

Deminor

Damage Recovery

Summary

Legal developments

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Dear Reader,

Just before the summer break (and shortly after our previous Newsletter), all eyes were set on the U.S. Supreme Court which rendered its much expected **decision in the Morrison vs National Australia Bank** case. This was the first time that the highest jurisdiction in the United States had to give its opinion on the possibility for foreign investors to sue foreign companies in the United States in connection with foreign securities transactions.

For many years, foreign investors who had suffered losses because of fraud, misrepresentations, etc. had brought securities class actions in the United States against foreign companies. Such procedures were called “foreign-cubed” or “f-cubed” to reflect their triple foreign dimension: foreign plaintiff, foreign company and foreign transaction.

The reason why foreign investors were – and still are – often willing to sue in the United States is because they are convinced by the efficiency of the American judicial system and its ability to facilitate settlements.

The opinion of the Supreme Court in Morrison has however reduced to some extent foreign investors’ access to the American justice and to U.S. class actions.

This decision has far reaching consequences not only for foreign investors but also for U.S. investors willing to sue foreign companies in the United States. Due to the importance of this decision, we dedicated a webcast seminar to this event during the first week of July. In this Newsletter, you will also find a short presentation of this decision and its practical implications for investors.

The outcome of litigation in the U.S. and abroad can sometimes be very different even though the facts are the same, as illustrated by the recent court decision in Belgium in the **Lernout & Hauspie** (LHSP) fraud. In 2001, foreign – mainly Belgian – investors had launched a securities class action in the United States. LHSP shares were listed on both the EASDAQ and the NASDAQ. After a few years, a settlement was reached in the U.S. with defendants including Dexia Bank and KPMG (LHSP’s auditor). But this settlement was not extended to purchasers of LHSP shares on the EASDAQ meaning that mostly European investors were excluded and had to pursue their legal claim in Belgium. Although the Belgian court found many defendants guilty in the criminal procedure, it decided to acquit Dexia Bank and KPMG. The 2000-page long court decision was rendered a few days ago.

The period of time between the U.S. Supreme Court decision and the court decision in LHSP, which corresponded to the summer holidays, was anything but quiet at Deminor. Progress was made in several of our pending cases.

Legal proceedings to seek damages have now been launched in the **Madoff** case and the filing of additional proceedings is currently being finalized. Those proceedings will take place in different European jurisdictions. We are also closely monitoring what is happening in the U.S., particularly in connection with the bankruptcy proceedings and the class actions.

Deminor was also very active on the **Lehman Brothers** case. In addition to existing Belgian and Dutch collective actions, we prepared the launch of a similar case in Germany on behalf of retail investors.

Following the report of the Dutch court-appointed experts in the **Fortis** case, the Dutch market authority, the AFM, fined Fortis for the second time in less than a year for breach of the financial legislation, this time in connection with the communication during the massive €13.4 billion equity raising in September 2007 to finance the takeover of ABN Amro. This new decision by the AFM confirms once more the conclusions of Deminor’s analysis which was made public in December 2009. We launched a collective action against Fortis (now Ageas) in January 2010 with around 2,600 plaintiffs. An additional group of 1,700 plaintiffs, including many (foreign) institutional investors, have now joined this legal procedure and we are still expecting other investors to join in the short term.

The growing interest shown by foreign institutional investors for European collective actions is for us an indication that the U.S. Supreme Court decision in Morrison will lead an increasing number of investors to consider litigation in Europe as a possibility to seek damages when they are confronted with undue losses in their investments. This is something in which we have strongly believed and invested for many years at Deminor.

The expertise and reputation we have built over the last years will help us in presenting litigation in Europe as a valuable alternative to U.S. class actions – of course without disregarding such class actions whenever they remain available – for both European and non-European investors.

We hope you will enjoy reading this Newsletter and we remain of course available should you have any question or query about our existing or potential cases.

Best regards,

Charles Demoulin

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The impact of the US Supreme court's Decision in Morrison v. National Australia Bank Ltd

With its decision of 24 June 2010 in Morrison v. National Australia Bank, the U.S. Supreme Court has developed a new test for the extraterritorial applicability of U.S. securities regulations and the ability for foreign (and U.S.) investors to launch class actions in the United States.

