terminates all authorizations with the same purpose, given by previous Shareholders' Meetings.

Within the limits set by the Shareholders' Meeting and in accordance with the law, the Board of Directors has full powers to decide on the issuance(s), and set the terms, nature and characteristics thereof, especially the share price with or without a premium for the shares or other securities to be issued, and the date from which the new shares will be entitled to dividend, determine the method for paying for the shares or share equivalents to be issued immediately or in the future, to note the implementation of any resulting capital increases, to charge the issue costs against the premium, to proceed to the amendment of the bylaws and to request the admission, as appropriate, on a regulated market of shares and other securities thus issued.

The Board of Directors may in particular:

- set, in the event of immediate or future issue of debt securities, the amount, term, issue currency, the subordinated or non-subordinated nature, the fixed, floating interest rate, zero coupon, whether or not it is indexed and its payment date, the terms of capitalization of the interest, the terms of the fixed or variable reimbursement price, whether or not it pays a premium, the amortization methods depending on the market or borrowing conditions, as well as the conditions in which they grant entitlement to the Company's shares and the other terms of issue (including the fact of granting them guarantees or sureties);

- amend, during the term of the securities concerned, the terms of the securities issued or to be issued in compliance with the applicable formalities;
- take all measures to protect the holders of rights and share equivalents giving future access to the Company's capital;
- suspend, if necessary, the exercise of the rights attached to these securities during a period set in accordance with the legal and regulatory provisions;
- define the characteristics of the securities giving entitlement to the allocation of debt securities as well as debt securities to which the securities would grant entitlement, especially their nominal value and their dividend-bearing date, their issue price, as appropriate with premium, their fixed and/or variable interest rate and their payment date or, in case of variable interest securities, the procedures for determining their interest rate or again the conditions for capitalizing the interest;
- enter into all arrangements, with all credit institutions, take all measures and perform all formalities for the purpose of ensuring the implementation and successful completion of any issue decided by virtue of this Meeting.

TWENTY-SECOND RESOLUTION

(Delegation of authority conferred to the Board of Directors to allow it to issue shares or securities giving entitlement to the allocation of new or existing shares of the Company or of existing shares of any company in which it directly or indirectly owns more than 50% of the capital or debt securities, with cancellation of preferential subscription rights in case of the issue of new shares in the context of public offerings).

The Extraordinary Shareholders' Meeting, having noted the Board of Directors' report and the Statutory Auditors' special report, and having noted the full payment of the share capital, as required by Articles L.225-127, L.225-129, L.225-129-2, L.225-135, L.225-136, L.228-91, L.228-92, L.228-93 *et seq.* of the French Commercial Code, delegates to the Board of Directors, with the option to subdelegate to the Chief Executive Officer or in agreement with the latter, to one or several Deputy Managing Directors, its authority for the purpose of deciding, in one or several transactions and at its sole decisions, in the proportions and at the times that it shall deem appropriate, both in France and abroad, the issue through a public offering, of shares or any other securities granting access, through immediate and/or future means, to the Company's share capital, by the allocation at the Company's choice, of either new or existing Company shares, or a combination of both, or giving entitlement to the allocation of the Company's debt securities or again to the existing shares of a company in which the Company directly or indirectly holds more than half of the capital, subject to the authorization of the Extraordinary Shareholders' Meeting of the company concerned. The subscription may be carried out in cash, or by offsetting debts.

Share equivalents or securities giving entitlement to the allocation of the Company's debt securities or the existing shares of a company in which the Company directly or indirectly holds more than half of the capital, thus issued may include debt securities or be linked to the issue of such securities or again allow the issue thereof as intermediate securities. They may in particular take the form of subordinated or non-subordinated securities with a fixed or indefinite duration and be denominated in Euros or the equivalent value in foreign currency or in composite currency units.

The total nominal amount for the securities that may be issued under this delegation cannot exceed thirty (30) million Euros, if they are securities representing a percentage of the capital, and one (1) billion Euros or its equivalent value in a foreign currency or in composite currency units, if they are debt securities.

The Shareholders' Meeting further authorizes the Board of Directors to increase the share capital by a maximum nominal amount of thirty (30) million Euros in order to allow holders of securities to exercise their entitlement to the allocation of the Company's new shares.

The total nominal amount of the securities giving entitlement to the allocation of debt securities cannot exceed one (1) billion Euros or its equivalent value in foreign currency or in composite currency units; this amount will be increased by any reimbursement premium above par.

The Shareholders' Meeting resolves to cancel the shareholders' preferential subscription right to the shares and share equivalents giving access to capital to be issued; however, the Shareholders' Meeting delegates to the Board of Directors the power to introduce if it deems it necessary, for all or part of an issuance, a priority period for subscriptions as of right and/or for excess shares in favor of shareholders and to fix the exercise terms and conditions thereof, in accordance with the applicable legal and regulatory provisions, on the understanding that the securities that remain unsubscribed pursuant to this right may become the object of a public placement in France, abroad, and/or on the international market.

The Shareholders' Meeting delegates to the Board of Directors, during any public exchange offering decided by the Company on its own securities, the power to tender in exchange for the securities described in Article L.228-91 of the French Commercial Code, issued in the context of this issuance.

In the event of the allocation of new shares, this delegation automatically means a waiver by shareholders of their preferential subscription rights to the shares to which these securities will give entitlement in favor of the holders of the securities to be issued.

The share issue price that will be fixed by the Board of Directors shall at least be equal to the minimum set out by the regulation in force on the issue date, which to date is equal to the weighted average of the share prices on the regulated market of Euronext Paris of the last three trading days preceding its fixing, less a maximum 5% discount, if applicable, and after correction as necessary, of this average in case of a difference in the ownership date.

The issue price of the share equivalents and the number of shares to which these share equivalents will give rights, which will be fixed by the Board of Directors, will be such that the amount immediately perceived by the Company, increased where appropriate by the sum that might be later received by the Company, which is, for each share issued as a result of the issuance of these securities, at least equal to the share price defined in the previous paragraph.

This delegation, given for a period of twenty-six (26) months from this meeting, terminates all authorizations with the same purpose, given by previous Shareholders' Meetings.

Within the limits set by the Shareholders' Meeting and in accordance with the law, the Board of Directors has full powers to decide on the issuance(s), and set the terms, nature and characteristics thereof, especially the share price with or without a premium for the shares or other securities to be issued, and the date from which the new shares will be entitled to dividend, determine the method for paying for the shares or share equivalents to be issued immediately or in the future, to note the implementation of any resulting capital increases, to charge the issue costs against the premium, to proceed to the amendment of the bylaws and to request the admission, as appropriate on a regulated market of shares and other securities thus issued.

The Board of Directors may in particular:

- set, in the event of immediate or future issue of debt securities, the amount, term, issue currency, the subordinated or non-subordinated nature, the fixed, floating interest rate, zero coupon, whether or not it is indexed and its payment date, the terms of capitalization of the interest, the terms of the fixed or variable reimbursement price, whether or not it pays a premium, the amortization methods depending on the market or borrowing conditions, as well as the conditions in which they grant entitlement to the Company's shares and the other terms of issue (including the fact of granting them guarantees or sureties);
- amend, during the term of the securities concerned, the terms of the securities issued or to be issued in compliance with the applicable formalities;
- take all measures to protect the holders of rights and share equivalents giving future access to the Company's capital;
- suspend, if necessary, the exercise of the rights attached to these securities during a period set in accordance with the legal and regulatory provisions;
- define the characteristics of the securities giving entitlement to the allocation of debt securities as well as debt securities to which the securities would grant entitlement, especially their nominal value and their dividend-bearing date, their issue price, as appropriate with premium, their fixed and/or variable interest rate, and their payment date or, in case of variable interest securities, the procedures for determining their interest rate or again the conditions for capitalizing the interest;
- enter into all arrangements, with all credit institutions, take all measures and perform all formalities for the purpose of ensuring the implementation and successful completion of any issue decided by virtue of this Meeting.

TWENTY-THIRD RESOLUTION

(Delegation of authority conferred to the Board of Directors to allow it to issue shares or securities giving entitlement to the allocation of new or existing shares of the Company, or existing shares of any company in which it directly or indirectly holds more than 50% of the capital or debt securities, with cancellation of preferential subscription rights, through an offering addressed to the persons intended by Article L.411-2-II of the French Monetary and Financial Code).

The Extraordinary Shareholders' Meeting, having noted the Board of Directors' report and the Statutory Auditors' special report, and having noted the full payment of the share capital, as required by the provisions of Articles L.225-129, L.225-135, and L.225-136, of the French Commercial Code, delegates to the Board of Directors, with the option to subdelegate to the Chief Executive Officer or, in agreement with the latter, to one or several Deputy Chief Managing Directors, its authority for the purpose of deciding, at its sole discretion, in one or several transactions and in the proportions and at the times that it shall deem appropriate, both in France and abroad, the issue without application of shareholders' preferential subscription rights, through an offering addressed to the persons intended by II of Article L.411-2 of the French Monetary and Financial Code, either in Euros or in foreign currency, of shares or any other security giving access by any means, immediately or in the future, to the Company's share capital through the allocation, at the Company's choice of either new or existing Company shares, or a combination of both, or giving entitlement to the allocation of the Company's debt securities or again to the existing shares of a company in which the Company directly or indirectly holds more than half of the capital, subject to the authorization of the Extraordinary Shareholders' Meeting of the company concerned. The subscription may be carried out in cash, or by offsetting debts.

Resolves that:

- the share equivalents or securities giving entitlement to the allocation of the Company's debt securities or the existing shares of a company in which the Company directly or indirectly holds more than half of the capital, thus issued may include debt securities or be linked to the issue of such securities or again allow the issue thereof as intermediate securities. They may in particular take the form of subordinated or non-subordinated securities with a fixed or indefinite duration and be denominated in Euros or the equivalent value in foreign currency or in composite currency units;
- this delegation involves the cancellation of the shareholders' preferential subscription right to the shares or any other security giving immediate or future access to the Company's share capital through any means, to the persons intended by II of Article L.411-2 of the French Monetary and Financial Code;
- in the event of the allocation of new shares, this delegation automatically means a waiver by shareholders of their preferential subscription rights to the shares to which these securities will give entitlement in favor of the holders of the securities to be issued;
- the maximum nominal amount of the capital increases that may be carried out immediately or in the future under this delegation may not exceed 10% of the Company's capital per year, this limit being assessed on the issuance date without taking account of the increase of the share capital nominal amount that may occur following the exercise of all rights, securities, or warrants already issued and whose exercise is deferred;
- the share issue price that will be fixed by the Board of Directors shall at least be equal to the minimum set out by the regulation in force on the issuance date, which to date is equal to the weighted average of the share prices on the regulated market of Euronext Paris of the last three trading days preceding its fixing, less a maximum 5% discount, if applicable;
- the issue price of the share equivalents and the number of shares that these share equivalents are entitled to, which will be fixed by the Board of Directors, will be such that the amount immediately perceived by the Company, increased where appropriate by the sum that might be later received by the Company, which is for each share issued as a result of the issuance of these securities, at least equal to the share price defined in the previous paragraph.

This delegation, given for a period of twenty-six (26) months from this meeting, terminates all authorizations with the same purpose, given by previous Shareholders' Meetings.

- Gives full powers, within the limits fixed by the Shareholders' Meetings and in accordance with the law, to the Board of Directors with the option of subdelegating to the Chief Executive Officer, to implement this delegation and especially:
  - resolve on the issue or issues;
  - set the terms, nature and characteristics thereof, especially the share price with or without a premium for the shares or other securities to be issued, and the date, even retrospective, from which the new shares will be entitled to dividend;
  - determine the persons intended by II of Article L.411-2 of the French Monetary and Financial Code for whom the issue or issues would be made;
  - note the implementation of the capital increases resulting therefrom and proceed to the correlative amendment of the bylaws;
  - charge the issue costs to the premium;

and generally, grants the same powers as those mentioned in the last two paragraphs of the twenty-second resolution.

TWENTY-FOURTH RESOLUTION

(Authorization conferred to the Board of Directors to allow it to fix the price of issuances to be made without preferential subscription rights according to the terms determined by the Shareholders' Meeting, pursuant to Article L.225-136 of the French Commercial Code).

The Extraordinary Shareholders' Meeting, having noted with the Board of Directors' report and the special report of the Statutory Auditors, authorizes the Board of Directors, with the option to subdelegate to the Chief Executive Officer or, in agreement with the latter, to one or several Deputy Managing Directors, pursuant to Article L.225-136 of the French Commercial Code, during an issuance made pursuant to the twenty-second and twenty-third resolutions of this Meeting, to set, notwithstanding the provisions of Article L.225-136-1° of the French Commercial Code, the share price according to the terms below:

- the issue price will be at least equal to the weighted average of the share price in the last ten trading days prior to its fixing, less a maximum 5% discount, if applicable;
- the issue price of the share equivalents, taking account of the number of shares to which these share equivalents will give rights, will be such that the amount immediately received by the Company, increased where appropriate by the sum that might be later received by the Company is, for each share issued as a result of the issuance of these securities, at least equal to the share price defined in the previous paragraph.

