INTERNATIONAL CENTRE FOR DISPUTE RESOLUTION

International Arbitration Tribunal

In the Matter of the Arbitration between:

Re: 50 148 T 00111 10
Chesapeake Capital Group, New York, Inc.
vs
Valtech, S.A.

AWARD OF ARBITRATOR

I, THE UNDERSIGNED ARBITRATOR, having been designated in accordance with the arbitration agreement entered into between the above-named parties and dated January 29, 2010, and having been duly sworn, and having duly heard the proofs and allegations of the Parties, do hereby, AWARD, as follows:

I
PROCEDURAL MATTERS

1.01 On February 16 2010, Chesapeake Capital Group, New York, Inc. (hereinafter, "Chesapeake") filed a Demand for Arbitration and Statement of Claim with the International Centre for Dispute Resolution (hereinafter, "ICDR") against Valtech S.A. (hereinafter, "Valtech").

1.02 Chesapeake is an investment banking firm organised under the laws of the State of New York, whose principal shareholder and Managing Director is Douglas S. Land, (hereinafter, "Mr. Land").

1.03 Chesapeake is located at:

515 Madison Avenue
21st Floor
New York, NY 10022
USA

1.04 Valtech is a French publicly traded business and technology services company located at 80, rue Marceau, Paris 75008, France.

1.05 The dispute involves US$ 870,000 placed in escrow pursuant to an Escrow Agreement dated January 29, 2010, between Chesapeake, Valtech, and Butzel Long, a Michigan Professional Corporation, acting as escrow holder.

1.06 Paragraph 3 of the Escrow Agreement reads:

> "Resolution of Disagreement. If Valtech and Chesapeake shall fail to give a Joint Instruction to the Escrow Agent within five business days of the date of this Agreement, either Valtech or Chesapeake shall have the right to submit to binding arbitration the determination of the respective rights of Valtech and Chesapeake in connection with the Challenge. Such arbitration shall be held before the International Centre for Dispute Resolution of the American Arbitration Association and heard by a single arbitrator in accordance with its International Arbitration Rules; provided that the time limitations set forth in the expedited procedures of the commercial arbitration rules of the American Arbitration Association shall apply. For good cause shown, the time period from the filing of the claim until the date of the hearing may be extended by the case administrator at the request of either party or the arbitrator for up to an additional 30 days. If Valtech and Chesapeake shall fail to agree on an arbitrator within ten business days after a claim is filed, the arbitrator shall be selected by the case administrator. Any such arbitration hearing shall take place in New York, New York or London, United Kingdom and the relevant provisions of the laws of France and the laws of New York (in each case, without giving effect to any choice of law rules) shall be presented to the arbitrator for his or her consideration. The award issued by the arbitrator upon the conclusion of such arbitration shall be delivered to the Escrow Agent and judgement on the Award may be confirmed in any court of competent jurisdiction."

1.07 The time limitations of the expedited procedures of the commercial rules of the American Arbitration Association are set forth in sections E9 and E14 thereof. Section E9 provides

that hearing shall be held within 30 days of the appointment of the arbitrator and Section E14 provides that the award shall be rendered within 14 days after the closing of the hearing.

1.08 As will be seen, with the consent of the parties, the arbitrator extended the deadline for the hearings to provide for hearing dates within the additional 30-day period provided by paragraph 3 of the Escrow Agreement.

1.09 On March 25, 2010, Valtech responded to Chesapeake's Demand for Arbitration and Statement of Claim with an Answer and Affirmative Defences. Among such affirmative defences, Valtech argued that the tribunal lacks subject matter jurisdiction. Valtech requested a preliminary hearing to address this question.

1.10 On March 24, 2010, a shareholder of Valtech filed a lawsuit before the Tribunal de Commerce de Paris in France contending, among other things, that any agreements between Valtech and Chesapeake were null and void. The Tribunal has no further information concerning the present status of this lawsuit.

1.11 On April 20 2010, the escrow holder, Butzel Long, filed an action in interpleader before the United States District Court for the southern District of New York seeking, among other things, to interplead the funds it holds as escrow holder with the court discharging itself as escrow holder from any further obligation with respect thereto. The Tribunal has no further information concerning the present status of this interpleader action.