In the Morrison case, plaintiffs had purchased shares of National Australia Bank (NAB) outside of the U.S. and virtually all of the alleged fraudulent conduct occurred outside the U.S. Plaintiffs brought claims under the main anti-fraud provision of the U.S. securities laws, Section 10(b) of the Securities Exchange Act of 1934. Both the District Court and the Court of Appeals for the Second Circuit had dismissed the claims for lack of jurisdiction.

The Supreme Court confirmed the ruling of the Court of Appeals while stating that Section 10(b) did not apply “extraterritorially” to claims such as those brought in Morrison vs NAB. The Supreme Court reasoned that it is a “longstanding principle of American law that legislation of Congress, unless a contrary intent appears, is meant to apply only within the territorial jurisdiction of the United States.” The Court also expressed concerns that the extraterritorial application of Section 10(b) to transactions on foreign exchanges would interfere with other nations’ ability to regulate their own markets.

On this occasion, the Supreme Court developed a new

transactional test (which differs from the “conduct test” and “effects test” usually applied by the courts) in order to verify whether Section 10(b) can apply. According to the Supreme Court, “Section 10(b) reaches the use of a manipulative or deceptive device or contrivance only in connection with the purchase or sale of a security listed on an American stock exchange, and the purchase or sale of any other security in the United States.”

This decision will of course directly impact on whether European investors can participate in US securities class actions. Over the last years, European investors have participated in these actions in increasing numbers, as they believed that such class actions offered better remedies for investors. This trend will probably be thwarted by the recent decision of the US Supreme Court.

In case a European company has no securities listed on an American exchange – several European companies recently decided to delist from the NYSE – it will be necessary for a European investor to demonstrate that the purchase (or sale) of such company’s securities took place in the United States. Although the U.S. courts will still have to further define what is meant by “purchase or sale in the United States”, we may expect that it will be rather difficult for European investors having purchased securities of a European company on a European stock exchange to successfully pass the new transactional test.

And as for U.S. investors, the Morrison decision may also have important implications on their ability to sue European companies in the United States.

This means that both U.S. and non-U.S. investors will now have to seriously consider litigation in Europe as an alternative to U.S. class actions. At least more often than before.

The decision of the Supreme Court might however be subject to legislative evolutions. The recent Dodd-Frank Act provides for a re-examination of the ability to have Section 10(b) applied to suits filed in US courts against non-US issuers and involving non-US securities as it requires the SEC to study the possibility of restoring the conduct and effects tests in private actions to enforce the antifraud provisions of the Securities Exchange Act. The Act already provides for jurisdiction of U.S. federal courts to hear actions brought by the SEC to enforce antifraud provisions of the federal securities laws even in connection with extraterritorial elements.

Deminor organized a web cast presentation on 8 July 2010 during which a panel of experts discussed specifically how the U.S. Supreme Court’s recent decision will directly impact European investors and their participation in U.S. securities class actions.

If you want to view this webcast presentation or to receive a copy of the slides, please send an e-mail to emilie.nyssen@deminor.com.

Changes to Italian takeover rules

Before the summer break, an important amendment to the Italian Financial Act was approved. The amendment introduces the possibility for the management of Italian listed companies to depart

from the “passivity rule” in the event of a hostile takeover bid on the company.

The passivity rule limits the management powers of the directors who cannot carry out any activity which may frustrate the successful completion of a pending takeover. Until very recently, it was prohibited for the management of an Italian listed company to take any such action without the explicit authorization from the shareholders’ meeting. The application of the passivity rule had been de facto suspended immediately after the financial crisis erupted in 2008 before being reintroduced in the Italian legal system.

As a consequence of the recent amendment to the legislation, Italian listed companies may now provide in their articles of association for the authorization for the management to take actions aimed at defending the company against hostile takeover bids.

Fiat will be the first Italian listed company that will apply this new legislation. Fiat shareholders are called to approve, together with the spin off of two new companies of the group, this exception to the passivity rule.

However, it is worth mentioning that the authorization of the shareholders’ meeting will still be necessary for the implementation of the so called “poison pills”, i.e. defense mechanisms that frustrate the successful outcome of a hostile takeover (or make it at least more difficult to achieve). For instance, the approval of the shareholders’ meeting will still be needed for the capital increase reserved to third parties

(so called “white knights”) or for the merger of the target company with another entity.

