

## *In re Alstom SA Securities Litigation*

**COURT:** United States District Court for the Southern District of New York  
**CASE NUMBER:** 03-cv-6595  
**CLASS PERIOD:** 11/18/1998 - 06/29/2003  
**CASE TEAM:** Jai K. Chandrasekhar

Securities fraud class action filed on behalf of all persons or entities that purchased Alstom securities during the period November 18, 1998 through and including June 29, 2003 (the "Class Period").

On January 7, 2004, the Honorable Victor Marrero of the United States District Court for the Southern District of New York entered an Order appointing Co-Lead Plaintiffs and appointing BLB&G as Co-Lead Counsel for the Class in this action.

On May 27, 2011, the Court preliminarily approved the settlement agreement reached by the parties, in which the Defendants agreed to pay \$6,950,000 for the benefit of the Class to resolve the litigation. A settlement hearing was held on October 21, 2011 at 10:00 am at the Daniel Patrick Moynihan United States Courthouse, 500 Pearl Street, New York, NY. At the hearing, the Court granted final approval of the settlement.

In order to be eligible to share in the benefits of the settlement, class members were required to submit a completed and signed Proof of Claim form postmarked no later than September 19, 2011. For complete information about the settlement, please read the Notice and Proof of Claim form, which can be found on the "Case Documents" page.

### **Background**

Alstom is a French corporation that is engaged in the business of power generation and transport infrastructure markets, including electrical transmission and distribution, rail transportation, and marine manufacturing. Alstom's U.S. headquarters is in Windsor, CT. The company is listed on the Paris Stock Exchange and was previously listed on the New York and London Stock Exchanges.

The case arises out of a series of disclosures by the Company beginning on September 27, 2001. On that date, Renaissance Cruises, which had been operating eight Alstom built cruise-ships, filed for Chapter 11 protection. In connection with this filing, Alstom disclosed for the first time that it had guaranteed a large portion of the loans that were issued to Renaissance Cruise to finance the purchase of the cruise-ships. On October 1, 2001, Alstom disclosed that its exposure with respect to the loan guarantees to Renaissance Cruises, and other undisclosed loan guarantees to other customers for already delivered cruise-ships, was approximately \$1.1 billion. As a result of these disclosures, Alstom's American Depository Shares ("ADS") dropped from \$22.71 on September 26, 2001 to \$12.35 on October 3, 2001.

On June 30, 2003, Alstom disclosed that its wholly-owned U.S. subsidiary, Alstom Transportation, Inc. ("ATI") had "significantly understated" losses in its accounts, in substantial part due to "accounting improprieties by the understatement of actual costs incurred." At that time, Alstom recorded an additional net after tax charge of 51 million euros for the year ended March 31, 2003. Then, on October 15, 2003, Alstom announced that it had increased the charge to 73 million euros in connection with the financial improprieties at ATI, and that its investigation of the accounting improprieties had led the Company to take an additional 94 million euro charge for

the year ended March 31, 2003 as a result of "expected contract losses relating to a number of performance issues." After the June 30, 2003 announcement of the alleged ATI accounting improprieties, the ADSs dropped to \$3.41 per share.

Lead Plaintiffs filed their Consolidated Amended Complaint on June 18, 2004. Defendants moved to dismiss the case, and Lead Plaintiffs opposed the motions to dismiss. On December 22, 2005, Judge Marrero issued three Opinions resolving the motions and allowing Lead Plaintiffs to continue to prosecute the case towards trial. Judge Marrero held that the Consolidated Amended Complaint adequately alleges claims under Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder against Alstom, former Alstom Chairman and CEO Pierre Bilger, and former Alstom Chief Financial Officer Francois Newey relating to the undisclosed guarantees of cruise ship purchasers' loans, and against ATI relating to the understatement of ATI's costs. Judge Marrero dismissed certain other claims, including claims under the Securities Act of 1933 relating to Alstom's February 2001 secondary offering of common stock, based on statute of limitations and other defenses. The Court also ruled that both purchasers of Alstom securities on U.S. exchanges and non-U.S. purchasers of Alstom securities on non-U.S. exchanges may be included in the Plaintiff Class for the claims relating to the ATI fraud, but only purchasers of Alstom securities on U.S. exchanges may be included in the Plaintiff Class for the claims relating to the undisclosed guarantees of cruise ship purchasers' loans.

Lead Plaintiffs took limited discovery relating to the ATI fraud, as ordered in the Court's December 22, 2005 Opinions, and filed a motion for leave to file a Second Consolidated Amended Complaint incorporating information from the limited discovery on February 24, 2006. Judge Marrero granted Lead Plaintiffs' motion for leave to amend on March 10, 2006. Certain defendants moved to dismiss the amended claims against them in the Second Consolidated Amended Complaint. Judge Marrero denied the motions to dismiss on September 29, 2006. Lead Plaintiffs filed a Revised Second Consolidated Amended Complaint on November 29, 2006 and began conducting fact discovery. Lead Plaintiffs moved for class certification on June 11, 2007; Defendants filed their oppositions to class certification on January 7, 2008; and Lead Plaintiffs filed their reply in support of class certification on March 7, 2008. Judge Marrero granted Lead Plaintiffs' motion on August 27, 2008, certifying a class comprised of (1) all persons who purchased or otherwise acquired the publicly traded American Depositary Shares of Alstom in the United States, and (2) all U.S., Canadian, English, or Dutch persons or entities who purchased or otherwise acquired the common shares or other equity securities of Alstom on foreign markets, during the period August 3, 1999 to August 6, 2003. English and Dutch class members were certified for inclusion in the class with respect to claims against all defendants except Alstom; all other class members were certified for inclusion in the class with respect to claims against all defendants including Alstom. In light of the Supreme Court's June 2010 decision in *Morrison v. National Australia Bank*, Judge Marrero issued an order on September 14, 2010, dismissing the claims of plaintiffs who purchased Alstom securities on foreign exchanges.

Lead Plaintiffs have substantially completed taking discovery from Defendants relating to the facts of the case. Motions for summary judgment were filed on December 22, 2010.

## Case Documents

- May 27, 2011 - Notice of Pendency and Proposed Settlement of Class Action
- November 29, 2006 - Revised Second Consolidated Amended Complaint

- June 18, 2004 - Consolidated Amended Complaint