1.12 On April 22, 2010, the ICDR notified the parties that it had appointed Paul B. Hannon of 47/E Lennox Gardens, London, England, as sole arbitrator in this dispute.

1.13 Chesapeake has been represented throughout this matter by Max Folkenflik Esq. of:

Folkenflik & McGerity
1500 Broadway
21st Floor
New York NY 10036
U.S.A.

Mr. Folkenflik is a member of the Bar of New York. Me. Didier Fornoni and Me. Nicolas Viguie of the Paris Bar assisted Mr. Folkenflik in matters of French law. Me. Fornoni was

present at the Witness Hearing, and Me. Viguie conducted the cross-examination of M. le President Ancel by conference telephone call from Paris.

Messrs. Vique and Fornoni are members of the Paris law firm Viguie Schmidt Peltier Juvigny at:

2 rue de Lisbonne
75008 - Paris
France

1.14 Valtech has been represented throughout this matter by Me. Randy Yaloz of:

Euro Legal Counsel Group
3, rue de Saint Simon
75007 – Paris
France

Me. Yaloz is a Member of the Bars of Paris, New York and New Jersey.

1.15 On May 5, 2010, the parties participated in a conference telephone call with the arbitrator. Present on the call were Mr. Folkenflik, Me. Yaloz, Mr. Land, Ms. Carmen Preda, (the ICDR administrator) and the arbitrator.

1.16 After lengthy discussion, I denied Respondent's request that the proceeding be bifurcated to deal first with the issue of the Tribunal's jurisdiction. I stated that the extremely tight schedule mandated by the arbitration clause together with the interwoven nature of the factual and legal issues would make bifurcation inefficient and a more costly way to proceed than to deal with all outstanding matters at the same time.

1.17 At the same meeting, after discussion, the following schedule was ordered:

- May 13, 2010 – Mr. Folkenflik to deliver true and complete hard copies of those documents described in paragraph 64 of Me. Yaloz' Answer plus hard copies of the principal documents described in his oral presentation on May 5, to Me. Yaloz, the Tribunal and the ICDR.

- May 31, 2010 – The Respondent to serve its comprehensive memorial stating its case, together with witness statements from all witnesses it plans to have testify and all documents and legal authorities on which it relies.
- June 7, 2010 – Mr. Folkenflik to furnish Me. Yaloz (with copies to the Tribunal, and the ICDR) with the principal exhibits upon which he will rely in the hearing.
- June 14, 2010 – The Claimant to serve its comprehensive memorial stating its case, together with witness statements from all witnesses it plans to have testify and all documents and legal authorities on which it relies.
- June 16, 2010 – A pre-hearing conference to be held to discuss outstanding matters including the details of the hearing.
- June 21, 22 and 23 – The hearings to be held in London, England, at the International Dispute Resolution Centre, 70 Fleet Street, London.

1.18 Me. Yaloz expressed uneasiness with the arbitrator's decision to ask Valtech to present its memorial first, instead of following the more usual order of presentation in which the Claimant goes first. I explained that since much of Valtech's defences were legal in nature, it would be more efficient to ask it to present its legal arguments in more detail, to permit Chesapeake to respond to them in its memorial. In making this decision, I relied upon Article 16.1 of the ICDR Rules.

1.19 Immediately following the conference call, I issued Procedural Order No. 1 summarising the matters set forth above, dealing with certain other "housekeeping" matters, and determining the seat of the arbitration to be London, England.

1.20 Messrs Folkenflik and Yaloz voluntarily exchanged numerous documents relating to the dispute during late May and early June 2010.

1.21 On May 31, 2010, Me. Yaloz filed Valtech's Second Answer and Affirmative Defences. At the same time, he listed numerous exhibits, including an opinion on French law from M. Jean-Pierre Ancel, former President of the First Civil Chamber of the French Cour de Cassation.

1.22 He sent copies of the exhibits to Mr. Folkenflik, but not to the arbitrator. At my request, he then sent M. Ancel's legal opinion to me.