The maximum nominal amount of the capital increase resulting from the implementation of this resolution may not exceed 10% of the share capital per year, this limit being assessed on the issue date, without taking account of the nominal amount of the capital that may be raised following the exercise of all the rights and securities already issued and whose exercise is deferred in relation to a capital adjusted according to the transactions affecting it subsequently to this Shareholders' Meeting.

This authorization, given for a period of twenty-six (26) months from this Meeting, terminates all authorizations with the same purpose, given by previous Shareholders' Meetings.

TWENTY-FIFTH RESOLUTION

(Authorization conferred to the Board of Directors to allow it to increase the number of securities to be issued in connection with capital increases, with or without preferential subscription rights).

The Extraordinary Shareholders' Meeting, having been noted the Board of Directors' report and the special report of the Statutory Auditors, authorizes the Board of Directors, with the option to subdelegate to the Chief Executive Officer or, in agreement with the latter, to one or several Deputy Managing Directors, pursuant to the provisions of Article L.225-135-1 of the French Commercial Code, during an issuance made pursuant to the twenty-first, twenty-second, and twenty-third resolutions of this Meeting, and at its sole decisions, to issue a number of shares or securities higher than the number initially set at the same price as the price retained for the initial issue, under the conditions of Article L.225-135-1 of the French Commercial Code and within the limit of the ceiling defined by the twenty-first, twenty-second, and twenty-third resolutions and the overall ceiling set out in the twenty-ninth resolution.

This authorization, given for a period of twenty-six (26) months from this Meeting, terminates all authorizations with the same purpose, given by previous Shareholders' Meetings.

TWENTY-SIXTH RESOLUTION

(Delegation of authority conferred to the Board of Directors to allow it to decide to increase share capital through the capitalization of reserves, profits, premiums, or other sums which can be legally incorporated into capital).

The Extraordinary Shareholders' Meeting, having noted the Board of Directors' report and the special report of the Statutory Auditors, deliberating in accordance with Articles L.225-129 to L.225-130 of the French Commercial Code, delegates to the Board of Directors, with the option to subdelegate to the Chief Executive Officer or, in agreement with the latter, to one or several Deputy Managing Directors, its authority to decide to increase the share capital in one or several transactions, at the times and according to the terms that it will determine through the capitalization of reserves, profits, premiums, or other sums which can be legally incorporated into capital, by the issue and allocation of bonus shares or by raising the par value of existing shares or combining the two methods.

The amount of the capital increase resulting from the issues made under this resolution shall not exceed the nominal amount of sixty-six (66) million Euros, without taking account of the amount required to preserve, in accordance with the law, the rights of holders of securities giving entitlement to shares.

The Shareholders' Meeting grants to the Board of Directors full powers for the purpose of implementing this resolution, especially for the purpose of:

- setting all the terms and conditions of the authorized transactions and, in particular, fixing the amount and nature of the reserves and premiums to be incorporated into capital, fixing the number of new shares to be issued or the amount for which the nominal amount of the existing shares comprising the share capital will be increased, set the date, even retrospective, from which the new shares will bear dividends or from which the elevation of the par value will take effect;
- taking all measures intended to protect the rights of bearers of share equivalents on the day of the share capital increase;
- setting the conditions for using the fractional share rights and, in particular, resolving that these rights will neither be negotiable nor transferrable and that the corresponding shares will be sold, and that the sums obtained from the sale be allocated to holders of the rights no later than 30 days after the date of registration on their account of the whole number of equity securities allocated;
- noting the capital increase resulting from the share issue, amending the articles accordingly, demanding that the shares be admitted to trading on a regulated market, and proceeding to all required publication formalities;
- and, generally, taking all measures and carrying out all formalities required for the correct completion of each capital increase.

This delegation, given for a period of twenty-six (26) months from this meeting, terminates all authorizations with the same purpose, given by previous Shareholders' Meetings.

TWENTY-SEVENTH RESOLUTION

(Delegation of authority conferred to the Board of Directors to allow it to issue shares or share equivalents in case of a public offering implemented by Rallye on the securities of another listed company with cancellation of preferential subscription rights).

The Extraordinary Shareholders' Meeting, having noted the Board of Directors' report and the special report of the Statutory Auditors, delegates to the Board of Directors, with the option to subdelegate to the Chief Executive Officer or, in agreement with the latter, to one or several Deputy Managing Directors, its authority for the purpose of deciding in one or several transactions, to issue shares or any securities giving access through any means, immediately or in the future, to the Company's capital in consideration for shares or securities tendered in any public exchange offer, mixed or alternative, initiated by the Company on the shares or securities of another company registered on one of the regulated markets described under Article L.225-148 of the French Commercial Code.

The Shareholders' Meeting hereby decides to cancel as necessary the shareholders' preferential rights to these shares or securities.

The total nominal amount of the securities that may be issued under this delegation cannot exceed thirty (30) million Euros, if they are securities representing a percentage of the capital, and one (1) billion Euros or the equivalent value in a foreign currency or in composite currency units, if they are debt securities.

The Shareholders' Meeting further authorizes the Board of Directors to increase the share capital by a maximum nominal amount of thirty (30) million Euros in order to allow holders of securities to exercise their entitlement to the allocation of the Company's new shares.

The Shareholders' Meeting duly notes that the issuance of share equivalents includes a waiver by shareholders of their preferential share subscription rights to the equity securities to which these share equivalents may entitle them.

The Board of Directors will be fully empowered to implement the public offerings described by this resolution, in particular to fix the exchange parity as well as, where applicable, the amount of the cash balance to be paid, to note the number of securities tendered at maturity, to fix the conditions, the nature and characteristics of the shares or other securities tendered for the exchange, to record as a liability in the balance sheet the contribution premium on which may be charged, if applicable, all the fees and expenses caused by the transaction, and to proceed to all formalities and declarations and request all authorizations that might become necessary for the performance and the correct implementation of the transactions authorized by the present delegation and, generally, perform all necessary actions.

This authorization is given for a period of twenty-six (26) months from this Meeting; it terminates all authorizations with the same purpose, given by previous Shareholders' Meetings.

TWENTY-EIGHTH RESOLUTION

(Delegation of authority conferred to the Board of Directors to allow it to issue shares or share equivalents corresponding to a maximum 10% of the Company's share capital, as consideration for contributions in kind made to the Company in the form of shares or share equivalents).

The Extraordinary Shareholders' Meeting, having noted the Board of Directors' report and the special report of the Statutory Auditors and deliberating in accordance with Article L.225-147 of the French Commercial Code, delegates to the Board of Directors, with the option to subdelegate to the Chief Executive Officer or, in agreement with the latter, to one or several Deputy Managing Directors, full powers for the purpose of deciding within the limit of 10% of the Company's share capital, on the report of the Statutory Auditor or Statutory Auditors mentioned in the first and second paragraphs of Article L.225-147 above, the issue of the Company's shares or share equivalents, in consideration for contributions in kind granted to the Company in the form of equity securities or share equivalents, where the provisions of Article L.225-148 of the French Commercial Code are not applicable, and resolves, as required, to cancel, in favor of the holders of these securities, subject of the contributions in kind, the shareholders' preferential subscription rights to the shares or securities to be issued.

The Shareholders' Meeting duly notes that this delegation automatically includes waiver by the shareholders of their preferential subscription rights to the Company's equity securities to which the securities that would be issued on the basis of this delegation could grant them entitlement, in favor of the holders of the Company's share equivalents issued under this delegation.

The Board of Directors shall have full powers to implement this resolution, in particular to deliberate on the report of the Statutory Auditor or Statutory Auditors mentioned in the 1st and 2nd paragraphs of the aforesaid Article L.225-147, on the evaluation of contributions and the granting of specific benefits and their values (including, to reduce, if the contributors agree thereto, the evaluation of the contributions or remuneration of the special benefits), to fix the conditions, nature and characteristics of the shares and other securities to be issued, to observe the final realization of the capital increases made pursuant to this delegation, proceed to the correlative amendment of the bylaws, carry out all formalities and declarations and request all authorizations that might be necessary for implementing these contributions and, generally, perform all necessary actions.

This delegation, given for a period of twenty-six (26) months from this meeting, terminates all authorizations with the same purpose, given by previous Shareholders' Meetings.

TWENTY-NINTH RESOLUTION
(Overall limitation of the financial authorizations conferred to the Board of Directors)

The Extraordinary Shareholders' Meeting, having noted the Board of Directors' report and subject to the adoption of the twenty-first to twenty-eighth previous resolutions, resolves that:

- the overall nominal amount of the issues of debt securities that may be carried out, immediately and/or in the future, on the basis of these resolutions may not exceed one (1) billion Euros or the equivalent value in foreign currency or in composite currency units; this amount being increased where applicable by any reimbursement premium above par;
- the overall nominal amount of the capital increases that may be made immediately and/or in the future, on the basis of these resolutions, cannot exceed sixty-six (66) million Euros, without taking account of the nominal amount of the additional shares to be issued to safeguard the rights of holders of securities in accordance with the law.

The Shareholders' Meeting duly notes that the overall nominal amount of the sixty-six (66) million euros does not include the nominal amount of the shares:

- to be issued during the exercise of stock options reserved for employees and corporate officers;
- to be allocated to employees and corporate officers in case of distribution of bonus shares to be issued through a capital increase;
- to be issued, where applicable, to employees members of the Company's employee savings plan, in accordance with the thirty-fourth resolution;
- to be allocated to shareholders for share-based dividend payments.

THIRTIETH RESOLUTION
(Authorization for issuance by any company that holds more than 50% of the capital of Rallye, of securities of the issuing company giving entitlement to the allocation of the Company's existing shares)

The Extraordinary Shareholders' Meeting, having noted the Board of Directors' report and the Statutory Auditors' special report, in application of Articles L.228-91 *et seq.* of the French Commercial Code, authorizes the Company or the companies that hold, directly or indirectly, more than half of the share capital of Rallye, to issue securities giving entitlement to the allocation through any means, immediately and/or in future, to the existing shares of Rallye.

This authorization, given for a period of twenty-six (26) months from this Meeting, terminates all authorizations with the same purpose, given by previous Shareholders' Meetings.

THIRTY-FIRST RESOLUTION
(Authorization to grant stock options)

The Shareholders' Meeting, having noted the Board of Directors' report and the Statutory Auditors' special report, authorizes the Board of Directors, in connection with Articles L.225-177 *et seq.* of the Commercial Code, to grant options giving right to the subscription of the Company's new shares to be issued as a capital increase, to members of the Company's staff and members of staff of the companies or consortiums intended by Article L.225-180 of the French Commercial Code, as well as their corporate officers.

The total number of shares to which the granted stock options that are not yet exercised will give entitlement, may not exceed three per cent (3%) of the shares comprising the Company's capital at the time of their allocation, without taking account of the options already granted pursuant to the authorizations of the Extraordinary Shareholders' Meetings of June 6, 2007, and May 19, 2010.

For the assessment of the foregoing three percent (3%) limit, account will however be taken of the allocations of stock options as set out in the thirty-second resolution below.

The period during which the Board of Directors may use, once or several times, this authorization is set at twenty-six (26) months from this day.

The Shareholders' Meeting grants full power to the Board of Directors to set the duration for the exercise of options, which cannot be greater than seven (7) years from the day on which they are granted.

The Board of Directors shall also set the other conditions for exercising the options, which may in particular include unavailability clauses. They may also include clauses prohibiting the immediate resale of all or part of the shares, although the mandatory lock-in period may not exceed three years from the exercise of the option. Options cannot be granted to employees and corporate officers who individually own more than 10% of the share capital.

The subscription price shall be set by the Board of Directors on the day on which the option is granted and cannot be lower than the average of the share prices quoted during the twenty trading days prior to the option grant date.

The shareholders expressly waive, in favor of the beneficiaries of the options, their preferential subscription right to the shares that will be issued as the options are exercised.

If during the period in which the granted options may be exercised, the Company carries out one of the transactions authorized by law, there shall be, in accordance with the regulatory conditions, an adjustment of the number and unit price of the shares that may be subscribed through the exercise of the options.

The Shareholders' Meeting grants full powers to the Board of Directors to proceed to the allocation of options within the limits fixed above, on the dates and within the periods that it shall set in accordance with the statutory and legal guidelines, and to note the successive capital increases.

The Shareholders' Meeting also grants full powers to the Board of Directors, with the option to subdelegate to the Chief Executive Officer, to temporarily suspend the exercise of options in the event of the implementation of transactions involving the detachment of a subscription right, to charge the capital increase expenses to the amount of the premiums related to these increases, take all the decisions required in the context of the present authorization, grant all delegations, note the capital increases resulting from the exercise of options, amend the bylaws accordingly, and, generally, perform all necessary actions.

This authorization, given for a period of twenty-six (26) months as from this Meeting, terminates the authorization given by the Extraordinary Shareholders' Meeting of May 19, 2010.

THIRTY-SECOND RESOLUTION

(Authorization to grant share purchase options)

The Shareholders' Meeting, having heard the Board of Directors' report and the Statutory Auditors' special report, authorizes the Board of Directors, in connection with Articles L.225-179 *et seq.* of the French Commercial Code, to grant options giving right to the purchase of shares stemming from a previous purchase by the Company, in favor of members of the Company's staff as well as the staff and corporate officers of the companies or consortiums described in Article L.225-180 of the French Commercial Code.