On the other hand, the management will retain the power to organize the disposal of strategic assets of the company (“selling the crown jewels”) without asking for the approval of the general meeting, therefore making the completion of the takeover less appealing for the potential buyer.

A new financial supervision reform for Europe

On 22 September 2010, the European Parliament gave its final agreement on the supervisory reforms which will see a fundamental shift in the way banks, stock markets and insurance companies are monitored and supervised as of 1 January 2011.

The Parliament has agreed on an overhaul of financial supervision, including the creation of three EU-level authorities to monitor banking, insurance and securities markets as well as a European Systemic Risk Board (ESRB) to monitor threats to the EU economy as a whole.

Next to ESRB, three new European Supervisory Authorities (ESAs) will replace the three existing committees as follows:

- The Committee of European Banking Supervisors (CEBS) will be replaced by the European Banking Authority (EBA) in London,

- The Committee of European Insurance and Occupational Pensions Committee (CEIOPS) will be replaced by the European

Insurance and Occupational Pensions Authority (EIOPA) in Frankfurt and;

- The Committee of European Securities Regulators (CESR) will be replaced by the European Securities and Markets Authority (ESMA) in Paris.

Lernout and Hauspie Speech Products (LHSP)

After six years of investigations and three years of trial including 20 months of deliberation, the Court of Appeals of Ghent (Belgium) finally rendered its decision in the LHSP case on 20 September 2010. The judgment is more than 2000-page long. This decision only relates to the criminal lawsuit, i.e. criminal liability and criminal sanctions. The civil claims and the compensation of plaintiffs have not been handled yet.

The Court of Appeals found 8 of the 21 defendants guilty and pronounced a sanction against them.

Among them, the co-founders of the former speech technology company LHSP, Jo Lernout and Paul Hauspie, were found guilty of financial fraud, as well as the former CEO, Gaston Bastiaens, and the senior manager, Nico Willaert. All four have been sentenced to five years imprisonment with three years effective (except for Bastiaens who was sentenced to two years effective imprisonment) as they were found guilty of several charges, including falsification of the annual accounts, forgery and market manipulation.

Tony Snauwaert, active in LHSP subsidiaries, and Thomas Denys, advising lawyer and director, were also sentenced to two years imprisonment while Carl Dammekens, financial director, was found guilty and sentenced to 6 months conditional imprisonment.

However, the Court of Appeals acquitted Dexia (which had taken over the Artesia bank which used

to be one of LHSP's main bankers) and LHSP's accountants KPMG of any wrongdoing in this decade-old fraud case and declared that Dexia and KPMG were not to blame for fraudulent accounts at LHSP. It is worth noting that in the U.S. class action brought against KPMG and Dexia, the court had rejected the defendants' motions to dismiss and had cleared the way for the discovery procedure. This prompted Dexia and KPMG to enter into negotiations which resulted in a settlement to compensate purchasers of LHSP securities on the NASDAQ.

While KPMG was cleared in Belgium, its auditor William Van Aerde, who was responsible for the audit of LHSP, was condemned to a fine but the Court of Appeals declared that the professional fault held against him was not intentional.

This procedure in Ghent was only about the criminal liability of the people and professionals directly involved in the company's fraud. The issue of the compensation for the civil plaintiffs will be later dealt with in the civil proceedings which will have to determine who is entitled to receive compensation and how much compensation will be paid and by whom. These civil proceedings will not take place before the end of 2011.

Due to the acquittal of both Dexia Bank and KPMG, the chances of recovering losses for the civil plaintiffs and the level of recovery potential have been reduced. Nevertheless, the decision of the Court of Appeals to acquit the KPMG entity itself while holding Mr William Van Aerde liable needs to be further examined. Since the Court of Appeals concluded that the

professional fault held against the accountant was not intentional, the condemnation of William Van Aerde might still open a possibility to claim compensation from the insurer of the auditor and of the firm KPMG.

To view the judgment of the Court of Appeals of Ghent (only available in Dutch), please follow this link: <http://www.juridat.be/beroep/gent/index.htm> and click then on "inlichtingen" and then "arrest L&H".