1.23 On June 13, 2010, the following email exchange occurred among the parties and the arbitrator:

"From: Yaloz Randy [mailto:randyyaloz@yahoo.com]
Sent: 13 June 2010 10:20
To: Paul B Hannon
Cc: Max Folkenflik; Max Folkenflik; Randy Yaloz; Carmen Preda
Subject: Re: Chesapeake v Valtech

Dear Mr Hannon,

At the time of the first Preliminary Hearing and when we prepared and submitted our responsive pleadings on 31/5/10, you said that we submit documentary exhibits on 21/6/10.

Therefore, no documentary exhibits were sent nor did you request to see the Valtech board minutes or other pertinent documents and emails. Further, you wanted no documents sent via email only via overnight mail if more than 10 pages as per your Procedural Order. Now this means of transmission changes, as we get closer to trial.
In our view, all this now changes unfairly to the detriment of Valtech SA and you now expressly allow Chesapeake (and not Valtech in its due time) to send you whatever it deems necessary without any arbitrary page limit and you will print it off.

If you had applied the same rule to Valtech, I would have sent you a CD (with all exhibits) and various key exhibits via email and overnight mail since 31/5/10 for your careful review.

I respectfully request an explanation and find this very disturbing in all honesty.

I look forward to your reply on these points.

Sincerely,

Randy Yaloz"

"From: Paul B Hannon [mailto:info@paulbhannon.com]
Sent: Sunday, June 13, 2010 12:20 PM
To: 'Yaloz Randy'
Cc: 'Max Folkenflik'; 'Max Folkenflik'; 'Randy Yaloz'; 'Carmen Preda'
Subject: RE: Chesapeake v Valtech

Dear Me. Yaloz

I am sorry for any confusion that I may have caused you. I never meant to indicate that I wanted to see witness statements and exhibits only at the hearing, and not before. Indeed, I have already requested from you the Respondent's expert legal opinion, which you kindly sent me and which I reviewed on Friday.

I start with the basic premise that a knowledgeable arbitrator is to be preferred to an ignorant one. I will try to get as familiar with your arguments as I can in what is a very compressed schedule.

Mr. Folkenflik told me that he would like to send me some witness statements some of which may exceed 10 pages. While I prefer receiving hard copies of long documents, in the interest of expedition, I will waive the ten page limit so that I can study them on the airplane on Tuesday. I had understood that you had no witness statements other than the French legal opinion. If you have any witness statements available that you want me to read on Tuesday, please email them to me as well.

As to other exhibits, I understand that Mr. Folkenflik will send me hard copies in Dallas Tuesday evening. If you have hard copies available of your exhibits and wish to send them to me in Dallas I will welcome them. If your exhibits are voluminous, please feel free to send me only the key ones that you think I should read. I will read what I can in the time available to me.

While I want to study witness statements before the hearing, I will probably not study all exhibits with the same care. I look to the lawyers to direct my attention to the key portions of key exhibits at the hearings. However, having them handy beforehand gives me a greater familiarity with your files and will, I hope, make me a more efficient arbitrator

I also want both parties to send me hard copies of the exhibits and any witness statements to my home address in London at the same time. The address is Flat 21, 169 Queen's Gate, London SW7 5HE.

The cut--off time for any documents you wish to email me is 8 AM Tuesday London time. I will pass by the office to print them off before I go to the airport.

I hope this clarifies the situation.

Paul Hannon"

1.24 On June 14, 2010, Mr. Folkenflik made the following email request to the arbitrator.

"From: Max Folkenflik [mailto:maxwork@fmlaw.net]
Sent: Monday, June 14, 2010 08:29
To: 'Paul B Hannon'; 'Yaloz Randy'
Cc: 'Max Folkenflik'; 'Randy Yaloz'; 'Carmen Preda'; 'Doug Land'; Erik Buchakian'
Subject: RE: Chesapeake v Valtech

Dear Mr. Hannon,

While I had hoped that this would not be necessary, I respectfully request that you enter an order requiring Valtech to produce the minutes of the Valtech Board of Directors meeting on February 4, 2010. It was at that meeting (attended by the members of the "old" board as well as Mr. de Meuvius the Chairman of SiegCo and now of Valtech) that the Board voted to approve the execution of the Amendment to the December 15 agreement. The Amendment, a copy of which is attached, is an agreement between SiegCo and Valtech which among other things commits SiegCo to "comply with and cause Valtech to comply with the terms of the Escrow Agreement" which includes the arbitration clause and to vote to ratify that agreement at the General meeting of shareholders.