The total number of the shares to which the granted share purchase options that are not yet exercised will give entitlement, may not exceed three per cent (3%) of the shares comprising the Company's capital at the time of their allocation, without taking account of the options already granted pursuant to the authorizations of the Extraordinary Shareholders' Meetings of June 6, 2007, and May 19, 2010.

For the assessment of the foregoing three percent (3%) limit, account will however be taken of the stock options issued under the previous resolution.

The period during which the Board of Directors may use, once or several times, this authorization is set at twenty-six (26) months from this day.

The Shareholders' Meeting grants full power to the Board of Directors to set the duration for the exercise of options, which cannot be greater than seven (7) years from the day on which they are granted.

The Board of Directors shall also set the other conditions for exercising the options, which may in particular include unavailability clauses. They may also include clauses prohibiting the immediate resale of all or part of the shares, although the mandatory lock-in period may not exceed three years from the exercise of the option. Options cannot be granted to the employees and corporate officers who individually own more than 10% of the Company's share capital.

The purchase price shall be fixed by the Board of Directors on the day on which the option is granted and cannot be lower than either the average of the share prices quoted during the twenty trading days prior to the option grant date or the average purchase price of the shares held by the Company.

If during the period in which the granted options may be exercised, the Company carries out one of the transactions authorized by law, there shall be in accordance with the regulatory conditions, an adjustment of the number and unit price of the shares that may be purchased through the exercise of the options.

The Shareholders' Meeting grants full powers to the Board of Directors to proceed to the allocation of options within the limits fixed above, on the dates and within the periods that it shall set in accordance with the statutory and legal guidelines.

This authorization, given for a period of twenty-six (26) months as from this Meeting, terminates the authorization given by the Extraordinary Shareholders' Meeting of May 19, 2010.

THIRTY-THIRD RESOLUTION

(Authorization conferred to the Board of Directors for the purpose of the free allocation of the Company's shares to the Company's member of staff and to the staff and corporate officers of its affiliated companies).

The Shareholders' Meeting, having noted the Board of Directors' report and the Statutory Auditor's special report,

- authorizes the Board of Directors, in accordance with and under the terms set out by Articles L.225-197-1 to L.225-197-5 of the French Commercial Code, to carry out once or several times, in favor of members of staff of the Company or of certain categories of them, and of the staff members and managers of companies or consortiums linked to the Company under the conditions set out in Article L.225-197 of the French Commercial Code, the free allocation of the Company's existing or future shares,
- resolves that the total number of shares that can be allocated cannot exceed 2% of the Company's share capital.

The Shareholders' Meeting authorizes the Board of Directors to proceed, instead or in addition, within the limit set out in the previous paragraph, to:

- the allocation of shares stemming from repurchases made by the Company under the conditions set out in Articles L.225-208 and L.225-209 of the Commercial Code; and/or
- the allocation of shares to be issued as part of a capital increase; in which case, the Shareholders' Meeting authorizes the Board of Directors to increase the share capital by the maximum nominal amount corresponding to the allocated number of shares, and the meeting duly notes and resolves, as necessary, that the allocation of shares to the beneficiaries designated by the Board of Directors includes, in favor of the said beneficiaries, the express waiver by the shareholders of their preferential subscription right to the shares to be issued.

The Shareholders' Meeting:

- sets at two years, starting from the date on which the allocation rights will be granted by the Board of Directors, the minimum vesting period at the end of which these rights will be fully vested for their beneficiaries, it being recalled that these rights are non-transferrable until the end of this period, in accordance with the provisions of Article L.225-197-3 of the Commercial Code; however, in the event of the beneficiary's death, his or her heirs may request the allocation of the shares within six months of the death;
- sets at two years, starting from the final allocation, the minimum holding period for the shares by their beneficiaries;
- The Shareholders' Meeting grants full powers to the Board of Directors, within the limits set out below, for the purpose of:
  - determining the identity of beneficiaries or the category or categories of beneficiaries of the share allocations, it being recalled that shares cannot be allocated to employees and corporate officers who individually own more than 10% of the share capital, and that the allocation of free shares cannot result in any one of the latter's exceeding the holding threshold of more than 10% of the share capital,
  - breaking down the share allocation rights into one or several times and at times that it shall consider timely,
  - setting the conditions and criteria for allocating the shares, such that, including but not limited to, the conditions regarding tenure of employment, the preservation of the employment contract or the corporate office during the vesting period, and any other financial condition or individual or collective performance,
  - determining the final terms of the vesting period and the holding period of the shares within the limits set above by the Meeting,
  - registering the allocated bonus shares on a registered account in the holder's name, mentioning the unavailability and its duration,
  - removing the unavailability of shares during the holding period in the event of dismissal, retirement, disability corresponding to classification in the second or third categories described by the provisions of Article L.341-4 of the French Social Security Code, or death,
  - accruing a locked-in reserve, assigned to the rights of the beneficiaries of the allocation, with a sum equal to the total amount of the nominal value of the shares likely to be issued through the capital increase, by debiting the sums required on all reserves which the Company may freely dispose of,
  - making the necessary debits on this locked-in reserve in order to release the nominal value of the shares to be issued for their beneficiaries,
  - in case of capital increase, amending the bylaws accordingly and carry out all the required formalities,
  - in the event of the implementation of the financial transactions described by the provisions of Article L.228-99, paragraph 1, of the French Commercial Code, during the vesting period, implementing all measures designed to safeguard and adjust the rights of the beneficiaries of the share allocation, according to the terms and conditions set out by point 3 of the said Article.

Pursuant to the provisions of Articles L.225-197-4 and L.225-197-5 of the French Commercial Code, a special report will be presented to the Ordinary Shareholders' Meeting every year to inform it of the transactions carried out in accordance with this authorization.

This authorization, given for a period of twenty-six (26) months as from this Meeting, terminates the authorization given by the Extraordinary Shareholders' Meeting of May 4, 2011.

THIRTY-FOURTH RESOLUTION

(Authorization conferred to the Board of Directors to allow it to increase the capital or transfer treasury shares to employees)

The Shareholders' Meeting, having noted the Board of Directors' report and the Statutory Auditors' special report, and deliberating in the context of the provisions of Articles L.3332-18 *et seq.* of the French Commercial Code, authorizes the Board of Directors, under the conditions set out by the law with the option to subdelegate in application of Articles L.225-129-2 and L.225-129-6 of the French Commercial Code, to proceed on its sole decisions and if it deems it necessary, to increase the share capital once or several times, through the issue of shares,

- either on the occasion of the implementation of any issue in cash of share equivalents;

- or to the extent the it appears, based on the Board of Directors' report set out in Article L.225-102 of the Commercial Code, that the shares held collectively by the employees of the Company or companies affiliated to it as defined by Article L.225-180 of the Commercial Code represent less than 3% of the share capital.

The subscription to this capital increase will be reserved for employees belonging to an employee savings plan of Rallye or any of its affiliates under the conditions described in Article L.233-16 of the French Commercial Code and under the conditions set by Article L.3332-18 *et seq.* of the French Labor Code.

The Shareholders' Meeting hereby resolves to cancel, in favor of the beneficiaries of the capital increases that may be decided pursuant to this authorization, the preferential subscription right of shareholders to the shares that will be issued.

The total number of shares that may be issued pursuant to this authorization may not exceed 3% of the total number of the Company's shares at the time of the issue, on the understanding that this ceiling is independent of the ceiling described in the twenty-first resolution and the overall ceiling set out in the twenty-ninth resolution.

The subscription price of shares shall be set in accordance with the provisions of Article L.3332-19 of the French Labor Code.

The Shareholders' Meeting also resolves that the Board of Directors may decide on the free allocation of the Company's shares or other share equivalents, on the understanding that the total benefit resulting from this allocation and as applicable, from the abandonment of and the discount on the subscription price, may not exceed the legal or regulatory limits.

The Shareholders' Meeting authorizes the Board of Directors to transfer the shares acquired by the Company in accordance with the provisions of Articles L.225-206 *et seq.* of the French Commercial Code, once or several times and at its sole decisions, within the limit of 3% of the securities issued by the Company to employees members of a Company employee savings plan of the Company and of its affiliates under the conditions described in Article L.233-16 of the Commercial Code and under the conditions fixed by Articles L.3332-18 *et seq.* of the French Labor Code.

This authorization, given for a period of twenty-six (26) months from this Meeting, terminates all authorizations with the same purpose, given by previous Shareholders' Meetings.

The capital increase or increases shall only be made if equivalent to the number of shares subscribed by the employees individually or through a corporate mutual fund.

The Shareholders' Meeting authorizes the Board of Directors, in accordance with and under the conditions of Article L.225-135-1 of the French Commercial Code, to issue a number of shares greater than the number initially fixed at the same price as the price retained for the initial issue within the limit of the ceiling set above.

The Shareholders' Meeting grants full powers to the Board of Directors, with the option to subdelegate under the conditions set out by law, to implement this authorization and carry out this issuance or issuances within the limits fixed above, on the dates and within the periods and according to the procedures that it shall fix in compliance with statutory and legal guidelines, and more specifically:

- define the procedures for the reserved issuance or issuances and, in particular, determine whether the issuances may take place directly in favor of the beneficiaries or through collective undertakings;
- fix the amounts of the capital increases, the dates and the duration of the subscription period, the procedures and the deadlines, if any, granted to subscribers to pay for their securities, the conditions of employment tenure which the subscribers of new shares have to meet;
- on its sole decisions, after each capital increase, charge the costs of these capital increases to the amount of the related premiums and debit from this amount the sums required to raise the legal reserve to one tenth of the new capital;
- recognize the amount of the corresponding capital increases and amend the bylaws accordingly to match the direct or deferred capital increases;
- and, generally, take all measures and carry out all formalities useful for the issuance, the quotation, and the service of the securities whose issuance is authorized.

THIRTY-FIFTH RESOLUTION

(Powers)

The Shareholders' Meeting grants full powers to the bearer of an original, an extract or copy of these minutes for the purpose of performing all publication, filing and other formalities as required.

ADDITIONAL INFORMATION

General information about Rallye

–

GENERAL INFORMATION

Corporate name: Rallye

Registered office: 83, rue du Faubourg Saint-Honoré – 75008 Paris

Administrative headquarters: 32, rue de Ponthieu – 75008 Paris

LEGAL FORM

RALLYE is a “société anonyme” (joint stock corporation) governed by Book II of the French Commercial Code.

Governing law: French law

Formation – life

Date of formation: January 20, 1925

Expiration date: December 31, 2064

Life: 90 years, beginning as from December 31, 1974, the date of its first extension.

CORPORATE PURPOSE

Article 3 of the by-laws

“The Company’s purpose is:

- to take equity interests in any French or foreign business, whatever its legal form or purpose, and to manage these interests;
- to provide administrative, accounting, legal, financial, IT, commercial or other services to further the interests of any company, as well as public relations services;
- to acquire and manage all types of real property;
- to undertake any form of business, commission, or brokerage in its own name, or on behalf of others;
- and, in general, to undertake any commercial, industrial, real estate, personal property, or financial transactions either directly or indirectly related to, or likely to be of use to the Company’s purpose or to help in its attainment.

It may, in France or abroad, create, acquire, operate or cause to be operated any brand of manufacture, trade, or service, any model or design, any patent or manufacturing process related to the above purpose.

It may act in any country, be it directly or indirectly, on its own account or on behalf of others, alone or in association, participation, grouping or company, in conjunction with any other person or company, and it may carry out the transactions necessary to its purpose, under any form.”

TRADE AND COMPANIES REGISTER

Registered in the Paris (France) Trade and Companies Register (R.C.S.), under number 054 500 574.

CONSULTATION OF THE DOCUMENTS AND INFORMATION RELATING TO THE COMPANY

Company documents relating to the last three fiscal years (annual financial statements, minutes of Shareholders’ Meetings, Directors, Statutory Auditors’ reports, by-laws, etc.) can be consulted at the Company headquarters, 32, rue de Ponthieu – 75008 Paris, France.

Accounting year – Article 32 of the by-laws

The accounting year starts on January 1 and ends on December 31.

BY-LAWS RELATING TO THE MANAGEMENT AND GOVERNANCE BODIES – BOARD OF DIRECTORS' INTERNAL RULES OF PROCEDURE

BOARD OF DIRECTORS

→ COMPOSITION OF THE BOARD OF DIRECTORS (EXTRACT FROM ARTICLE 14 OF THE BY-LAWS)

The Company is administered by a Board with between three and eighteen members.

→ DIRECTORS' SHARES (EXTRACT FROM ARTICLE 15 OF THE BY-LAWS)

Each Director must own at least 1 (one) share.

In the event that a Director does not own the requisite share on the day of his or her appointment or ceases to own such shares while still in office, such Director is deemed to have automatically left office unless he or she remedies the situation within six months.

→ TERM OF OFFICE – AGE LIMIT – REPLACEMENT (EXTRACT FROM ARTICLE 16 OF THE BY-LAWS)

I. Members of the Board are appointed for a term of one year expiring after the Ordinary Shareholders' Meeting called to approve the financial statements for the year ended and held during the year in which their term of office expires.
II. All members of the Board who are natural persons and all members that are permanent representatives of a legal entity are deemed to have automatically left office after the Ordinary Shareholders' Meeting held to approve the financial statements for the year during which they reach 75 years of age.
III. Members of the Board are appointed or re-reappointed by the Shareholders' Meeting.

