



INSTITUTIONAL SHAREHOLDER SERVICES

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ISS Europe Contentious Issues Alert

Meeting Date 2007	Company Name	Type
16 April	Telecom Italia (Italy) ISIN: US6810626001 ,US87927W1062 , BE0099681620 ,DE0008652454 ,IT0000074283 , IT0000076668 ,IT0000076676 ,IT0000076759 , IT0001050696 ,IT0001050704 ,IT0001137329 , IT0003497168 ,IT0001127437 ,IT0001127429 , IT0003497184 ,US87927Y1029 ,US87927Y2019 , IT0003497176 ,BE0004518560 ,	AGM/EGM
Agenda Item	Contentious Issues	
4.1, 4.2 and 4.3 Elect directors	<p>Three lists of candidates were presented for election to the board. Unfortunately, the information regarding the composition of the alternate slates was published after the cut-off dates of custodians.</p> <p>Expect this meeting to draw a lot of attention due to issues regarding the future of the company. Different strategic parties have different views on the future of the company (to be sold or not to foreigners).</p> <p>The first list of candidates has been presented by Olimpia, the largest shareholder in Telecom Italia with 18 percent of share capital. The list contains the following nominees, in this order: (1) Carlo Alessandro Puri Negri, (2) Claudio De Conto, (3) Luciano Gobbi, (4) Gilberto Benetton, (5) Gianni Mion, (6) Carlo Orazio Buora, (7) Riccardo Ruggiero, (8) Aldo Minucci, (9) Renato Pagliaro, (10) Paolo Baratta, (11) Diana Bracco, (12) Domenico De Sole, (13) Luigi Fausti, (14) Jean Paul Fitoussi, (15) Pasquale Pistorio, (16) Francesco Gori, (17) Lucio Pinto. Moreover, Olimpia proposes to fix the number of directors on the board at 19. Note that this list does not contain the name of the current chairman, Guido Rossi, whose views on the future of the company diverge from Troncetti Provera's.</p> <p>The second list of candidates has been presented by shareholder Holinvest and contains the following nominees: (1) Renzo Capra, (2) Cesrae Giovanni Vecchio. Holinvest is controlled by Hopa and holds about 3.7 percent in Telecom Italia and until 2006 was participating to the shareholders' pact with Pirelli and Olimpia.</p> <p>The third list of candidates has been presented presented by a group of institutional investors that aggregately hold more than 1 percent of Telecom share capital and contains the following nominees: (1) Luigi Zingales, (2) Stefano Cao, (3) Guido Ferrarini. The institutional investors submitting this list are: Aletti Gestielle SGR, Arca SGR, BNL Gestioni SGR, CAAM SGR, Capitalia SGR, Ersel SGR, Eurizon SGR ,Fideuram SGR,</p>	

	Hermes Investment Management Ltd, Interfund Sicav, MPS SGR, Pioneer SGR.
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Meeting Date 2007	Company Name	Type
24 April	Galapagos (Belgium) ISIN: BE0003818359	EGM
Agenda Item	Contentious Issues	
8 Authorize Board to Repurchase Shares in the Event of a Public Tender Offer or Share Exchange Offer	This authorization contains two resolutions: the classic share repurchase authorization which is granted for at most 18 months and on the basis of which the company is allowed to repurchase own shares up to at most 10 per cent of the share capital. ISS usually supports this kind of resolutions. However in some cases in Belgium - and in the case of Galapagos this year, such resolutions go hand in hand with a resolution to repurchase own shares in the event of a 'grave and imminent danger'. Such authorization can be used to fend off hostile takeovers.	

Meeting Date 2007	Company Name	Type
24 April	Auriga Industries (Denmark) ISIN: DK0010233816 / DK0015323323	AGM
Agenda Item	Contentious Issues	
6.3 (AGM): Shareholder Proposal Urge Subsidiary (Cheminova) to Immediately Phase Out Production and Sale of All of Class 1 Toxic Products	This proposal has been put forward by the association of critical shareholders (Foreningen af kritiske aktionærer) and concerns subsidiary Cheminova A/S. The shareholders want Cheminova to seize production and sale of all its Class I poisons.	

Meeting Date 2007	Company Name	Type
24 April 2007	Technofan (France) ISIN : FR0000065450	AGM/EGM
Agenda Item	Contentious Issues	
A Initiate Payment of Cash Dividend of EUR 24	Shareholder resolution proposing that the company pay extra dividend. This resolution is not supported by management.	

Meeting Date 2007	Company Name	Type

24 April	A-Com Ab (Sweden) ISIN: SE0000592677	AGM
Agenda Item	Contentious Issues	
6 (AGM): Issue up to 5 Million Shares in Connection with Acquisition of Spits ASA	Issuance request in conjunction with an acquisition.	