Madoff

Since the Madoff fraud was revealed in December 2008, Deminor has been active defending more than 1,500 investors who suffered losses through investments in the so-called "Madoff feeder funds" like Luxalpha, Herald Lux, Luxinvest, Thybo, Hermes, Fairfield, Kingate, and Plaza. Assets of these funds were entrusted to and managed by Bernard L. Madoff Investment Securities LLC (hereafter "BMIS").

After having investigated the contractual arrangements entered into between the funds and their service providers and the duties to which such service providers are subject and following successful pre-trial discovery actions before the Luxembourg courts, Deminor has initiated or is in the process of initiating legal proceedings on the merits in Luxembourg and in the Netherlands in order to claim damages for its clients.

Deminor believes that the liability for the investors' losses rests primarily with the financial intermediaries such as the depositaries, custodians, administrators, investment managers and auditors of the

funds. Therefore, Deminor will seek damages from these parties before the appropriate jurisdictions.

LUXEMBOURG

Deminor has filed a new wave of claims in the UBS Luxembourg related cases on behalf of more than 550 investors (Luxalpha, Luxinvest, Plaza and Thybo).

The HSBC Luxembourg related cases (Herald Lux and Hermes) are in the process of being filed.

The clerk of the Commercial Court of Luxembourg will shortly provide a calendar for the legal proceedings. In accordance with the Luxembourg practice, as soon as the parties to the procedures will have exchanged their written arguments and counterarguments, a date for a hearing (pleadings) will be set by the court. Barring any unexpected development that would delay the procedure, we expect that such hearing could take place by the end of 2011.

In the meanwhile, Deminor continues to investigate the criminal law aspects of the case, especially with regards to the liability of UBS' employees and directors. It could be seriously argued that the prospectus contained misleading information and intentionally failed to reflect the actual functioning and organization of the funds.

NETHERLANDS

Deminor defends the rights of a group of approximately 700 investors of Fairfield Sentry Ltd., Fairfield Sigma Ltd. and Fairfield Lambda Ltd. (hereinafter "Fairfield") representing around €150 million of losses.

Deminor founded the

Stichting Fairfield Compensation Foundation in July 2009 and collected important information with regard to the role of the custodian/administrator Citco and the auditor PWC.

The Foundation summoned Citco in summary proceedings before the court of Amsterdam. The hearing took place just before the summer 2010. The objective was to request more information about Citco's relationship with its sub-custodian BMIS and the performance of its contractual and fiduciary duties.

Due to the inability/refusal by Citco to confirm the existence of a subcustodian agreement between Citco and BMIS, Deminor was forced to withdraw its demand at the hearing (the court would have been forced to engage in fact-finding which it cannot do in summary proceedings). Deminor will now file a law suit for damages and still considers to solicit interim measures in the framework of this lawsuit. This could include a hearing of witnesses in order to receive a confirmation whether or not the sub-custodian agreement exists and whether or not Citco adequately supervised BMIS and/or conducted due diligence on BMIS.

Deminor is also further investigating the role and responsibility of the Fairfield auditor, PWC. In August 2010, Deminor formally informed PWC that it was in the process of extensively reviewing the conduct of PWC as auditor of Fairfield. Deminor instructed attorneys in this process and will base its next steps on the legal review of the facts.

USA

Recent U.S. decision in Fairfield-related litigation

Regarding the Fairfield class action litigation ongoing in the U.S. – which is a different legal procedure than the legal actions initiated by Deminor in the Netherlands for European investors –, the District Court of the Southern District of New York, rendered a first decision on the U.S. lawsuit against Fairfield and other firms that provided administrative, custodial and accounting services. The court had to examine the claim and several motions to dismiss filed by the defendants among which Citco and PWC. Although some claims were dismissed, several claims were upheld against Citco and PWC. The U.S. judge has not ruled yet on the merits of the U.S. class action (e.g., is Citco liable? which investors are entitled to benefit from the ruling?).

Deminor is currently analysing this U.S. court decision in order to determine its potential impact on the European legal proceedings initiated before the court of Amsterdam.

Claw-back procedures

The U.S. Trustee of the BMIS estate, Irving Picard, is currently seeking to recoup money through claw-back actions and other legal actions against third parties on behalf of investors.