In the event of a vacancy due to the death or resignation of one or several members of the Board, the Board may, between two Shareholders' Meetings, appoint a temporary member or members. These appointments are subject to ratification at the subsequent Shareholders' Meeting.

Even if the appointment of a member by the Board is not ratified by the Shareholders' Meeting, the actions performed by the member and the proceedings undertaken by the Board during the temporary appointment period remain valid.

If the number of members falls below three, the remaining members (or the Statutory Auditors or a representative designated, at the request of any interested party, by the Presiding Judge of the Commercial Court) must immediately call an Ordinary Shareholders' Meeting to appoint one or several new members in order to fill the vacancies and bring the number of Board members up to the required legal minimum.

A member appointed to replace another member only fills the vacancy for the remainder of the unexpired term of his or her predecessor.

The appointment of a new Board member in addition to serving members may only be decided on by the Shareholders' Meeting, which establishes the term of office.

→ BOARD OF DIRECTORS' ORGANIZATION, MEETINGS AND PROCEEDINGS

— *Chairman – Board Committee (extracts from Articles 17 and 20 of the by-laws)*

The Board of Directors appoints a Chairman from among its members who are natural persons.

The Chairman of the Board of Directors organizes and directs the activities of the Board and reports thereon to the Shareholders' Meeting. The Chairman ensures that the Company's management bodies function properly and that Board members are able to fulfill their duties.

The Chairman may be appointed for the entire term of his or her office as a Board member, subject to the right of the Board of Directors to remove him or her from office and to the Chairman's right to resign before the expiry of his or her tenure. The Chairman is eligible for reappointment.

The Chairman is deemed to have automatically resigned from office after the Shareholders' Meeting called to approve the financial statements for the year during which he or she reaches 75 years of age.

The Board of Directors may remove him or her from office at any time.

In the event of the temporary incapacity or death of the Chairman, the Board of Directors may delegate the powers and duties of the Chairman to another member. In the event of temporary incapacity, the delegation of the powers and duties shall be given for a limited period, which may be renewed. In the event of death, the delegation shall be valid until the appointment of a new Chairman.

— *Non-voting observers* (censeurs) *(extract from Article 23 of the by-laws)*

The Shareholders' Meeting may appoint one or more non-voting observers, which may be either legal entities or natural persons, from among the shareholders. The Board of Directors may appoint non-voting observers subject to the ratification of the appointment by the subsequent Shareholders' Meeting.

Non-voting observers are appointed for a term of office of one year. Their appointment expires after the Shareholders' Meeting called to approve the financial statements for the previous year and held in the year during which their term of office expires.

Any non-voting observer is deemed to have automatically resigned from office after the Shareholders' Meeting called to approve the financial statements for the year during which he or she reaches 80 years of age.

Observers are eligible for reappointment at any time, and may be removed from office at any time by decision of the Ordinary Shareholders' Meeting.

The observers participate in the Board of Directors' meetings. At such meetings, they give their opinion and comments and have an advisory role in the Board's proceedings.

They may receive compensation, the amount and distribution of which are established by the Board of Directors within the framework of the Directors' fees allocated by the Shareholders' Meeting.

→ BOARD PROCEEDINGS (EXTRACT FROM ARTICLE 18 OF THE BY-LAWS)

I. The Board of Directors meets as often as required by the interests of the Company and whenever it sees fit, at a place indicated in the notice of meeting.
   Notices of meetings are issued by the Chairman or on his or her behalf by a person designated by the latter. When a meeting has not been held for more than two months, one third of the serving members may ask the Chairman to call a meeting with a specific agenda. The Chief Executive Officer may also ask the Chairman to call a Board meeting with a specific agenda.
II. The proceedings of the Board of Directors are valid if at least half the serving members are effectively present. A register of attendance is maintained, signed by the members attending the meetings.

Decisions are taken by a majority vote of the members present or represented. In the event of a tied vote, the Chairman's vote is casting. However, if the Board consists of fewer than five members, decisions may be made by two members in attendance, who are in agreement.

The members may participate in proceedings by means of a video conference or a similar communications system under the conditions set out and in the manner governed by current regulations and the Board's internal rules of procedure.

→ BOARD'S POWERS (EXTRACT FROM ARTICLE 19 OF THE BY-LAWS)

I. The Board of Directors determines the strategic orientations of the Company's business and ensures that they are implemented. Subject to the powers expressly assigned to Shareholders' Meetings, and within the limits of the Company's corporate purpose, the Board of Directors deals with all issues that concern the Company's operations. Through its proceedings, it resolves the issues confronting the Company.
II. When the Chairman is appointed or re-appointed, the Board of Directors sets out the arrangements governing the executive management of the Company, which is performed either by the Chairman or by another natural person appointed for that purpose.
   However, the Board of Directors may, by Board decision and at any time, modify the arrangements governing the executive management of the Company, without requiring any amendment to the Company's by-laws.
III. The Board may appoint committees and determine their composition and powers. The members of these committees are responsible for examining issues referred to them by the Chairman or the Board.
IV. The Board authorizes, in compliance with legal provisions, the agreements other than those relating to ordinary business operations concluded under normal conditions, pursuant to Article L.225-38 of the Commercial Code. However, the Company may not grant loans, overdrafts, sureties or guarantees to the persons mentioned in Article L.225-43 of the Commercial Code or for the purposes provided for in Article L.225-219 of the Commercial Code.
V. Except where prohibited by law, all powers, offices and duties limited to one or several operations or types of operation may be delegated to any persons, whether Board members or not.

Furthermore, the Board of Directors of the Company has set up a number of mechanisms in its internal rules of procedure to ensure oversight of the executive management of the Company (see the section on "Corporate Governance").

EXECUTIVE MANAGEMENT SYSTEM

Separation of the functions of the Chairman of the Board of Directors and the Chief Executive Officer (extract from Article 21 of the by-laws).

→ EXECUTIVE MANAGEMENT

The executive management of the Company may be carried out either under the responsibility of the Chairman of the Board of Directors, or by another natural person, whether a Director or not, appointed by the Board of Directors and with the title of Chief Executive Officer.

Although the Company's by-laws provide for the separation of these powers, the Chairman of the Board of Directors holds the office of Chief Executive Officer.

If the executive management of the Company is conducted by the Chairman, the provisions of this Article apply to him. He or she then takes the title of Chairman/Chief Executive Officer.

The Chief Executive Officer has the broadest powers to act in all circumstances on behalf of the Company. He or she exercises these powers within the limits of the Company's corporate purpose and subject to the powers expressly attributed by law to Shareholders' Meetings and to the Board of Directors.

He or she represents the Company in its dealings with third parties.

The term of office of the Chief Executive Officer is freely set by the Board of Directors. It may not exceed the members' term of office as set forth in Article 16 above.

The Chief Executive Officer shall be deemed to have automatically resigned from office after the Shareholders' Meeting called to approve the financial statements for the year during which he or she reaches 75 years of age.

The Chief Executive Officer may be removed from office at any time by the Board of Directors. If the Chief Executive Officer is removed without just cause, he or she may seek damages, unless he or she is also Chairman of the Board of Directors.

→ DEPUTY MANAGING DIRECTORS

Upon a proposal by the Chief Executive Officer, the Board of Directors may appoint one or more natural persons to assist the Chief Executive Officer, with the title of Deputy Managing Director.

The maximum number of Deputy Managing Directors is five.

By agreement with the Chief Executive Officer, the Board of Directors determines the scope and duration of the powers granted to the Deputy Managing Directors. In dealings with third parties, the Deputy Managing Directors have the same powers as the Chief Executive Officer.

Deputy Managing Directors may be removed from office at any time by the Board of Directors upon a proposal by the Chief Executive Officer. If they are removed without just cause, they may seek damages.

The Chairman, if he or she also acts as Chief Executive Officer, the Chief Executive Officer or any of the Deputy Managing Directors are authorized to delegate or substitute powers to carry out one or several operations or types of operation.

BOARD OF DIRECTORS' INTERNAL RULES OF PROCEDURE

The Board of Directors of the Company has adopted internal rules of procedure for its operations, in addition to the laws, regulations and by-laws governing the Company.

These internal rules of procedure specify how the Board is organized and operates and set out the powers and duties of the Board of Directors and of the Board committees that it has established. They also set out the arrangements for monitoring and assessing its performance (see the section on "Corporate governance," which describes the various Board committees, the limits placed on executive management and the system for control and evaluation of the Board of Directors).

Appropriation of incomArticle 33 of the by-laws

"I. The income statement shows the income or loss for the period, after the deduction of amortization and provisions.

From this income, less losses carried forward from previous periods, if any, the following must be paid in priority:

- at least five percent to constitute the legal reserve fund. This ceases to be mandatory once said fund has reached one-tenth of the capital, but becomes mandatory again if, for whatever reason, this requirement is no longer met;
- and any amounts to be set aside as reserves in compliance with the law.

The balance, together with any profit carried forward, constitutes the earnings available for distribution. It is at the disposal of the shareholders at the general meeting to be, if proposed by the Board of Directors, either totally or in part, distributed to the shares as a dividend, appropriated to any reserve or capital amortization accounts, or to retained earnings.

The Shareholders' Meeting voting on the accounts for the period may grant each shareholder, for all or part of the dividend to be distributed, the option to choose between receiving the dividend in cash or in shares.

II. The shareholders at the general meeting may choose to use the reserves at their disposal to pay a dividend on shares. Should this be decided, the decision must expressly indicate the line items from which the amounts are taken."

INFORMATION REGARDING SHAREHOLDERS' MEETINGS

SHAREHOLDERS' MEETINGS ARE CONVENED AS FOLLOWS

Article 27, paragraphs I, II and III of the by-laws states

I. The Shareholders' Meeting is called by the Board of Directors, or, failing that, by the Statutory Auditors or by an agent appointed by the presiding judge of the Commercial Court ruling in summary proceedings at the request of one or more shareholders representing at least one fifth of the share capital, or of a shareholders' association under the conditions set out in Article L.225-120 of the Commercial Code.

The Meeting is called at least fifteen days ahead of time on first calling, and at least ten days earlier for subsequent callings, by means of a notice published in a publication authorized to receive legal notices in the geographic department of the Company's registered office and in the mandatory announcements bulletin (Bulletin des annonces légales obligatoires).

Shareholders holding registered shares for at least a month as of the date of such notices are convened by regular mail or by any means of electronic telecommunication.

The invitation is preceded by a notice containing the disclaimers provided for by law and published in the Bulletin des annonces légales obligatoires at least thirty five days prior to the Meeting.

II. Meetings are held in the city or town in which the Company has its registered office, or in any other town in France, depending on what has been decided by the person convening the Meeting, and at the location indicated therein.

III. The agenda for each general meeting is established by the person convening the Meeting. If applicable, it contains proposals made by one or more shareholders, under the conditions provided by law.

CONDITIONS OF ADMISSION

Article 25, paragraphs I, II and III of the by-laws states

I. Subject to forfeiture due to the failure to make full payment for shares within the prescribed deadlines, the Shareholders' Meeting consists of all shareholders regardless of the number of shares held.
The Shareholders' Meeting, duly convened and constituted, represents all the shareholders; its decisions are binding on all, even for dissenters, those lacking capacity or absent.

II. Any shareholder may have himself or herself represented in accordance with the law.

- Minors and those lacking capacity are represented by their guardians and administrators, who need not personally be shareholders. Legal entities are validly represented by any legal representative having that capacity or by a person specifically authorized for that purpose.
- Shareholders not domiciled in France may be represented through an agent duly registered as a holder of such shares for the account of the former.

Any shareholder may also vote by mail in the manner and in accordance with the time periods prescribed by law.

A postal ballot and ballot by proxy may be cast using one and the same document as defined by the author of the notice.

III. Whatever number of shares they hold, all shareholders have the right, upon providing proof of their identity and capacity, to participate in Shareholders' Meetings, provided that their shares were recorded at midnight (Paris time) on the third business day preceding the Shareholders' Meeting:

- for holders of registered shares: in the name of the shareholder in the registered accounts held by the Company;
- for holders of bearer shares: in the name of the intermediary registered on the shareholder's behalf in the bearer share accounts held by the authorized intermediary;
  and, if necessary, subject to providing the Company with any necessary proof of identification, in compliance with applicable rules and regulations.

Accounting entries or registration of shares in bearer share accounts held by the authorized intermediary will be confirmed by a participation certificate issued by the latter, in compliance with legal and regulatory provisions.

Article 12 of the by-laws

Beneficial owners, bare owners, joint owners of shares may attend meetings under the conditions provided by law.

COMPOSITION OF THE SHAREHOLDERS' MEETING

Article 25, paragraph IV of the by-laws

IV. Shareholders may, if the Board so decides, attend Shareholders' Meetings and vote remotely by videoconference or by any means of telecommunication and teletransmission, including the Internet, that allows for their identification under the conditions prescribed by applicable regulations and those decided on by the Board.