Meeting Date 2007	Company Name	Type
25 April	Wegener (the Netherlands) ISIN: NL0000394567 , NL0000394542 , XS0077287190	EGM/AGM
Agenda Item	Contentious Issues	
6 Grant Board Authority to Issue Shares and Restricting/Excluding Preemptive Rights	This resolution would allow a share increase with exclusion of preemptive rights up to 30% of share capital. ISS standards allow exclusion of pre-emptive rights up to 20% of share capital.	

Meeting Date 2007	Company Name	Type
26 April	Groupe Danone (France) ISIN : FR0000181158	AGM/EGM
Agenda Item	Contentious Issues	
A: Amend Article 26.II of the Bylaws in order to Cancel the Voting Rights Limitation	Shareholders recently proposed a resolution amending the article 26.II of the bylaws in order to cancel the provisions limiting the voting rights of the shareholders in a shareholder meeting to 6 percent of the simple voting rights and to 12 percent of the double voting rights held by a shareholder. This resolution is not supported by the board of directors.	

Meeting Date 2007	Company Name	Type
27 April	Bank Polska Kasa Opieki SA (PEKAO) (Poland) ISIN: PLPEKAO00016	EGM
Agenda Item	Contentious Issues	
6 (EGM): Approve Integration of Company with Bank BPH S.A. via Transferring of Some of Bank BPH S.A.'s Assets under Company's Ownership; Amend Company	Bank Polska Kasa Opieki S.A. and Bank Przemyslowo Handlowy S.A. in the process of integration due to the acquisition of HVB by UniCredito (at the time of the acquisition UniCredito controlled Bank Polska Kasa Opieki S.A., while HVB controlled Bank Przemyslowo Handlowy S.A.). These are Poland's second and third largest banks.	

Statute	The transaction caused a lot of turmoil in Poland - the government wanted to block it.
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Meeting Date 2007	Company Name	Type
27 April	Bank Przemyslowo Handlowy SA (Poland) ISIN: PLBPH0000019	EGM
Agenda Item	Contentious Issues	
5 (EGM): Approve Integration of Company with Bank Polska Kasa Opieki S.A. via Transferring of Some of Company's Assets under Bank Polska Kasa Opieki S.A.'s Ownership	Bank Polska Kasa Opieki S.A. and Bank Przemyslowo Handlowy S.A. in the process of integration due to the acquisition of HVB by UniCredito (at the time of the acquisition UniCredito controlled Bank Polska Kasa Opieki S.A., while HVB controlled Bank Przemyslowo Handlowy S.A.). These are Poland's second and third largest banks. The transaction caused a lot of turmoil in Poland - the government wanted to block it.	

Meeting Date 2007	Company Name	Type
27 April	Swedbank AB (Sweden) ISIN:	AGM
Agenda Item	Contentious Issues	
13 (AGM): Management Proposal Approve Remuneration of Directors; Approve Remuneration of Auditors 24-26 (AGM): Shareholder Proposals 24: Decide That a Private Client Officer Shall Not Be Entitled to Act as Administrator or Trustee to a Present or Prior Customer to the Private Client Officer in Question 25: Decide That Swedbank Shall Become the Most Available Bank for Customers by 2010, i.e., Available for Customers with Defective Vision Who Are Visually Disabled on Legible Media 26: Shareholder Proposal re: Allocate SEK 100 Million of the 2006 Profit to Establish "The Institute for Integration and Growth in Landskrona"	Item 13 is proposing that the chairman be granted a SEK 100,000 (\$14,600) salary increase starting on 1 January 2007, so that his annual pensionable salary after said increase would amount to SEK 3 million (\$437,960). It is not common practice in Sweden that the chairman receive any remuneration except for regular board fees.	

Meeting Date 2007	Company Name	Type
3 May	Odfjell Asa (Norway) ISIN: NO0003399909 / NO0003399917	AGM
Agenda Item	Contentious Issues	
11 (AGM): Approve Change of Company Form from Allmennaksjeselskap (ASA) to European Company (Societas Europaea, SE)	The company is proposing to change its structure to a European Company format, a still relatively rare corporate structure in the EU despite it having been in existence for many years.	