In accordance with New York bankruptcy law, the U.S. Trustee must file such lawsuits at the very latest on 11 December 2010.

We believe that Irving Picard will try to recover as much money as possible directly from (1) the

feeder funds (whether European, offshore or U.S. vehicles) but also from (2) investors.

1. There is a substantial risk that monies (potentially) recovered by the funds from third parties will flow back to the Madoff estate in the US, where they may be redistributed among all funds without taking into account each specific fund's legal situation (e.g. UCITS vs offshore funds).

For all these reasons, Deminor, at least for the UCITS funds, decided to also file a lawsuit against the fund. Should the claim of the investors against the fund be upheld by a court, the investors who were active in the legal proceedings could be considered as "creditors" of the fund (with a claim for damages) although the fund will at that time (probably) not (yet) have the money to pay those damages. Nevertheless, qualifying as "creditors" of the liquidation estate of the fund will place the investors in a better position with regard to potential pay-outs from the fund's liquidation and will bring them at the same level as the U.S. Trustee who will also be considered as a "creditor" of the funds for his own potential claim. "Creditors" have priority over "investors" on the pay-outs from the liquidation of the fund.

2. Irving Picard is also expected to sue investors who withdrew (redeemed) more money than they invested with Madoff. Those so-called "net winners" are those who, according to the U.S. Trustee, have withdrawn more than they first invested. The thinking behind this legal action is that the people withdrew money "illegitimately" as this "gain" was associated with the fraud.

Recovered funds would be used to repay victims who lost money in the Madoff scheme.

Fortis

In August 2010, the Dutch Market Authority (Autoriteit Financiële Markten or AFM) once more fined Fortis (now Ageas) for violation of the Dutch law on financial supervision. The previous fine had been imposed in February 2010.

This new decision of the AFM relates to the communication made by Fortis on 21 September 2007 regarding the potential impact of its exposure to subprime investments on the profit and loss accounts. The same information was included in the prospectus issued by Fortis in the context of the rights' issue of more than €13 billion in September and October 2007.

The AFM came to the conclusion that, based on Fortis' communication, the investors could not fully assess the risks arising from the indirect subprime investments of Fortis and their potential impact on the value of Fortis in the long term. Fortis withheld important price sensitive information from (potential) investors.

Following the first decision of the AFM earlier this year which already imposed a fine on Fortis and the report by the Dutch experts that was published on 16 June 2010 (see our previous Newsletter), this new decision of the AFM as well as the facts and the argumentation on which it is based once more confirm and reinforce Deminor's own analysis of Fortis' communication

during the period preceding the dismantling of the group.

At the end of 2009, Deminor had come to the conclusion that Fortis' communication had been misleading on several material aspects, including its subprime exposure. Deminor therefore decided to launch a procedure against Fortis before the Commercial Court of Brussels in January 2010.

The purpose of this procedure is to claim compensation for the losses suffered by investors due to the misleading information disclosed by Fortis during the period of time from the official announcement of the takeover on ABN Amro at the end of May 2007 until the dismantling of the group at the beginning of October 2008.

The group around Deminor includes around 4,500 persons and consists of both private and institutional investors. The procedure had been filed on behalf of 2,600 plaintiffs. An additional group of 1,700 plaintiffs, including many (foreign) institutional investors, recently joined this legal procedure. Others (institutional) investors will soon follow.

Next to the proceedings initiated in January 2010 in Belgium, Deminor had already filed a lawsuit in April 2009 in the Netherlands against the Dutch State, in order to hold the Dutch State liable on the basis of tort, i.e. the Dutch State had abused circumstances ("misbruik van omstandigheden") while nationalizing Fortis' Dutch activities (banking and insurance). The pleadings in this procedure will take place before the Court of Amsterdam at the end of November 2010.

To view the latest press release regarding the decision of the AFM in August 2010, please click here.

Lehman Brothers

BELGIUM

Deminor is still following up and monitoring the proceedings initiated in July 2009 before the Court of Commerce of Brussels. Deminor is also awaiting a decision of the Brussels public prosecutor whether or not to file a criminal lawsuit against Deutsche Bank and its directors.