On a decision of the Board of Directors, the shareholders may define the forms for remote voting or voting by proxy using an electronic medium, under the conditions set by the regulation then in effect. These forms may be filled out and signed directly on the Internet site created by the centralized institution in charge of the Shareholders' Meetings. Electronic signature of the form may be done by any means corresponding to the provisions of the first phrase of paragraph 2 of Article 1316-4 of the Civil Code or any other subsequent legal provision that may replace it, such as the use of an identifier code and password.

Votes cast by electronic means, as well as any acknowledgment of receipt that is provided for it, shall be deemed an irrevocable writing and enforceable against all, except for a disposal of shares of which notice is given under the conditions stipulated in the second paragraph of Article R.225-85-IV of the Commercial Code or by any other subsequent legal or regulatory provision that may replace it.

A proxy cast by electronic means, as well as an acknowledgment of receipt provided thereto, shall be deemed an irrevocable writing enforceable against all under the conditions defined by law.

CONDITIONS FOR THE EXERCISE OF VOTING RIGHTS

Article 28, paragraph III and IV of the by-laws

III. Shareholders have as many votes as the shares they own or represent, with no limits, except as provided by law or these by-laws.

Votes are cast by a show of hands, electronically or by any means of telecommunication that enables identification of the shareholders under regulatory conditions in effect. The Shareholders' Meeting may also decide to vote by secret ballot on a proposal of the Meeting Committee.

CONDITIONS FOR ACQUIRING DOUBLE VOTING RIGHTS

Article 28, paragraph III of the by-laws

However, under the circumstances provided by law, fully paid-up shares which have demonstrably been registered for at least two years in the name of the same shareholder are granted double voting rights, as are registered bonus shares that were allotted to a shareholder on the basis of existing shares entitled to such right, upon a capital increase through capitalization of reserves, earnings, or issue premiums.

The list of registered shares entitling their holders to double voting rights is decided on by the Board of Directors.

The double voting rights thus granted to registered shares fully paid up ceases as a matter of law for any shares that are converted into bearer shares or transferred to a different owner, except in the event of a registered-to-registered transfer, in application of the provisions of Article L.225-124 of the Commercial Code.

For any proxy by a shareholder which does not indicate the agent, the person presiding over the Shareholders' Meeting casts a vote for the adoption of draft resolutions presented or approved on by the Board of Directors and a vote against the adoption of any other draft resolutions. To cast any other vote, the shareholder must select an agent who agrees to vote as indicated by the principal.

Votes are cast by a show of hands, electronically or by any means of telecommunication that enables identification of the shareholders under regulatory conditions in effect. The Shareholders' Meeting may also decide to vote by secret ballot on a proposal of the Meeting Committee.

Shareholders may also vote by absentee ballot under the conditions prescribed by law.

A vote cast or power issued by an agent who either did not declare being an agent registered as the holder of shares on behalf of third parties not domiciled in France, or did not reveal the identity of the owners of the shares on whose behalf he or she is registered, in accordance with regulations in effect, will not be taken into account.

SHARE OWNERSHIP THRESHOLDS REQUIRED TO BE DECLARED TO THE COMPANY

Article 10, paragraph II of the by-laws

Apart from being required to fulfill the legal obligation of informing the Company of the ownership of certain percentages of Company capital and the attached voting rights, any person or legal entity – including any intermediary registered as the holder of shares of persons not domiciled in France or in French territory – who, alone or acting in concert with other natural or legal persons, should come to hold, or should cease to hold, in whatever manner, a percentage equal to 1% of the voting rights or any multiple thereof, must inform the Company of the total number of shares and voting rights held, by means of registered letter, return receipt requested, to the Company's registered office within five trading days from the date one of these thresholds is crossed.

Should this reporting obligation not be respected, and upon the request, as recorded in the minutes of the general meeting, of one or more shareholders holding at least 5% of the Company's capital, the voting rights in excess of the percentage which should have been declared may not be exercised at any meeting held, for a period of two years following the date of correct compliance with the reporting requirement.

SHAREHOLDER IDENTIFICATION

Article 10, paragraph III of the by-laws

In order to identify the holders of bearer securities, and in accordance with Article L.228-2 of the Commercial Code, the Company has the right, at any time and at its expense, to obtain certain information from the securities clearing agency. The information it may request is the names (or Company name, in the case of a legal entity), nationality and address of the holders of securities conferring either present or future rights to vote at its Shareholders' Meetings, as well as the number of shares held by each holder, and any restrictions which may apply to the shares in question.

The Company may also, under the terms of Articles L.228-2 *et seq.* of the Commercial Code, ask holders of the Company's shares whether they hold the shares on their own behalf, or on behalf of a third party. Should the latter be the case, it may ask them to provide information serving to identify such third party or parties.

Should the identity of the owners of the shares not be revealed, a vote or proxy authorization issued by the intermediary will be discarded.

In addition, by virtue of Article L.228-3-1-II of the Commercial Code, any legal entity owning shares in excess of 2.5% of the capital or of the voting rights, must, when so requested by the Company, reveal the identity of the individuals and/or legal entities which own, either directly or indirectly, more than one third of its own capital or voting rights.

In application of Article L.228-3-3 of the Commercial Code, failure to provide the information requested under Articles L.228-2-II or L.228-3 or L.228-3-1 of the Commercial Code, or the provision of incomplete or erroneous information, will be punishable by the loss of voting and dividend rights attaching to the shares held by the person who received the request for information, until such date as the correct information is supplied.

ADDITIONAL INFORMATION

General information about Company capital

–

AMOUNT OF CAPITAL

- Amount of capital as of December 31, 2012: €146,074,734;
- Amount of capital as of February 28, 2013: €146,074,734;
- Number of shares as of December 31, 2012: 48,691,578;
- Number of shares as of February 28, 2013: 48,691,578.

The shares have a par value of €3 each, are paid in full and belong to the same class.

Shares may be either in registered or bearer form, at the option of the shareholder.

The Company keeps track of its shareholder structure as provided by law.

The shares are freely negotiable, except as otherwise indicated by law or regulations.

Double voting rights are granted to shares that have been held as registered shares by the same person for over two years. At February 28, 2013, double voting rights having been granted to 24,354,789 shares, the total number of voting rights amounted to 73,844,967 for 48,691,578 shares.

FINANCIAL AUTHORIZATIONS

Shareholders at the General Meeting of May 4, 2011 delegated certain powers to the Board of Directors which would allow the Company to raise funds on financial markets for the purpose of continuing the Group's development and strengthening its financial position. All powers granted or delegated to the Board allowing it to issue securities providing access to the Company's capital are as follows:

Type of issue	Extraordinary Shareholders' Meeting	Term of authorization	End date of authorization	Amounts authorized in nominal(1)
Authority to increase the share capital through capitalization of reserves, earnings, premiums or other sums whose capitalization is allowed	05/04/2011	26 months	07/04/2013	€66 million
Authority to issue shares or securities entitling their holders to the allocation of new or existing shares or to existing shares of any company in which it holds, directly or indirectly, over 50% of the capital or debt securities with preservation of preemptive subscription rights upon the issuance of new shares(2)	05/04/2011	26 months	07/04/2013	€66 million(3) €1 billion(4) and (5)
Authority to issue shares or securities entitling their holders to the allocation of new or existing shares or to existing shares of any company in which it holds, directly or indirectly, over 50% of the capital or debt securities with waiving of preemptive subscription rights upon the issuance of new shares(2)	05/04/2011	26 months	07/04/2013	€33 million(3) €1 billion(4) and (5)
Authority to issue securities giving access to the capital in the event of a public offering by Rallye for the shares of another company	05/04/2011	26 months	07/04/2013	€66 million(3) €1 billion(4)
Authority granted to the Board of Directors to issue shares or securities granting a right to the allocation of new or existing shares of the Company or to existing shares of any company in which it holds, directly or indirectly, more than 50% of the capital or debt securities with waiving of preemptive subscription rights by offer sent to the persons referred to in Article L.411-2-II of the French Monetary and Financial Code	05/04/2011	26 months	07/04/2013	10% of the capital/year
New or existing bonus share allotment to staff or corporate officers of the Company or affiliates	05/04/2011	26 months	07/04/2013	2% of total shares of the Company at the time of issuance
Capital increase in favor of employees participating in a Company Savings Plan (PEE) of the Company or affiliates	05/04/2011	26 months	07/04/2013	4% of total shares of the Company at the time of issuance

(1) Amounts authorized equal to residual amounts if unused.
(2) The Board of Directors may increase the number of shares to be issued up to 15% of those originally issued and at the same price as the latter.
(3) For issuance of securities giving access to capital.
(4) Under the loan.
(5) For debt securities.

The Extraordinary Shareholders' Meeting to be held on May 14, 2013 will be asked to renew all of the authorizations described in the table above.

The Extraordinary Shareholders' Meeting of May 14, 2013, will also be asked to renew the Board's authorization to grant stock options to employees and corporate officers of the Group for twenty six (26) months from the date of the Meeting.

The total number of options granted may not confer rights to a number of shares representing more than 5% of share capital at the grant date, without taking into account the options granted under previous authorizations that have not yet been exercised.

The total number of options granted and unexercised may not be more than 3% of the number of shares of the Company at the grant date, without taking into account those already granted under previous authorizations.

The Board of Directors is also authorized to issue shares or securities providing access to capital corresponding to a maximum of 10% of the Company's share capital, as consideration for contributions in kind made to the Company in shares or securities providing access to capital.

POTENTIAL CAPITAL STOCK AS OF FEBRUARY 28, 2013

The potential capital stock as of February 28, 2013 can be broken down as follows

Number of shares as of February 28, 2013	48,691,578
Exercise of stock subscription options	598,535
Number of potential shares	49,290,113

The dilutive effect in the event of exercise of subscription options totals 1.2% for a shareholder holding 1% of the capital as of February 28, 2013.

CHANGES IN CAPITAL OVER THE LAST TEN YEARS

Date	Change in capital	Changes			New capital *(in €)*	Aggregate number of shares
		Number of shares	Capital *(in €)*	Additional paid-in capital *(in €)*		
2002	Cancellation of shares	(5,000,000)	(15,000,000.00)	(285,000,000.00)		
	Exercise of warrants and convertible bonds	3,265,992	9,797,976.00	134,666,646.93		
12/31/2002					111,603,672.00	37,201,224
2003	Exercise of warrants and convertible bonds	206,620	619,860.00	8,057,485.58		
12/31/2003					112,223,532.00	37,407,844
2004	Exercise of warrants	5	15.00	275.00		
12/31/2004					112,223,547.00	37,407,849
2005	Payment of balance of the 2004 dividend in shares	438,907	1,316,721.00	14,361,037.04		
	Exercise of stock warrant B	2,424	7,272.00	103,020.00		
	Payment of 2005 interim dividend in shares	958,407	2,875,221.00	30,055,643.52		
12/31/2005					116,422,761.00	38,807,587
2006	Payment of balance of the 2005 dividend in shares	403,255	1,209,765.00	11,984,738.60		
	Exercise of stock warrant C	186	558.00	8,370.00		
12/31/2006					117,633,084.00	39,211,028
2007	Exercise of options	314,300	942,900.00	8,450,793.00		
	Conversion of OCEANE bonds	3,127,264	9,381,792.00	125,519,779.47		
12/31/2007					127,957,776.00	42,652,592
2008	Exercise of options	24,000	72,000.00	725,265.00		
	Cancellation of shares	(316,452)	(949,356.00)	(13,632,380.88)		
12/31/2008					127,080,420.00	42,360,140
12/31/2009					127,080,420.00	42,360,140
2010	Payment of balance of the 2009 dividend in shares	688,754	2,066,262.00	14,098,794.38		
	Payment of 2010 interim dividend in shares	1,251,109	3,753,327.00,	25,122,268.72		
12/31/2010					132,900,009.00	44,300,003
2011	Payment of balance of the 2010 dividend in shares	1,321,416	3,964,248.00	35,162,879.76		
	Payment of 2011 interim dividend in shares	793,939	2,381,817.00	14,108,296.03		
	Exercise of options	50,802	152,406.00	571,014.48		
12/31/2011					139,398,480.00	46,466,160
2012	Payment of balance of the 2011 dividend in shares	774,497	2,323,491.00	14,304,959.59		
	Payment of 2012 interim dividend in shares	1,501,723	4,505,169.00	27,286,306.91		
	Cancellation of shares	(74,505)	(223,515)	(854,378.39)		
	Exercise of options	23,703	71,109.00	266,421.72		
12/31/2012					146,074,734.00	48,691,578
28/02/2013					146,074,734.00	48,691,578

ADDITIONAL INFORMATION

Distribution of the capital and voting rights

STATUS AS OF FEBRUARY 28, 2013

Total number of voting rights as of February 28, 2013: 73,844,967.

Number of shareholders: over 16,000, based on the identifiable bearer securities research carried out in April 2013.