Meeting Date 2007	Company Name	Type
7 May	EADS (the Netherlands) ISIN: NL0000235190	AGM/EGM
Agenda Item	Contentious Issues	
1 Adoption of the report of the Board of Directors, including, the chapter on Corporate Governance, the policy on dividends and the proposed policy for the remuneration for the Members of the Board as described in this Board Report.	<p>The company states the following: “Given the extraordinary circumstances and the important challenges that came to light during the year 2006, and which are not tied to the commercial air transportation economic cycle, the Board unanimously agreed that the amount of the proposed cash distribution should be substantially reduced. While this opinion constitutes a departure from the policy adopted last year, the Board does not recommend to rescind such policy, but endorses a temporary suspension. Looking forward, EADS’ Board still believes that continuity and growth of dividends is a desirable shareholder objective, which must however remain subject to factors such as EADS’ distribution capacity arising from performance, its priorities for cash utilisation and future prospects. To determine whether to effect a cash distribution or not, and if so, at what level, the Board considered dividend distribution in relation to the liquidity and capital structure of EADS, and to the opportunity of accessing capital market. It also considered Management’s account of investor concerns and interpretation of a dividend payment, in the light of stock performance through the past year.</p> <p>Following this debate, directors could not finally agree on dividend proposal.”</p>	

Meeting Date 2007	Company Name	Type
9 May	Dexia (Belgium) ISIN: BE0003687010, BE0005558292, BE9000072241, BE0170908918, BE0117013319, US055227AA09, BE0003796134, BE0005587580, DE0006872351, BE0170208707, BE0170210729, BE0172847908, BE0117578147, BE0117876210, BE0117906512, BE0118417774, BE0802794223, BE0802795238, BE1105947500, BE1105972755,	AGM/EGM

	BE1105998040, BE1115896085, BE1174064732, BE1195450225, BE1195458301, BE1195469415, BE1195480529, BE1195483556, BE1330788455, BE1330799569, BE1335454558, BE1335455589, BE1335472733, BE1335519236, BE1335521257, BE1335546502, BE1335581855, BE1335651583, BE1335760707, BE1385422687 BE1505206572, BE1505225762 BE1530364925, XS0126896678, XS0126917425, XS0131368317, XS0150360872, XS0190262724, BE0118255125, DK0003444271, DK0003446136, DK0003446805, DK0003446995	
Agenda Item	Contentious Issues	
2 Authorize Board to Repurchase Shares in the Event of a Public Tender Offer or Share Exchange Offer	This authorization contains two resolutions: the classic share repurchase authorization which is granted for at most 18 months and on the basis of which the company is allowed to repurchase own shares up to at most 10 per cent of the share capital. ISS usually supports this kind of resolutions. However in some cases in Belgium - and in the case of Dexia this year, such resolutions go hand in hand with a resolution to repurchase own shares in the event of a 'grave and imminent danger'. Such authorization can be used to fend off hostile takeovers.	
3 Authorize Board to Issue Shares in the Event of a Public Tender Offer or Share Exchange Offer	This authorization contains a takeover defences as it allows companies to issue shares in the event of a 'grave and imminent danger'. Such authorization can be used to fend off hostile takeovers.	

Meeting Date 2007	Company Name	Type
9 May 2007	Paris Realty Fund (France) ISIN: FR0010263202	AGM/EGM
Agenda Item	Contentious Issues	
<p>14 Authorize Board to Issue Free Warrants with Preemptive Rights During a Public Tender Offer or Share Exchange</p>	<p>This resolution relates to the authorization to be granted to the board of directors by shareholders to issue free warrants in case of a public offer targeting the company.</p> <p>This authorization is proposed following new articles L.233-32 and L.233-33 of the French Commercial Code, introduced by the March 31, 2006 Act (N°2006-387).</p> <p>This Act introduces article L.233-32, so that the extraordinary general meeting (with the rules applying to ordinary general meetings as regards the quorum and the majority needed to vote a resolution) may decide to issue (or empower the board of directors or the management board, as the case may be, to issue) free warrants during a public offer targeting the issuer. The new articles L.233-32 and L.233-33 of the Commercial Code also provide that this authorization may be used only when the company launching the public offer itself benefits from equivalent takeover defenses (as the issuance of warrants) available in case of a hostile bid against it.</p> <p>Such warrants, if issued, are granted to all the shareholders for free and enable them to subscribe for shares (of the same issuer) under preferential conditions. Even if the general meeting of shareholders decided to delegate to the board the power to issue the warrants, it would belong to the general meeting of shareholders to fix the maximum amount of the share capital increase that could result from these warrants being exercised and the maximum number of warrants to be issued. The general meeting of shareholders may also fix specific conditions under which the board may issue the bonds, postpone the issuance, or renounce it. The conditions regarding the exercise of the warrants and the other specific terms (including the exercise price or the different formulae to fix the price) that may be fixed by the general meeting or the board must relate to the term of the relevant public offer or any other competing offer. Above all, these warrants, once issued, automatically terminate as soon as the relevant public offer or any other competing offer fails or is removed.</p> <p>This resolution clearly qualifies as an antitakeover device since the warrant issue would take place during a public offer and would be automatically cancelled if the offer fails or is removed. The shareholders would, in fact, waive in advance their ability to make this choice.</p>	

