

**Open letter to the Board, shareholders
and employees of Carrefour (English translation)**

19 October 2011

Ladies and Gentlemen,

Over the past year Carrefour has repeatedly lost market share compared to its main competitors in France and abroad, it has made five profit warnings (more than any other CAC 40 company has ever made) and its share price has fallen by nearly 50%. As committed shareholders we cannot stand by and watch without reacting.

Carrefour's very poor performance may be attributed to several factors including over-centralized store management, IT problems leading to supply chain interruptions, a perception in the market that its prices are not the lowest, a worrying series of top management changes and, above all, serious governance issues.

At the same time, Carrefour has launched Planet, one of the most ambitious transformation programs ever undertaken in retailing. This project aims to convert 500 European hypermarkets into Planet stores in less than 3 years. The Planet stores seek to be "more modern and more spectacular" than the existing hypermarkets, but is the image they convey consistent with a policy of returning to every day low prices? This issue is of very great importance not only to Carrefour and its shareholders but also to its 250,000 employees in Europe and the farmers and other suppliers who indirectly rely on the Company.

Planet was only tested in six stores and for a very short period of time before being launched. By the end of this year, 82 of the 500 hypermarkets will have been transformed, but what of the remaining 418? Common sense would dictate that Carrefour should wait to see if the performance of these stores matches expectations, before proceeding to the next stage – particularly as there appears to be no contingency plan in case the project turns out to be a failure.

This brings us to the question of governance. Since June 2011 Lars Olofsson has been both Chairman of the Board and CEO of Carrefour. As a result, he is both supervisor and supervisee, at least as far as Planet is concerned. As Chairman he is required to form a judgment on the performance of the project (either good or bad) whilst being at the same time the project's initiator and the person responsible for its implementation. This situation is far from being ideal and we call on the Board to appoint an independent Chairman as soon as possible.

As to the role of CEO, the Company's management has within its ranks a number of highly experienced professionals with a real understanding of retailing, both in France and abroad. We would not recommend that the Board bring in an outsider, once again, to fill this position.

Furthermore, given the complexity and the size of the Group, the Board could perhaps consider a twin-headed solution – with a CEO for the Emerging Markets and a CEO for France and its neighboring countries. The two positions require very different skills and each requires a true full time commitment. The Group would also benefit in terms of reduced complexity and increased efficiency.

Yours sincerely



Eric Knight