To the Company's knowledge, the main shareholders at that time were as follows:

Shareholders	Shares	% capital	Voting rights	% voting rights
Foncière Euris	27,296,291	56.06%	52,506,750	71.10%
Other companies of the Euris Group	1,275	-	2,124	-
Other members of the Board of Directors and management	124,988	0.26%	173,498	0.23%
Sub-total	**27,422,554**	**56.32%**	**52,682,372**	**71.33%**
Treasury shares held*(1)	567,431	1.17%	-	-
Other shareholders(2)	20,701,593	42.51%	21,162,595	28.67%
registered:	*701,186*	*1.43%*	*1,162,188*	*1.58%*
bearer:	*20,000,407*	*41.08%*	*20,000,407*	*27.09%*
Total	**48,691,578**	**100.00%**	**73,844,967**	**100.00%**

(1) Allocated to the coverage of bonus share plans and subscription plans.
(2) To the Company's knowledge, none of the "Other shareholders" holds directly, indirectly or in concert with others more than 5% of the share capital or voting rights.

THRESHOLD CROSSING DISCLOSURES BETWEEN JANUARY 1, 2012 AND FEBRUARY 28, 2013

In accordance with Article 10.II of the Company by-laws and based on the number of shares and voting rights declared by Rallye and published on the Company's website, between January 1, 2012 and February 28, 2013 the following companies disclosed threshold crossings:

Person disclosing the information	Date of exceeding the threshold	Manner in which threshold crossed	Number of shares declared	% of capital	% of voting rights
Financière de L'Echiquier	01/19/2012	up	1,860,264	4.00	2.63
Financière de L'Echiquier	02/15/2012	down	1,833,664	3.95	2.60
UBS	06/13/2012	up	486,590	1.05	0.68
UBS	06/19/2012	down	41,192	0.09	0.06
Tocqueville Finance	10/16/2012	down	475,559	0.98	0.65

CHANGE IN DISTRIBUTION OF THE CAPITAL OVER THE LAST THREE YEARS

The distribution of capital and voting rights has changed as follows over the last three years:

Shareholders	Situation as of 12/31/2012			Situation as of 12/31/2011			Situation as of 12/31/2010		
	Number of shares	% of capital	% of voting rights	Number of shares	% of capital	% of voting rights	Number of shares	% of capital	% of voting rights
Foncière Euris*	27,296,291	56.06%	71.11%	25,813,596	55.55%	71.15%	25,210,459	56.91%	72.49%
Treasury shares	567,431	1.17%	-	728,686	1.57%	-	649,930	1.47%	-
Other shareholders	20,827,856	42.77%	28.89%	19,923,878	42.88%	28.85%	18,439,614	41.62%	27.51%
Total	**48,691,578**	**100%**	**100%**	**46,466,160**	**100%**	**100%**	**44,300,003**	**100%**	**100%**

* Directly and indirectly.

The percentages shown are as of December 31 of each year.

DESCRIPTION OF THE COMPANY'S SHARE BUYBACK PLAN

Since the authorization granted by the Shareholders' Meeting on May 23, 2012 remains in force until November 23, 2013, the Shareholders' Meeting convened for May 14, 2013 will be requested to extend the duration of the share buyback plan.

PORTION OF CAPITAL OWNED BY THE COMPANY AND BREAKDOWN OF TREASURY SHARES HELD BY PURPOSE

As at February 28, 2013, the Company owned 567,431 shares, i.e. 1.17% of its capital. All of these shares are set aside to cover bonus share and subscription plans.

OBJECTIVES OF THE SHARE BUYBACK PLAN

The objectives of the share buyback plan are, in decreasing order of priority, the following:

- to cover the stock option plans issued to employees and corporate officers in accordance with Articles L.225-177 *et seq.* of the Commercial Code, as well as Company savings plans or any shareholding plans;
- to allot bonus shares to employees and officers of the Company within the framework laid down by Articles L.225-197-1 *et seq.* of the Commercial Code;
- to ensure active trading in the market for the Company's securities under the framework of a liquidity agreement entered into with an investment services provider, in compliance with the code of conduct prepared by the AMAFI and recognized by the AMF;
- to issue shares upon the exercise of rights attached to securities issued by the Company granting the right to receive existing Company shares through redemption, conversion, exchange, presentation of a warrant, or in any other way;
- hold shares for subsequent use as exchange or payment in a transaction for the purposes of external expansion, in compliance with market practice as permitted by the French Financial Markets Authority (AMF);
- to cancel shares, up to a maximum of 10% of share capital over a period of 24 months, as part of a capital reduction plan.

MAXIMUM SHARE OWNERSHIP, MAXIMUM NUMBER OF SHARES AND NATURE OF THE SHARES, WHICH THE COMPANY PLANS TO PURCHASE, AND MAXIMUM PURCHASE PRICE

Rallye will be able to acquire 10% of its capital; that is, as of February 28, 2013, 4,869,157 shares with a par value of €3 each. Given that the Company already owned 567,431 treasury shares, the maximum number of shares that can be bought under the share buyback plan is thus 4,301,726. This corresponds to a maximum theoretical investment of €322,629,450 based on a maximum purchase price of €75 as laid down in the twentieth resolution submitted to the Shareholders' Meeting of May 14, 2013.

DURATION OF THE SHARE BUYBACK PLAN

The share buyback plan has been extended for a period which will end at the Shareholders' Meeting called to approve the management and the financial statements for 2013, or, at the latest, on November 14, 2014.

PLEDGED SECURITIES

Under the terms of the credit facilities it has arranged, Foncière Euris has pledged Rallye shares as collateral for its borrowing capacity or amounts drawn and outstanding. Shares pledged as collateral by beneficiary at December 31, 2012, were as follows:

	Pledge start date(1)	Pledge end date(1)	Condition for ending the pledge	Number of shares pledged by the issuer	% of capital pledged by the issuer
BNP	June 2008	June 2013	(2)	3,135,965	6.44%
CACIB	June 2011	March 2016	(2)	2,837,001	5.83%
Groupe CM – CIC	Oct. 2010	April 2014	(2)	3,479,772	7.15%
HSBC	May 2010	June 2013	(2)	1,966,293	4.04%
Natixis	Oct. 2011	Dec. 2016	(2)	3,215,928	6.60%
RBS	June 2011	June 2016	(2)	678,431	1.39%
Société Générale	July 2006	March 2013	(2)	1,783,615	3.66%
Total				**17,097,005**	**35.11%**

(1) The start and end dates are the dates at both ends recorded for the credit facilities currently valid.
(2) Repayment or maturity of the facility.

SHAREHOLDERS' AGREEMENT AND CONCERTED ACTIONS

To the Company's knowledge, there are no shareholders' agreements, or persons or group of persons who exercise or may exercise control over the Company.

MATERIAL AGREEMENTS

During the course of the last three years, to the date of this reference document, the Group has not entered into any material agreements other than in the normal course of its business that might create a significant obligation or commitment for the Group as a whole.

Off-balance-sheet commitments are explained in Note 32 to the consolidated financial statements.

RELATED PARTY TRANSACTIONS

Rallye has entered into a strategic consulting and assistance agreement with Euris.

Under the agreement, Euris draws on its structures and resources to provide Rallye with continuous support in determining its strategy and in managing and developing its business. It also provides technical assistance on legal and administrative matters.

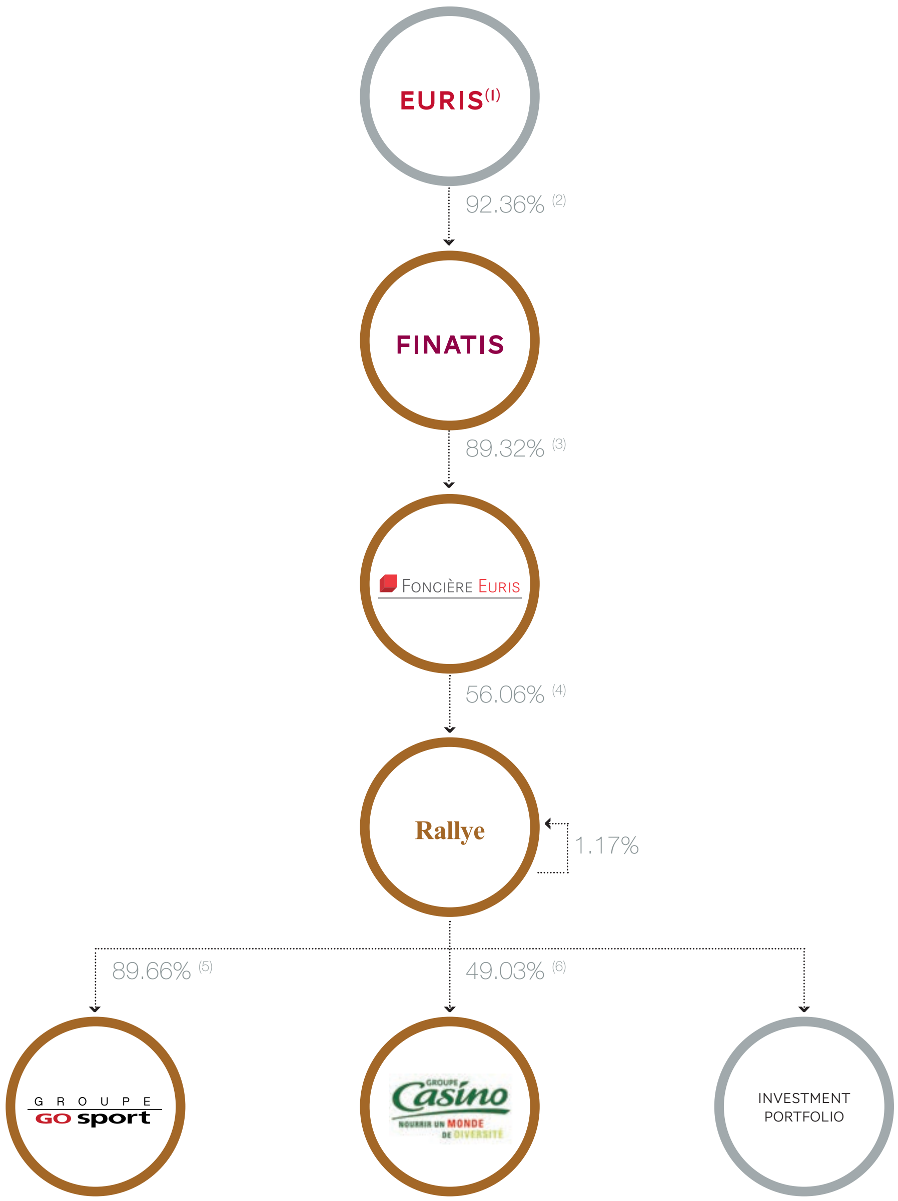
No loans or guarantees have been granted or put in place by the Company to members of the Board of Directors.

Corporate officers or members of their family own none of the assets required for operations.

Information about related party transactions appears in the note 34 to the consolidated financial statements.

ADDITIONAL INFORMATION

Organizational chart of the Group as of February 28, 2013



LISTED COMPANIES ON THE STOCK MARKET

(1) Euris is controlled by Mr. Jean-Charles NAOURI.
(2) 92.44% of voting rights.
(3) 93.17% of voting rights.
(4) 71.10% of voting rights.
(5) 88.93% of voting rights.
(6) Shares held directly or indirectly, excluding treasury shares, by Rallye and its subsidiaries representing 59.37% of voting rights.

The Rallye Group's current structure is the result of the reorganization undertaken in 1992 and 1993, which notably involved:

- the transfer to the Casino Group of all hypermarket, supermarket and cafeteria divisions;
- the merger and absorption of parent companies Rallye SA and Coficam and of SMPO and Record Carburants. After the mergers, the acquiring company, Genty-Cathiard, changed its name to Rallye;
- a transfer of real property assets by Foncière Euris.

The latest changes in the structure result from the share exchange offer on Casino shares, launched in September 1997, the merger-absorption of GO Sport by Courir, now known as Groupe GO Sport, on December 27, 2000, and the Athlete's Foot management buy-out on December 27, 2003.

Rallye provides no management services to its operating subsidiaries. However, it receives technical and strategic support from Euris, the Group's parent company.

ADDITIONAL INFORMATION

Stock market information

–

SECURITIES LISTED ON THE EURONEXT PARIS STOCK EXCHANGE (COMPARTMENT A)

- Rallye share (ISIN: FR0000060618)[1],

SECURITIES LISTED ON THE LUXEMBOURG STOCK EXCHANGE

- Rallye 3.25% April 2013 bonds exchangeable for Casino common shares issued April 30, 2003 (ISIN: FR0000473985)[1].
- Rallye 8.375% September 2015 bond (ISIN: FR0010806745) issued September 20, 2009[1].
- Rallye 7.625% November 2016 bond (ISIN: FR0010815472) issued November 4, 2009[1].
- Rallye 5.875% March 2014 bond (ISIN: FR0010874115) issued March 15, 2010[1].
- Rallye 4.25% March 2019 bond (ISIN: FR0011441831) issued March 11, 2013[1].