In light of the nature of the challenges Valtech has raised to the jurisdiction of this tribunal, the minutes of the meeting on February 4 are obviously relevant and we would like to refer to them in our submissions. It is one set of minutes that was missing from the collection of minutes kindly provided by Valtech's counsel. On June 11, I requested production from Mr. Yaloz who responded promptly to check if they existed, but I have heard nothing further. I do want to ensure that we have the minutes and certainly would appreciate them as early today as possible, or if they are not produced, I want to be in a position to request a "missing document" inference.

Sincerely,

Max Folkenflik"

1.25 I responded as follows:

"From: Paul B Hannon [mailto:info@paulbhannon.com]
Sent: Monday, June 14, 2010
To: 'Max Folkenflik'; Yaloz Randy'
Cc: 'Max Folkenflik; 'Randy Yaloz'; 'Carmen Preda'; 'Doug Land'; Erik Buchakian'
Subject: RE: Chesapeake v Valtech

Dear Me. Yaloz
I have Mr. Folkenflik's email reproduced below.

Prima Facie, it would appear that Mr. Folkenflik's request for the minutes of Valtech's board of director's meeting of February 4, 2010, are material and relevant. Thus, I am inclined to grant the order Mr. Folkenflik seeks.

However, before doing so, I would welcome any comments you might wish to make. Accordingly, I invite you to make any such comments before 4 p.m. Paris time today, June 14.

I look forward to hearing from you.

Sincerely,

Paul B. Hannon"

Me. Yaloz then voluntarily produced the requested documents.

1.26 On June 14, 2010, Mr. Folkenflik filed Chesapeake's comprehensive memorial stating its case together with all documents and legal authorities on which it relies.

1.27 Included with Chesapeake's memorial were witness statements from the following persons:

Douglas S. Land	Managing Director and principal owner of Chesapeake.
John C. McIlwrailth	Managing Director of Blue Chip Capital Company, an equity investor in Medhost Inc. (hereinafter, "Medhost").
John A. Stanley	Former member of Valtech's Board of Directors.
Jens Heimburger	Former member of Valtech's Board of Directors of Valtech.
Latif N. Sayani	A partner in Cortis Capital LLP, a financial advisory firm.

1.28 Valtech subsequently asked to present two witnesses. With my agreement and that of Chesapeake, Valtech submitted witness statements from:

Christopher W. Carr	A Texas attorney who represented Valtech in the transaction with Medhost.
Sebastian Lombardo	The present CEO of Medhost.

1.29 On June 21, 22, and 23, 2010, hearings were held in London, England at the IDRC, 70 Fleet Street, London, EC4Y 1EU.

1.30 During the hearings, Messrs. Land and Stanley participated in person. All of the other witnesses participated by telephone conference calls.

1.31 Pursuant to Section 38 (5) of the English Arbitration Act of 1996, I administered an oath to all of the witnesses except M. Ancel and Mr. Sayani. Since both M. Ancel and Mr. Sayani were testifying as expert witnesses, I did not feel that the administration of an oath was appropriate.

1.32 Merrill Legal Solutions served as court reporter preparing a transcript of the hearings. Mrs. Carine Kennedy served as interpreter for Mr Ancel's testimony and his cross-examination, both of which were conducted in the French language.

1.33 On June 23, 2010, I closed the proceedings pursuant to Article 24 of the ICDR Rules, save for subsequent submissions of the parties on their respective claims for costs, the last such submission was received on July 1, 2010.

1.34 London, England has been throughout the seat of this arbitration.

II

JURISDICTIONAL ISSUE

2.1 As noted above, Valtech asked me to determine the issue of my own jurisdiction to decide the matter in a separate hearing as a preliminary issue. Citing issues of schedule and efficiency, I denied Valtech's request.