NETHERLANDS

Deminor has federated approximately 400 investors grouped under the Dutch Foundation “Stichting Hulp Gedupeerden” who bought Lehman Brothers’ notes through the investment firm Wijs & Van Oostveen and who lost most of their investments after Lehman Brothers went bankrupt in 2008.

As the first attempts to settle the matter failed, the Stichting Hulp Gedupeerden has in April 2010, with the assistance of Deminor and the law firm Barents Krans, initiated legal proceedings before the Courts in Amsterdam against Wijs & Van Oostveen and its directors. The writ of summons was first served on behalf of those investors holding 100% guaranteed notes. The writ of summons on behalf of the investors holding 90% and 0% guaranteed notes is currently being prepared.

This collective action launched in the Netherlands aims at claiming around €16 million on behalf of the investors who bought Lehman

Brothers structured products through Wijs & Van Oostveen, without having properly been informed on the underlying risks. The case was closed for new investors as from February 2010.

Deminor is now waiting for the introductory hearing (“rolzitting”) and the decision of the judge about the further steps in the procedure.

GERMANY

In Germany, financial intermediaries such as Targobank sold massive volumes of Lehman Brothers structured bonds to retail – unsophisticated – investors.

Since the launch of the internet registration on Deminor’s website (www.mydeminor.com) in May 2010, numerous investors have registered their claims with Deminor in the course of the summer 2010.

In the meantime, Deminor has further investigated the case and gathered facts and documents to support the case.

The main arguments refer among others to the lack of proper information on the true nature of the products which were also sold to all investors regardless of their situation and their risk profile. Deminor’s arguments are also based on important shortcomings and deficiencies in the way these products were structured. Deminor concluded that the notes sold to retail investors did not only contain derivative instruments but could even be regarded as structured products as such.

Furthermore there was a major conflict of interest between the financial institutions involved into these transactions with one mass-

seller of Lehman Brothers notes being at the same time a creditor of Lehman Brothers Holdings.

Natixis

A lawsuit was filed on 31 December 2009 before the Commercial Court of Paris by the lawyer in charge of the case, on behalf of 730 shareholders federated by Deminor, in order to get compensation for the losses incurred by those investors.

The defendants in this case are Natixis, BPCE, Mr Philippe Dupont (former Chairman of the Executive Board of Natixis) and Mr Charles Milhaud (former Chairman of the Supervisory Board of Natixis and former Chairman of the Caisse d’Epargne Group).

This lawsuit was transferred to the Commercial Court of Bobigny in the springtime 2010.

The lawsuit is based on the fact that the information provided during the public offering of Natixis in December 2006 and the two following years was misleading on the future prospects and the financial situation of the company. The way Natixis actively participated to the issuance and sale of its shares is also highly questionable and in clear violation of market rules.

Deminor continues to federate shareholders who have suffered losses by investing in Natixis shares.

Carrere

210 shareholders of the Carrere Group company, which represent together more than 12% of the share capital, have mandated Deminor to help them undertake any action in order to recover the losses they have suffered, including any legal proceedings with the assistance of a lawyer.

After seven years of positive and optimistic financial communication, trading on the company's shares on Eurolist were suddenly suspended in March 2008. Consequently, Mr Claude Carrere, manager and founding shareholder of Carrere Group filed a petition with the Commercial Court of Bobigny to benefit from a restructuring procedure, opened on 30 December 2008. The President of the Commercial Court of Bobigny recently ordered on 9 July 2010 the winding up of Carrere Group. An appeal was filed against this decision. In the meanwhile, the winding up has already started and the shares should be delisted.

A complaint was also lodged with the public prosecutor of the Tribunal de Grande Instance of Bobigny on 28 January 2010 by the shareholders federated by Deminor.

The shareholders blame the company's directors for not disclosing the financial problems which the company encountered and for misrepresenting the real situation of the company.

The file was transmitted to the public prosecutor of the Tribunal de Grande Instance of Paris who is competent and is now being investigated by the French Financial Squad. If the directors are found guilty, the lawyer in

charge will be able to request a compensation for the losses suffered by the shareholders.

To view the press release, please click here.

Marionnaud

On 19 January 2010, the Commercial Court of Créteil pronounced its judgment, and declared the company Marionnaud Parfumeries (hereafter «Marionnaud») liable for providing misleading and false information to the market, causing thereby losses to its shareholders.