Institutions responsible for servicing the securities:

(1) BNP Paribas Securities Services – Grands Moulins de Pantin – 9, rue du Débarcadère – 93761 Pantin Cedex

SUMMARY OF THE RALLYE SHARE PRICE OVER 18 MONTHS[1]

Years/months	Number of shares exchanged	High for the period	Low for the period	Capital exchanged *(in € million)*
2011		**(in €)**	**(in €)**	
September	1,278,773	24.75	19.83	28.14
October	1,291,271	24.42	20.20	29.34
November	1,600,997	23.19	19.88	35.08
December	1,239,970	23.00	19.75	26.71
2012				
January	1,403,490	25.10	21.14	32.42
February	1,798,718	27.63	24.76	47.16
March	1,379,753	29.52	25.81	38.52
April	1,188,233	28.71	24.37	31.13
May	1,084,992	25.88	22.82	26.44
June	1,566,317	22.79	19.89	33.15
July	1,091,151	23.70	20.65	24.34
August	781,376	25.15	22.76	18.87
September	1,054,910	25.02	23.46	25.45
October	1,312,375	24.83	23.04	31.34
November	1,047,137	23.85	21.66	23.90
December	983,762	26.49	23.00	24.60
2013				
January	1,421,592	26.84	25.20	36.66
February	1,117,760	28.21	25.91	30.44

(1) Source: NYSE – Euronext.

As at February 28, 2013, the Rallye share price stood at €27.945 and its market capitalization was €1.4 billion.

DIVIDEND DISTRIBUTION POLICY OVER THE PAST FIVE YEARS – STATUTE OF LIMITATIONS FOR DIVIDENDS

Rallye has paid the following dividends over the past five years:

	12/31/2008	12/31/2009	12/31/2010	12/31/2011	12/31/2012(1)
Net dividend *(in €/share)*	1.83	1.83	1.83	1.83	1.83(2)
Number of shares	42,360,140	42,360,140	44,300,003	46,466,160	48,691,578
Total distribution *(in €)*	77,519,056	77,519,056	80,068,118	84,357,280	87,904,209

(1) In accordance with the resolutions proposed to the Shareholders' Meeting of May 14, 2013.
(2) An interim 2012 dividend in the amount of €0.80 per share was paid on October 10, 2012.

Rallye's dividend distribution policy depends on its financial position as well as its projected financial requirements. No guarantees can be made as to the amount of dividends that will be paid out in respect of a given year.

The dividend per share was stable at €1.83 over the last five years, representing a return for the shareholder based on the stock market price at December 31, of respectively 11.4%, 7.5%, 5.7%, 8.6% and 7.2% for the years 2008 to 2012.

Moreover, for the past few fiscal years, the option to receive dividend payments in shares has been offered to shareholders. This option offers the shareholder the ability to acquire Rallye shares at a 10% discount to the stock market price. In fact, the issue price of the new shares corresponds to 90% of the average of the opening price for the twenty trading days prior to the decision to pay out a dividend, less the amount of the dividend.

At the Shareholders' Meeting on May 14, 2013, shareholders will be asked to approve the distribution of a dividend of €1.83 per share.

An interim dividend of €0.80 per share was paid on October 10, 2012; the balance of €1.03 per share will be paid on May 24, 2013.

In accordance with Articles L.27 and R.46 of the French Code on Government Property *(Code du domaine de l'État),* dividends which remain unclaimed five years after they became payable must be paid to the Treasury.

EMPLOYEE INCENTIVES AND PROFIT-SHARING AGREEMENTS

As required by current regulations, most Rallye subsidiaries have employee profit-sharing incentive agreements. Rallye itself does not, because of the small number of its staff.

ADDITIONAL INFORMATION

Stock options and bonus shares

–

Stock option plans and bonus share plans for employees and executive officers have the following characteristics:

Date of the Shareholders' Meeting	Extraordinary Shareholders' Meeting of 06/06/2007	Extraordinary Shareholders' Meeting of 06/06/2007	Extraordinary Shareholders' Meeting of 06/06/2007
Date of Board meeting	10/01/07	04/23/08	04/27/09
Type of plan (Subscription/Bonus shares)	Subscription	Subscription	Subscription
Number of beneficiaries on initial grant	60	66	13
Total number of options/shares initially allotted	**181,127**	**258,091**	**310,521**
o/w total options/shares allotted to corporate officers	*50,866*	*80,234*	*151,852*
o/w total options/shares allotted to the top 10 employees		*72,624*	*62,937*
Start of exercise period for the options	01/01/11	07/23//11	10/27/11
Expiration date of the options/shares	03/31/13	10/22/13	10/26/14
Exercise price, in €	48.73	43.15	14.24
Number of options exercised at February 28, 2013	**-**	**-**	**74,505**
o/w since January 1, 2012	-	-	*23,703*
Options/shares canceled as of February 28, 2013[(1)]	*53,607*	*75,100*	*82,741*
o/w since January 1, 2012	*20,167*	*30,608*	*3,704*
Options/shares remaining as of February 28, 2013	*127,520*	*182,991*	*153,275*
Remaining number of shares that may be purchased or subscribed as of February 28, 2013	**127,520**	**182,991**	**153,275**

(1) Following the departure of beneficiaries.

Extraordinary Shareholders' Meeting of 06/06/2007	Extraordinary Shareholders' Meeting of 05/19/2010	Extraordinary Shareholders' Meeting of 06/04/2008	Extraordinary Shareholders' Meeting of 05/04/11	Extraordinary Shareholders' Meeting of 05/04/2011	Total
12/09/09	09/06/10	09/06/10	06/08/11	05/23/12	
Subscription	Subscription	Bonus shares	Bonus shares	Bonus shares	
1	12	61	58	55	
12,000	**124,485**	**143,195**	**133,032**	**185,883**	**1,348,334**
-	*42,263*	*21,132*	*31,548*	*40,381*	*418,276*
-	*37,439*	*42,675*	*40,040*	*55,000*	*310,715*
06/09/12	03/06/13	n/a	n/a	n/a	
06/08/15	03/05/16	03/06/13	06/08/14	05/23/15	
24.62	26.44	n/a	n/a	n/a	
-	**-**	**-**	**-**	**-**	**74,505**
-	-	-	-	-	*23,703*
	1,736	*5,608*	*313*		*219,105*
	1,736	*1,285*	*313*		*57,813*
12,000	*122,749*	*137,587*	*132,719*	*185,883*	*1,054,724*
12,000	**122,749**	**137,587**	**132,719**	**185,883**	**1,054,724**

STOCK OPTIONS AND BONUS SHARES GRANTED DURING THE YEAR BY THE ISSUER OR ANY COMPANY OF THE GROUP TO THE TEN EMPLOYEES OF THE ISSUER WITH THE HIGHEST NUMBER OF OPTIONS GRANTED

Granting company	Grant date	Expiration date	Type	Number of options granted	Number of corresponding shares	Exercise price *(in €)*
Rallye	05/23/2012	05/23/2015	Bonus shares	55,000	55,000	n/a

OPTIONS HELD ON THE ISSUER AND ANY COMPANY OF THE GROUP, EXERCISED OVER THE YEAR BY THE TEN EMPLOYEES HAVING EXERCISED THE HIGHEST NUMBER OF OPTIONS

None.

ADDITIONAL INFORMATION

Information about Rallye's business – Risk management

INFORMATION ABOUT RALLYE'S BUSINESS

INVESTMENT POLICY

The investment portfolio is explained in greater detail on page 16 of the management report.

Annual investments by operating subsidiaries for the past two years were as follows:

(In € millions)	2012	2011
	1,426	1,211

Investments by operating companies are detailed in the «Business review» section of the management report. For more information on the strategy of the Group's operating subsidiaries, see «Outlook» page 21 of this annual report.

Rallye is the holding company for two operating companies: Casino, in the sector based on food retail, and Groupe GO Sport, in sporting goods retail. As such it does not have any competitor to which it can be compared. Casino and Groupe GO Sport's competitive positions are described in detail in their respective 2012 reference documents.

SIGNIFICANT CHANGES IN THE GROUP'S FINANCIAL OR COMMERCIAL POSITION

There have been no significant changes in the Group's financial or commercial position since the end of the period for which audited financial statements or interim financial statements have been published.

The Group's outlook is presented on page 21 of this annual report.

RISK MANAGEMENT

Risk management is an integral part of the Group's operational and strategic management. This management is organized at various levels and presented in detail in the «Chairman's report on internal control and risk management procedures» section of the reference documents of Rallye's main subsidiaries (Casino and Groupe GO Sport).

The Group has reviewed the main risks that may have a significant impact on its business, financial position or results. These risks are presented below.

MARKET RISK

Rallye as a parent company and its two main operating subsidiaries, Casino and Groupe GO Sport, manage market risks separately.

Within each company, cash, currency and interest rate risks are managed centrally, under the responsibility of the finance department, which has the necessary tools and expertise and reports to senior management.

These risks, as well as the tools used to manage them, are described in further detail in Note 31 «Financial risk management policies and objectives» to the consolidated financial statements closed on December 31, 2012.

In addition, in the event of a change of control over Rallye, certain credit documents include change of control clauses enabling creditors to demand the immediate repayment of the outstanding amounts due, as each one sees fit and, where appropriate, the cancellation of the credit commitments entered into with the Company.

OPERATING RISK

As a holding company, this type of risk does not apply directly to Rallye. It does however apply to Casino and Groupe GO Sport, which are subject to several business risks, including mainly:

THE COMPANY'S RISK OF BEING DEPENDENT ON CERTAIN SUPPLIERS

Casino lists more than 30,000 suppliers and is not dependent on any single supplier in any way. Through specialized subsidiary Easydis, Casino has its own logistics network in France, with around 899,000 square meters at 19 sites throughout the country. This enables the Group to supply its different networks, excluding Monoprix and Franprix-Leader Price, which have their own supply network.

The five main suppliers of Groupe GO Sport (Nike, Adidas, Puma, Sogecop and Planet Fun) together account for 49% of the purchases delivered in 2012, up three percentage points compared to 2011. However, the Company's risk of being dependent on its major suppliers is limited, since Groupe GO Sport has developed a partnership with its suppliers, who can take advantage of the positioning and the concept of the GO Sport and Courir networks to promote their own brands.

STORE NETWORK RISK

At Casino, the different chains operate in France through affiliated or franchised networks. These networks accounted for nearly 59% of Casino's outlets as of December 31, 2012. These are mainly supermarket (including Leader Price) and convenience store networks. The credit risk related to the affiliate/franchise networks of convenience stores is factored into the Group's credit management.

At Groupe GO Sport, the risk associated with the mode in which products are sold is considered to be very limited, because it markets its products through a network of wholly-owned stores for the two brands it operates in France (three franchised stores in France at end-2012 out of a total network of 276 stores) and Poland, and through Master franchise agreements in the rest of the world.

RISK LINKED TO BRANDS AND CHAINS

The Group owns almost all of its brands and is not particularly dependent on patents and licenses, with the exception of the «Spar» brand, for which it holds an operating license in France which was renewed for ten years in 2009.

Moreover, all of the brands which are operated or distributed by the Group are covered by its preventive protection policy. The Group considers that the risk associated with a violation of the brands' regulations should not have a meaningful impact on activity and/or results.

COMPETITION RISKS

Because of risks related to competition, the Group has to pay particular attention to changes in the market and its players. Décathlon, Intersport, Sport 2000 and Foot Locker are the principal competitors of Groupe GO Sport. In this competitive context, Groupe GO Sport tries to adapt the concepts of the GO Sport and Courir stores and to differentiate its store offerings.

IT RISK

The Group is increasingly dependent on standard IT applications for the data it needs to make operating decisions. IT security is taken into account from the design stage of any project and is monitored continuously. However, the potential failure of one of the IT systems would not have a significant or lasting effect on the Company's activity or results.

GEOGRAPHICAL RISK

Some of the Group's businesses are subject to risk and uncertainty linked to activities in countries that may experience or have recently experienced a period of economic or political instability (e.g., Latin America and Asia). Events that took place during the year are recorded in Casino's consolidated financial statements in Notes 3 and 34. In 2012, international activities accounted for 56.04% of the Group's consolidated revenue and 65.8% of consolidated current operating income.

The risks related to the international nature of the business of Groupe GO Sport are considered as non-material to the extent that the Group has direct operations only in Poland. On the other hand, the Group is exposed to international risk due to the sourcing of its own-brand products in Asia (mainly China, Thailand, Indonesia, Bangladesh and Pakistan). In each country, local agents or a dedicated office with employees of the Group ensure the ethical and social standards of our suppliers and secure the quality and delivery of products.

INDUSTRIAL AND ENVIRONMENTAL RISK

The Casino Group's commitment to sustainable development was reinforced in 2002 with the implementation of a dedicated structure. Due to the increasingly international nature of its business, Casino signed the United Nations' Global Compact in 2009. In 2010, a Group CSR department was set up to further promote corporate social responsibility (CSR) in its French and foreign subsidiaries.

Taking into account its business, Groupe GO Sport is not directly affected by industrial and environmental risks other than those described in the management report.

See pages 26 to 30 ("Social, environmental and societal responsibility") of the annual report for a description of the social responsibility of the Company.

LEGAL RISK

RISK LINKED TO REGULATIONS

Casino and Groupe GO Sport are mainly subject to laws and regulations that govern facilities classified as establishments open to the public or falling under administrative classifications. Some businesses are also subject to specific regulations, e.g., Casino Vacances (travel agent), Banque du Groupe Casino (bank and consumer lending), Sudéco (real estate agent), etc. Furthermore, new store openings and store expansion projects are subject to administrative authorization procedures. The same is true of international subsidiaries, which are subject to local legislation.