2.2 I have now had the opportunity to study the issue. I have been assisted by the opinion of the expert put forward by Valtech, M. Jean-Pierre Ancel, honorary presiding judge of the first civil division of the French Court de Cassation. M. Ancel has had a distinguished career as a member of the French judiciary, having ascended over the course of his career to its highest levels.

2.3 M. Ancel's 14-page opinion is a tour de force in its description of the admirable development of the French law of international arbitration to the point where today France ranks as one of the countries whose jurisprudence is among the most knowledgeable and friendly to arbitration in the world.

2.4 He brilliantly summarizes the doctrines of the severablity of the arbitration clause from the remainder of a contested contract, the principle of "competence-competence", and the primacy of the will of the parties in deciding to have recourse to private arbitration.

2.5 Curiously however, in a few brief lines at the end of his expert opinion, M. Ancel opines:

> "Accordingly, an arbitration agreement which gives the arbitrator the choice of applying French Law or New York State Law allows the arbitrator to set aside the application of French mandatory policing laws under public policy.
>
> In this case the clause is contrary to international public policy".

2.6 Valtech argues that the arbitration agreement contained in the Escrow Agreement is invalid on its face because of its choice of law clause which states, "the relevant provisions of the laws of France and the laws of New York (in each case without giving effect to any choice

of law rules) shall be presented to the arbitrator for his or her consideration." It follows, argues Valtech that the arbitrator is thus permitted to ignore, in his discretion, mandatory French laws ("Lois de Police"), and that in do doing, the clause violates international public policy.

2.7 Under the doctrine of competence-competence, in a case where the absolute nullity of an arbitration clause is not obvious on its face, the question of jurisdiction is referred to the arbitrator to decide. I gather that M. Ancel agrees that this is a case in which the arbitrator can decide on his own jurisdiction. Nevertheless, M. Ancel stated that if the case were before him, he would declare the clause invalid and that the arbitrator had no further jurisdiction.

2.8 With the greatest respect for M. Ancel, I must disagree with this proposition. Very simply, it would render invalid any international agreement with a French company that does not explicitly choose French law, since it could be argued that the decision maker could then choose to ignore French mandatory laws which may be considered also rules of international public policy.

2.9 Moreover, the provision in this arbitration clause specifically requires the arbitrator to consider French law including, by definition, mandatory French legal provisions. Suffice it to say that I have no intention of ignoring any mandatory French legal rules which constitute international public policy.

2.10 This arbitration clause permitting the arbitrator to choose between London and New York as the seat of the arbitration and requiring reference to the laws of both France and New York is a not untypical legal "fudge". At the hearing, I heard that testimony that this provision is the result of the inability of the parties to agree upon the seat of arbitration and the applicable law.

2.11 Both French law and the law of the United States, of which the law of New York is a part, are supportive of arbitration. If a clause can be read in a manner which preserves the intent of the parties to proceed with arbitration, the arbitration clause should be withheld.

2.12 Moreover, in this case, by an "Amendment to the Agreement dated December 15, 2009", Valtech and its new owner SiegCo specifically agreed as follows:

"In the context of the Medhost transaction, SiegCo agreed that Valtech deposit with an escrow agreement funds in the amount of USD 870,000 until Valtech and Chesapeake jointly give written instruction to the escrow agent on how to disburse this amount or until there is determination of the respective rights of Valtech and Chesapeake Group (for its role in the Medhost transaction) with respect to this amount by an arbitrator.

SiegCo acknowledges that it has reviewed the Escrow Agreement in Annex 1, entered into among Valtech, The Chesapeake Group, Inc., and an escrow agent, and hereby confirms that it agrees with the terms and conditions of such Escrow Agreement and is satisfied with this procedure to determine the compensation to be paid by Valtech to Chesapeake Group.

Consequently, SiegCo undertakes not to, and to cause Valtech not to, initiate any claim or action against any director of Valtech in connection with the execution of the Escrow Agreement and the compensation to be paid by Valtech to Chesapeake Group as determined in the terms provided in the Escrow Agreement, whatever be the outcome of this arbitration procedure.

SiegCo undertakes, in view of the information contained in the Annex 1, that it will comply and cause Valtech to comply with the terms of the Escrow Agreement, that it has no comment or objection in connection therewith and that it will vote in favor of its ratification at the relevant General meeting of shareholders."