On 17 December 2004, Marionnaud had disclosed accounting mistakes for more than €90 million causing a sudden fall of its share price on the stock market. Deminor was then contacted by a substantial amount of investors who initiated proceedings on 23 September 2005 before the Commercial Court of Créteil against Marionnaud. Marionnaud sued in turn its former directors, Marcel and Gérald Frydman.

The judgment of 19 January 2010 orders Marionnaud to pay €6,84 per share to be increased by €1 legal interests. Marcel and Gérald Frydman have filed an appeal against this judgment. The first pleadings of this proceeding will take place on 19 October 2010.

National Bank of Belgium

In both proceedings launched by Deminor to defend the rights of minority shareholders of the National Bank of Belgium (distribution of the reserve fund

of the National Bank of Belgium and cancellation of a €235 million transfer to the Belgian State), the pleadings before the Court of Appeals of Brussels took place in June 2010. We may expect the decisions of the Court of Appeals in both proceedings in the coming weeks.

Deminor had also strongly criticized a new piece of legislation establishing a "Twin Peaks" model for the financial supervision in Belgium and transferring the supervision over banks to the National Bank of Belgium. This evolution was causing harm to private shareholders of the Bank who were not even consulted on this matter. Deminor believes this new law will only reinforce the current governance problems at the National Bank of Belgium which is listed on the Brussels stock exchange.

The law was adopted in emergency just before the Parliament was dissolved and new elections were called. The royal decrees required to implement this law had to be adopted before 30 September 2010.

As there is still no new government in Belgium since the elections of June 2010, the resigning government can only monitor current affairs and has limited powers. The adoption of such royal decrees would therefore fall outside of the scope of its powers, which could mean that the "Twin peaks" law will soon become obsolete.

Deminor keeps calling for a sound discussion – including within the Parliament – on the governance of the National Bank of Belgium and the position of its private shareholders who hold

50% of the share capital.

Alcon

As mentioned in our previous newsletter, Deminor recommended Alcon shareholders to dispute the merger terms offered by Novartis which were unfair for minority shareholders as they did not offer them the same terms and conditions as those offered to Nestlé.

On 8 July 2010, the Alcon Independent Director Committee announced the creation and funding of the Alcon Litigation Trust, established under New York law.

The Alcon Litigation Trust, which has been funded with \$50 million, is intended “to provide the financial means to commence, defend or maintain litigation relating to any transaction between Alcon and a majority shareholder, including the transaction contemplated by the merger proposal announced by Novartis on 4 January 2010. The Trust has been created to ensure the protection of the interests of Alcon and its minority shareholders in connection with any such transaction.” (SOURCE: Alcon, Inc).

In the meantime, new Alcon directors have been appointed by Novartis and the transfer of the remaining Alcon shares held by Nestlé has been closed. On those occasions, the independent directors of Alcon have confirmed once more their opposition to the merger as proposed by Novartis.

UBS

Deminor sent an open letter to UBS on 20 September 2010 together with the Swiss shareholders’ association Actares and Euroshareholders, the organisation of European Shareholders Associations, in order to formally request the Board of Directors of UBS AG to reconsider its decision not to launch a lawsuit against the former directors and management following the decision of UBS shareholders not to grant discharge to the former management at the last annual general meeting in April 2010.

Already in 2007-2008, Deminor had carried out an in-depth analysis of the company’s exposure to subprime and the write-downs and its (lack of) disclosure and came to the conclusion that UBS had not correctly informed investors about such exposure and that it did not have an appropriate risk management system.

Deminor considers that it is the primary fiduciary duty of the board of directors to take any possible actions against former directors and members of the management whose misconduct and/or negligence caused severe losses to the UBS shareholders.

Deminor’s opinion was recently confirmed and reinforced by the Control Committees of the Swiss Federal Assembly. More specifically, the Committees requested UBS to re-examine the way the subprime crisis and the US cross-border activities were managed internally, including the possibility to file a criminal claim and to launch a civil action for liability, and to provide full transparency on the decision of

the board of directors not to launch criminal and civil actions against former UBS directors and officers.

To view the press release, please click here.

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