TAX AND CUSTOMS RISKS

Periodically, the Group is subject to tax audits both in France and in the various countries where it is established. A provision is made for uncontested claims for taxes due, and claims that are contested are dealt with on a case-by-case basis, using estimates, which include the risk that the legal validity of the actions and proceedings may not be upheld.

LEGAL DISPUTES

As part of its normal operations, the Group is involved in various legal and administrative proceedings and may be the subject of various government inspections. Provisions are formed for these disputes and arbitrations if there is a legal, contractual or constructive obligation to a third party at the date of the financial statements, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

To the knowledge of Casino and Groupe GO Sport, at the filing date of the reference document, there was no administrative, judicial or arbitration proceeding, including all proceedings of which one of the Companies is aware, either ongoing or likely, that is likely to have, or has in the past 12 months had, a significant negative effect on the financial position or profitability of the Company and/or Group.

As for the Geimex company, owner of the Leader Price brand internationally, and 50% owned by the Casino Group and 50% by the Baud family, the disputes between the two shareholders deal particularly with the sale of Leader Price Polska by Casino in 2006 and the Swiss operations of the Baud family for which an arbitration decision was issued on December 23, 2011 and for which commercial and criminal complaints are still in progress.

Regarding GPA, following (i) discussions between Abilio Diniz and the Carrefour Group regarding the merger between GPA and Carrefour's Brazilian activities and (ii) the plans for financial transaction presented by Gama, Casino referred two arbitration proceedings to the International Chamber of Commerce on May 30 and July 1, 2011 against the Diniz group soliciting compliance and the proper performance of the shareholders' agreement of November 27, 2006 and the award of compensation to cover damages incurred.

The two proceedings have since been merged and the nominated arbitration panel held its first session on May 9, 2012 to set the timetable for proceedings and define each party's claims/demands. The sentence is not expected to be returned before the end of 2013 or even the beginning of 2014.

On December 20, 2012, Mr. Diniz initiated a second arbitration proceeding regarding the performance of the shareholders' agreement, in particular in terms of his rights within GPA's Board of Directors. Proceedings are still in the preliminary stages and the arbitration panel has still to be nominated.

Regarding Globex Utilidades SA, in June 2009, GPA, *via* one of its subsidiaries, acquired a controlling interest in Globex Utilidades SA, a leading player in electronic and household electrical goods under the brand name "Ponto Frio." The previous majority shareholder (Morzan Empreendimentos) judged that GPA and jointly and severally its controlling shareholders, including GPA's majority shareholder Wilkes, but also Casino, Guichard-Perrachon and three of its other sub-holding companies, had breached the provisions of the agreement relating to the payment conditions for the share payable in GPA shares. Morzan Empreendimentos thus initiated an arbitration proceeding before the International Chamber of Commerce *via* a petition dated May 30, 2012. The petition includes a request for compensation of some 160 million reals (around €62 million).

In any event, both GPA and its controlling shareholders consider that the request is unfounded. Furthermore, with the exception of GPA and Wilkes which are parties to the share disposal agreement, none of the other parties named as defendants are bound by the provisions of the said agreement.

INSURANCE

COVERAGE OF POSSIBLE RISKS THAT THE COMPANY MAY INCUR

The Rallye Group manages its insurance and random risks as part of a wider policy framework designed to protect the Group's balance sheet while monitoring certain objectives, including the following:

- to protect the assets and liabilities incurred by the Group;
- to defend shareholders' interests;
- to take account of regulations applying to establishments open to the public in France (known as the ERP rules).

The analysis of random insurable risks, as well as the taking out and management of insurance policies and claims are handled independently by each of the operating subsidiaries (essentially Casino and Groupe GO Sport) and by the parent company Rallye.

INSURANCE TAKEN OUT

The main insurance policies taken out by the Rallye Group are for:

- property damage and consequential business interruption;
- third-party liability.

For risks other than those mentioned above, the Group has taken out insurance coverage whenever required by law. It has also done so whenever the nature of the risks in question makes insurance coverage useful and necessary and where the policies available on the market provide the degree of coverage sought.

LEVEL OF COVERAGE

→ PROPERTY DAMAGE AND BUSINESS INTERRUPTION

The purpose of this insurance is to protect the Group's assets.

Casino's current policy is an "All risks" policy (where the risks excluded define the scope of coverage provided by the insurers) in accordance with the coverage available on the insurance market. This covers the usual risks for such policies, including fire, explosion, natural disasters, structural failure, electrical damage, loss of business, etc. Maximum coverage corresponds to the maximum possible claim for both direct damage and loss of business, i.e. €220 million in direct damage and loss of business, for major events (fire, explosion, etc.) with lower sub-limits of coverage for certain specific risks (including natural events, structural failure, theft, etc.).

At Groupe GO Sport, capital insured with insurance companies amounts to €340 million per year, against damage to property, and €303 million to cover operating losses.

→ THIRD-PARTY LIABILITY INSURANCE

The aim of this insurance is to cover the financial consequences of the Group's civil liability for physical, material and/or financial damage to third parties arising from its goods delivered or sold, installations and equipment, buildings, store operations and services provided on behalf of third parties. The current insurance policy, also an "All risks" policy, also covers the costs of recalling goods and the financial warranty for accidents in the workplace and work-related illnesses within a sub-limit comprised in the general aggregate limit of insurance (€75 million).

→ MANDATORY INSURANCE

Considering the business activities performed, the Group continues to take out mandatory insurance policies, notably, automotive insurance, building/structural damage insurance, ten-year builder's warranty and professional liability insurance.

→ OTHER INSURANCE

Taking into account the size of the flow of funds and the risks attached thereto, the Group has taken out various insurance policies, including a transportation policy (coverage for domestic transport and worldwide imports) and an "all risks construction" policy (coverage of real estate assets).

CRISIS PREVENTION AND MANAGEMENT

In line with the Group's long-standing loss-prevention policy, aimed particularly at minimizing the risk of damage to property, in 2012 Casino continued to regularly visit sites with high levels of insured capital, monitor both site visit and site prevention reports, and monitor the process of mapping the risk of damages, including with regard to natural disasters both in France and abroad.

Casino also continued its proactive work on safeguarding against "product" risk to retailers' own brands and to other brands. In the event of a serious crisis or grave incident, the Group has the technical resources and the appropriate advice to enable it to promptly intervene for the protection of persons, preservation of property and maintenance of operating continuity and customer service.

Rallye and its subsidiaries also have access to the support necessary to manage any crisis situation or serious disaster in the most appropriate way.

Rallye has conducted a review of its risks and believes that there are no other significant risks other than those presented here.

ADDITIONAL INFORMATION

Person responsible for preparing the reference document and the annual financial report

–

PERSON RESPONSIBLE FOR PREPARING THE REFERENCE DOCUMENT AND THE ANNUAL FINANCIAL REPORT

Franck HATTAB, Deputy Managing Director

The information contained in this document is the sole responsibility of the Company's managers.

DECLARATION BY THE PERSON RESPONSIBLE FOR THE REFERENCE DOCUMENT AND THE ANNUAL FINANCIAL REPORT

«I declare that, having taken all reasonable care for this purpose, the information contained in the reference document is, to the best of my knowledge, in accordance with the facts and contains no omission likely to affect its import.

To the best of my knowledge, the financial statements have been prepared in accordance with applicable accounting standards applicable and give a true and fair view of the assets, financial position and results of operations of the Company and all subsidiaries included within the scope of consolidation. I further declare that the management report on pages 6 *et seq.* gives a true and fair view of the business performance, the results of operations and the financial position of the Company and all subsidiaries included within the scope of consolidation and also describes the main risks and uncertainties to which they are exposed.

I have received from the Statutory Auditors a completion-of-audit letter, in which they state that they have verified the information bearing on the financial position and the financial statements in this reference document and have read the document as a whole.

The historical financial information contained in this document were discussed in reports by the Statutory Auditors, appearing on page 143 of said document for the year ended December 31, 2012 and on page 206, incorporated by reference, for the years ended December 31, 2011 and December 31, 2010. The Statutory Auditors' Report on the Consolidated Financial Statements as of December 31, 2010 contains observation about the new standards and interpretations than the Group applied in 2010.

The Chief Executive Officer – Didier CARLIER

INFORMATION INCORPORATED BY REFERENCE IN THE REFERENCE DOCUMENT

In accordance with Article 28 of European Commission Regulation 809-2004 of April 29, 2004, the following information has been incorporated by reference in this reference document:

- the consolidated financial statements prepared in accordance with IFRS and the Company's financial statements as of December 31, 2011, the corresponding Statutory Auditors' reports and the Group's management report on pages 62 to 159, 162 to 184, 160, 185 and 6 to 50 of the reference document filed with the Financial Markets Authority on April 24, 2012 under number D.12-0397;
- the consolidated financial statements prepared in accordance with IFRS and the Company's financial statements as of December 31, 2010, the corresponding Statutory Auditors' reports and the Group's management report on pages 62 to 159, 162 to 184, 160, 185 and 6 to 51 of the reference document filed with the Financial Markets Authority on April 11, 2011 under number D.11-079.

The chapters of the reference documents numbers D.12-0397 and D.11-079 that are not referred to above are either of no interest to investors or are covered elsewhere in this reference document.

PERSON RESPONSIBLE FOR AUDITING THE FINANCIAL STATEMENTS

REGULAR STATUTORY AUDITORS

→ KPMG AUDIT

Department of KPMG SA, 1, cours Valmy – 92923 Paris La Défense Cedex, represented by Patrick-Hubert Petit, appointed at the Ordinary Shareholders' Meeting of June 29, 1993 and subsequently reappointed at the Ordinary Shareholders' Meetings of June 6, 2001 and 2007 for a term of six years, i.e. until the Ordinary Shareholders' Meeting called to approve the financial statements for the year ended December 31, 2012.

→ ERNST ET YOUNG ET AUTRES

41, rue Ybry – 92576 Neuilly-sur-Seine Cedex, represented by Pierre Bourgeois, appointed at the Ordinary Shareholders' Meeting of June 1, 1999 and reappointed at the Ordinary Shareholders' Meetings of June 8, 2005 and May 4, 2011 for a term of six years, until the Ordinary Shareholders' Meeting called to approve the financial statements for the year ended December 31, 2016.

ALTERNATE STATUTORY AUDITORS

→ KPMG AUDIT ID, ALTERNATE FOR KPMG

With registered offices at 3, cours du Triangle, immeuble "Le Palatin" Puteaux – 92939 Paris La Défense Cedex, appointed by the Ordinary Shareholders' Meeting of May 19, 2010 for the remaining term of office of its predecessor, i.e. until the Ordinary Shareholders' Meeting called to approve the financial statements for the year ended December 31, 2012.

→ AUDITEX, ALTERNATE FOR ERNST ET YOUNG ET AUTRES

Tour Ernst & Young – 11, allée de L'Arche – 92037 Paris La Défense Cedex, appointed by the Ordinary Shareholders' Meeting of May 4, 2011 for a term of six years, i.e. until the Ordinary Shareholders' Meeting called to approve the financial statements for the year ended December 31, 2016.

PERSON RESPONSIBLE FOR FINANCIAL COMMUNICATIONS

Franck HATTAB, Deputy Managing Director
Phone: 01 44 71 13 73
Fax: 01 44 71 13 70
E-mail: info@rallye.fr

PUBLIC DOCUMENTS – SHAREHOLDER INFORMATION

Rallye is committed to the continual improvement of its financial information and exchanges with its shareholders and French and international investors.

The Financial Communication Department provides the financial community with access to the following information:

- the reference document;
- the financial statements;
- Company documents relating to the past three fiscal years;
- reports, mailings, valuations and special reports prepared by expert assessors at the Company's request;
- historical financial information regarding the Company and its subsidiaries;
- a dedicated website: www.rallye.fr.

In line with its communication policy, Rallye provides all shareholders and investors with unlimited access to this information. Each individual may access, download or request that this information be sent to them.

Each year, the Financial Communication Department organizes two financial information meetings for analysts and institutional investors, to which journalists are also invited. The presentations of the Group's financial results and any other information presented during the annual results and interim results meetings are available on the same day on the Company's website.

ADDITIONAL INFORMATION

Cross-reference table for the reference document

–

To facilitate the reading of this document, the topical table below can be used to identify the minimum information required by Annex 1 to Regulation (EC) No. 809/2004 of the European Commission of April 29, 2004. Information not applicable to Rallye is marked “n/a.”

ADDITIONAL INFORMATION

Cross-reference table for the annual financial report

To facilitate the reading of this document, the cross-reference table below may be used to identify in this reference document the information that constitutes the annual financial report, which must be published by listed companies in accordance with Articles L.451-1-2 of the French Monetary and Financial Code and 222-3 of the General Regulations of the Financial Markets Authority.

Design and layout: agence aristophane

Photos credit: Paolo Verzone, Agence Vu, Steve Murez, Henri Granjean, David Pell, Thierry Clergue,
Alain-Marc Oberle, Alvaro Coral, Médiathèque Groupe Casino, D.R.

Printed on Satimat Green, half recycled FSC certified paper, and on Cocoon offset, 100% recycled FSC certified paper.

RALLYE

2012
ANNUAL REPORT
–