2.13 Valtech, at SiegCo's order, now breaches its commitment not to contest the arbitration clause contained in the Escrow Agreement.

2.14 I reject Valtech's strained argument that the arbitration clause is invalid on its face and that it deprives me of jurisdiction to hear and decide this dispute. I find that I have the right and duty under the arbitration clause to decide this dispute, which I now intend to do.

III

FACTUAL ANALYSIS

3.1 Mr. Land, Chesapeake's managing director and beneficial owner, was at all relevant times a director and shareholder of Valtech, a French publicly owned company. He was allegedly its largest shareholder, owning directly or indirectly nearly 4 percent of its outstanding equity.

3.2 This dispute relates to Mr. Land's / Chesapeake's efforts to enhance the value of Valtech's interest in Medhost, Inc. an American corporation. Such efforts commenced in 2005 and eventually resulted in the sale of Valtech's interest in Medhost in January 2010 for around US$ 6 million.

3.3 Chesapeake claims compensation for its successful efforts in the amount of US$ 870,000, pursuant to an agreement dated July 2, 2008, between Chesapeake and Valtech, (hereinafter the "Chesapeake Agreement").

3.4 In 2009, SiegCo S.A. launched a hostile tender offer for Valtech's shares at Euros 0.40 per share. In December 2009, SiegCo and the Valtech Board entered into negotiations concerning the conditions under which the Board would support the tender offer. One condition was that SiegoCo increase its offer to Euros 0.44 per share. Another condition was that SiegCo agree to cause Valtech to fulfil its obligations under a series of contracts including the Chesapeake Agreement. Valtech's official filing with the AMF, the French Authorite de Marches Financiers, and an agreement dated December 15, 2009, noted Valtech's obligation to Mr. Land.

3.5 Consistent with these agreements, on January 14, 2010, Valtech's Board approved the demand for US$ 870,000 to Chesapeake as its fee for the services in the Medhost transaction.

3.6 However, on January 21, 2010, SiegCo wrote to Valtech questioning the fee payable to Chesapeake. It "ordered" Valtech not to pay the Chesapeake Group and requested information regarding the transaction which gave rise the Chesapeake's alleged entitlement. It threatened that if such payment were made, it could involve liability for all of the Directors.

3.7 According to an email from Lars Bladt, dated January 21, 2010, SiegCo's oral warnings were not as elegant. Mr. Bladt, then Chairman of Valtech's board, stated that SiegCo had given the Valtech directors an ultimatum to resign from the board within 24 hours, and if they did not, they would be subject to various administrative sanctions and to criminal prosecution.

3.8 On January 25, 2010, Mr. Bladt, still Valtech's Chairman, wrote a two page letter to SiegCo, which among other things explained Chesapeake's entitlement. He stated:

- "With regard to Chesapeake Group's compensation for its role in negotiating and obtaining a settlement in 2007 following the dispute regarding the breach of Valtech's rights as a shareholder of Medhost, and for its role in the sale of Valtech's stake in Medhost, we confirm that the Board authorized the execution of such an agreement between Valtech and Chesapeake and we confirm that the rate of such compensation was set at 15% of the gross proceeds of the sale of Valtech's stake in Medhost. No payment has been made yet. On this matter, we refer to the attached note (Appendix 1) laying out the facts which led to such decision being taken, which we believe will give you sufficient explanation. We also remind you that said compensation has been disclosed in the offer documents of Valtech, and expressly acknowledged, approved and ratified by SiegCo in the agreement dated December 15, 2009, agreement, I personally had a number of conversations with representatives of SiegCo, which explored in detail the history of and reasons supporting that compensation arrangement.

- In addition, as you well know, Frederic de Mevius, Chairman of SiegCo, demanded an opportunity to speak directly with Douglas Land on December 15, 2009, specifically for the purpose of discussing the potential Medhost transaction. During that call, which took place prior to the signing of the agreement between Valtech and SiegCo, Mr. Douglas Land made it clear that any proceeds estimated to be received by Valtech were calculated after deducting the 15% to be paid to Chesapeake. Mr. de Mevius made no comment regarding the 15% fee which was articulated in the call prior to SiegCo signing the agreement in which they committed to honoring the agreement with The Chesapeake Group."