Meeting Date 2007	Company Name	Type
14 May	Hf Company (France) ISIN: FR0000038531	AGM/EGM
Agenda Item	Contentious Issues	
<p>14 Allow Board to Issue Shares in the Event of a Public Tender Offer or Share Exchange Offer</p>	<p>This authorization contains a takeover defences as it allows companies to issue shares in the event of a 'grave and imminent danger'. Such authorization can be used to fend off hostile takeovers.</p>	
<p>15 Authorize Board to Issue Free Warrants with Preemptive Rights During a Public Tender Offer or Share Exchange</p>	<p>This resolution relates to the authorization to be granted to the board of directors by shareholders to issue free warrants in case of a public offer targeting the company.</p> <p>This authorization is proposed following new articles L.233-32 and L.233-33 of the French Commercial Code, introduced by the March 31, 2006 Act (N°2006-387).</p> <p>This Act introduces article L.233-32, so that the extraordinary general meeting (with the rules applying to ordinary general meetings as regards the quorum and the majority needed to vote a resolution) may decide to issue (or empower the board of directors or the management board, as the case may be, to issue) free warrants during a public offer targeting the issuer. The new articles L.233-32 and L.233-33 of the Commercial Code also provide that this authorization may be used only when the company launching the public offer itself benefits from equivalent takeover defenses (as the issuance of warrants) available in case of a hostile bid against it.</p> <p>Such warrants, if issued, are granted to all the shareholders for free and enable them to subscribe for shares (of the same issuer) under preferential conditions. Even if the general meeting of shareholders decided to delegate to the board the power to issue the warrants, it would belong to the general meeting of shareholders to fix the maximum amount of the share capital increase that could result from these warrants being exercised and the maximum number of warrants to be issued. The general meeting of shareholders may also fix specific conditions under which the board may issue the bonds, postpone the issuance, or renounce it. The conditions regarding the exercise of the warrants and the other specific terms (including the exercise price or the different formulae to fix the price) that may be fixed by the general meeting or the board must relate to the term of the relevant public offer or any other competing offer. Above all, these warrants, once issued, automatically terminate as soon as the relevant public offer or any other competing offer fails or is removed.</p> <p>This resolution clearly qualifies as an antitakeover device since the warrant issue would take place during a public offer and would be automatically cancelled if the offer fails or is removed. The shareholders would, in fact, waive in</p>	

	advance their ability to make this choice.
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Meeting Date 2007	Company Name	Type
22 May 2007	Nicox (France) ISIN: FR0000074130	AGM/EGM
Agenda Item	Contentious Issues	
14 Allow Board to Issue Shares under Items 1-7 in the Event of a Public Tender Offer or Share Exchange Offer	This authorization contains a takeover defences as it allows companies to issue shares in the event of a 'grave and imminent danger'. Such authorization can be used to fend off hostile takeovers.	
15 Authorize Board to Issue Free Warrants with Preemptive Rights During a Public Tender Offer or Share Exchange	<p>This resolution relates to the authorization to be granted to the board of directors by shareholders to issue free warrants in case of a public offer targeting the company.</p> <p>This authorization is proposed following new articles L.233-32 and L.233-33 of the French Commercial Code, introduced by the March 31, 2006 Act (N°2006-387).</p> <p>This Act introduces article L.233-32, so that the extraordinary general meeting (with the rules applying to ordinary general meetings as regards the quorum and the majority needed to vote a resolution) may decide to issue (or empower the board of directors or the management board, as the case may be, to issue) free warrants during a public offer targeting the issuer. The new articles L.233-32 and L.233-33 of the Commercial Code also provide that this authorization may be used only when the company launching the public offer itself benefits from equivalent takeover defenses (as the issuance of warrants) available in case of a hostile bid against it.</p> <p>Such warrants, if issued, are granted to all the shareholders for free and enable them to subscribe for shares (of the same issuer) under preferential conditions. Even if the general meeting of shareholders decided to delegate to the board the power to issue the warrants, it would belong to the general meeting of shareholders to fix the maximum amount of the share capital increase that could result from these warrants being exercised and the maximum number of warrants to be issued. The general meeting of shareholders may also fix specific conditions under which the board may issue the bonds, postpone the issuance, or renounce it. The conditions regarding the exercise of the warrants and the other specific terms (including the exercise price or the different formulae to fix the price) that may be fixed by the general meeting or the board must relate to the term of the relevant public offer or any other competing offer. Above all, these warrants, once issued, automatically terminate as soon as the relevant public offer or any other competing offer fails or is</p>	

	<p>removed.</p> <p>This resolution clearly qualifies as an antitakeover device since the warrant issue would take place during a public offer and would be automatically cancelled if the offer fails or is removed. The shareholders would, in fact, waive in advance their ability to make this choice.</p>
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