MEMORANDUM
ON THE DEMERGER OF A LIMITED LIABILITY COMPANY PURSUANT TO DUTCH LAW.

<u>LEGAL DEMERGER</u>

1. As referred to above in a legal demerger, a company transfers part of its assets and liabilities to one or more companies under universal title. As the assets and liabilities are transferred under universal title, there are no formalities relating to separate assets and liabilities to fulfil upon the transfer, except for shares in the issued capital of a subsidiary that is not incorporated under Dutch corporate law. Becoming a shareholder by law implies that the shareholders need not exchange the old shares for new shares. Depending on the type of legal demerger the transferring company may then legally cease to exist, without requiring further (liquidation) formalities.

2. A part of the company can be split off as well. With regard to a *split-off* the assets and liabilities, or a part thereof, are transferred to one or more acquiring companies, after which the demerging company continues to exist. By law, the shareholders in the demerging company become shareholders in the acquiring company(ies). The pre-demerger value of the shares in the demerging company is attributed to both the shares in the acquiring company(ies) and the shares in the demerging company in proportion to the value of the assets and liabilities that have either been transferred to each acquiring company or have remained with the demerging company.

3 By law, the shareholders in the demerging company will become shareholders in all of the acquiring companies upon the demerger. There are some exceptions to this general rule.

II Requirements

4 In principle the requirements to be followed up, are as follows

- <u>demerger proposal:</u> a demerger proposal must be drawn up by the management boards involved. This has to be approved by the supervisory board of each company involved in the legal demerger;
- <u>an explanation, in writing</u>, must be prepared, among others, for the reasons the demerger and the expected consequences of the demerger on the companies' activities;
- <u>audit requirements:</u> The board of directors of each company must appoint an auditor to report on the demerger. The auditor of each company must review the demerger proposal and must report that all of the following are true:
  a. The valuation of the assets and liabilities to be transferred is correct.

b. The exchange ratio for the shares is reasonable.
c. The value of the assets and liabilities which remain with the demerging company, if it continues to exist, is at least equal to that company's paid-in and claimed capital plus the reserves that the company must keep by law or according to its articles of association after the demerger.
d. The attribution of the shares is reasonable when the acquiring companies issue shares to some of the shareholders of the demerging company.
e. the report must contain the auditor's opinion on the methods used to determine the exchange ratio of the shares;

- filing requirements: each company involved in the legal demerger has to file the legal demerger proposal, the annual accounts and the annual reports of the preceding three years (as far as publication is obligatory) with the competent Trade Registry. These documents are also kept at the company's office. These documents must be available for inspection by the shareholders and other parties with an interest in the company until six months after the legal demerger has become effective. Furthermore, an announcement of the proposed legal demerger and the addresses where the aforementioned documents are available for inspection, must be published in a daily newspaper;
- Objection period of one month after having filed the documents referred to above: The shareholders (or directors) cannot vote on the demerger until at least one month has passed since publication of the announcement of the proposed demerger in a national newspaper. The legal demerger proposal can not be amended anymore;
- Resolution: Shareholders in each of the companies involved in the demerger are entitled to resolve on the legal demerger. At the level of the acquiring companies, the decision can be made by the board of directors, unless a qualifying number of shareholders object (that is, at least 5% of the paid-in capital, unless the articles af association provide for a lower percentage). In that case, the right to decide the issue returns to the shareholders. The resolution must be passed by the same majority required for a decision to amend the articles of association, unless these articles provide otherwise for instances of legal demerger;
- execution legal demerger: The legal demerger must be executed by a notarial deed within six months after publication of the announcement of the proposed legal demerger in a national newspaper. The legal demerger enters into force the day after execution of the deed. Within eight days after execution of the notarial deed, all acquiring companies and the demerging company (if it continues to exist) have to register the demerger with the Trade Registry of their domicile and file a copy of the notarial deed which includes the civil law notary's declaration;

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