3.9 The Appendix to which Mr. Bladt referred comprehensively describes the Medhost transaction. I therefore quote it in its entirety:

"Appendix 1

Context of Chesapeake Group's intervention with regard to the settlement of the Medhost Dispute and the sale of Valtech's shares in Medhost.

In the beginning of 2005, Valtech became aware that the Medhost Board and its two major stockholders were considering a transaction in which the stockholder interest of Valtech would be "squeezed down" or eliminated by a series of manoeuvres in which (1) the Major Stockholders would minimize the adverse effects to themselves by redeeming some of their Preferred Stock for demand notes and (2) use their remaining voting power to (a) force the conversion of Valtech's Preferred stock to Common Stock and (b) approve a transaction which would result in the holders of the Common Stock receiving little or nothing in transaction proceeds and the Major Stockholders receiving all or substantially all of the transaction proceeds. This situation is described in detail in the complaint filed in the US Court in Ohio by Valtech at that time against Medhost, Primus and Blue Chip (the Medhost major stockholders), that we can provide you if you so wish.

In response to this threat to eliminate the value of the Valtech investment in Medhost, which was estimated at that time to have nominal value in a liquidation, Jean-Yves Hardy (Valtech Chairman), Olivier Cavrel (Valtech CFO) and Curtis Hite (Valtech Technologies CEO) requested that Douglas Land and his firm, The Chesapeake Group, take over all aspects of the Medhost situation and agreed that the Chesapeake Group would manage all of the activities needed to protect Valtech's interest in Medhost. The Valtech Executives also asked The Chesapeake Group to determine if there was a way to monetize the current Valtech holdings in Medhost. The Chesapeake Group was well qualified to handle this matter for Valtech as they have a significant middle market technology Investment Banking Practice in the United States and the Principals of the Chesapeake Group have extensive litigation support experience in complex securities matters.

Please note that at that time, Valtech provisioned most of its investment in Medhost, down to 296.000 euros.

At this time Valtech made it clear that in return for its efforts, they expected Chesapeake would receive a percentage of whatever value was realized by Valtech from its ownership in Medhost, although the specifics of the compensation plan were not finalized. At that time, all of disinterested directors, were also aware of and approved of the retention of Chesapeake under an arrangement where Chesapeake would receive a contingent future payment.

Pursuant to this understanding, Chesapeake commenced performing services. Throughout 2005 and the beginning of 2006, Chesapeake engaged in active negotiations with Medhost and its principal shareholders. Medhost's principal investors exercised certain contractual rights which commenced effectuation of the "squeeze down." At this time, Medhost was earning approximately US$ 11 mm per year in revenue and less than US$1 mm in EBIT. As a result, the enterprise value of Medhost would have likely have provided a very little amount in proceeds to Valtech in a liquidation. Based on the valuation performed by Medhost, all sales proceeds would go the Series D shareholders which are senior to Valtech and Valtech's ownership would likely have been rendered worthless. It was imperative that Valtech stop any efforts at liquidation or sale at this time, as Valtech did not have had any "in the money" securities. Valtech was only able to accomplish this through the efforts of Chesapeake during this time.

Under the direct supervision of The Chesapeake Group, Valtech worked with outside counsel and prepared and filed a lawsuit against the Medhost Major Stockholders seeking damages for their illegal and improper actions. (a copy of the complaint can be provided to you if you so wish). This suit was aggressively pursued for almost one year. Valtech's Board relied completely on The Chesapeake Group's management of the matter. Chesapeake Group supervised counsel, developed and reviewed strategy and reviewed and approved all filings.

In early 2007, Valtech requested that The Chesapeake Group attempt to pursue all opportunities to sell or get liquidity for Valtech's position in Medhost. As of that time, at the latest, it was understood by every one of the Directors and by Chesapeake, that Chesapeake would be paid a fee for its work on the Medhost dispute and the ultimate sale of the Valtech's interests in Medhost, it being understood that neither Chesapeake nor Douglas Land had received any compensation for the work performed since 2005 on the Medhost case. It was also clear that the Valtech Directors preferred to make those

payments by an agreement that would give Chesapeake a percentage of all consideration received by Valtech from any settlement or sale. It was similarly understood that in the event that the suit against Medhost was not successful, the value of Valtech's interests in Medhost would be little or nothing, and that even if the suit successfully blocked the "squeezed down" plan of the Medhost Major Shareholders, Valtech's interests in Medhost were of limited value.

In early 2007, negotiations were commenced to settle the Valtech/Medhost dispute. Throughout the settlement discussions, Chesapeake maintained active oversight and management of the litigation so that the opposing parties would have an incentive to settle on terms which were attractive to Valtech.

In this context, Valtech's Board members convened on March 7, 2007, (see board minutes attached) agreed on the principle of a mandate to be given to Chesapeake Group to obtain and negotiate the terms of such settlement, in consideration of which Chesapeake Group would receive a compensation based on a percentage of the proceeds from the settlement – a percentage to be determined later on.

In a Board meeting held on April 26, 2007, (see board minutes attached), Valtech's Board agreed to set such percentage of Chesapeake Group's compensation at 15% of any value received by Valtech, which at the time were assumed would be either in cash or securities. Chesapeake invoiced Valtech US$ 73,688 in April 2007 for reimbursable expenses in regards to a previous transaction and Medhost without split between these 2 projects, but these invoices have never been paid and written off based on the Medhost agreement.

On the grounds of this mandate, Chesapeake, through Douglas Land, proceeded to engage in lengthy negotiations regarding the settlement of the Medhost Dispute, continuously giving feedback to Valtech's Board of Directors. The negotiations resulted in an agreement executed at the end of February, 2008 (please let us know if you want a copy of thereof). The negotiated settlement provided Valtech with US$ 500,000 in Redemption Notes and contractual rights (described below) for Valtech to block any "squeeze down" transaction and certain mergers which would be unfavourable to Valtech. Although the old preferred shares held by Valtech were not surrendered and exchanged, the settlement specifically changed the rights and preferences of the Valtech

preferred shares in a manner which was the effective equivalent of providing Valtech with new preferred stock with significantly greater rights and value. No cash or securities were paid to Valtech at that time, but it was understood by the Valtech Directors and by Chesapeake, that Chesapeake would continue to work to recover value for Valtech from its Medhost investment. It was also clear and unambiguous to all of the Valtech Directors that Chesapeake would receive 15% share when any of the securities in Medhost then owned by Valtech were either sold or exchanged.

Please note that if the shares had been remitted to Valtech in lieu of the shares which were to be squeezed out, and 15% of these had been given to Chesapeake, Chesapeake would have been substantially in the same situation as it is today with the right to receive 15% of the net proceeds, but such 15% of the shares would have been valued at that time significantly less than today. Chesapeake accepted the risk to receive no or little compensation, had Medhost been liquidated, and was thus motivated in an increase of this value, in line with Valtech interests.

In order to memorialise the agreement between Valtech and Chesapeake, and to clarify the agreement in light of the particular circumstances of the settlement, in a letter dated July 2, 2008, addressed to Doug Land, Jonathan Poole documented Valtech's agreement to pay Chesapeake Group 15% of the total amounts of cash or securities received (or to be received in the future) by Valtech as a result of its ownership in Medhost, Inc. That letter agreement as countersigned by Douglas Land on behalf of Chesapeake.

In a Board Meeting held on December 1, 2008, the Board contemplated the sale of Valtech's shares in Medhost and gave powers to Douglas Land to search for potential buyers for the company's minority stake in Medhost. It was clear to Mr. Land that the greatest value to Valtech could be obtained from the sale of the entire company at the highest possible price. Limited discussions were held by Douglas Land for the purposes of selling only the Valtech shares, however, such a sale of a minority interest would have resulted in a significantly lower value to Valtech than could be obtained from the sale of all of Medhost. Mr. Land reported this to the board and recommended that the best outcome for all parties would be achieved if Valtech worked with Medhost to achieve the highest price for the entire company. Throughout these discussions and in all reviews by the Board of Directors it was specifically referenced by the Board of Directors that

Valtech would received 85% of the gross proceeds from the sale based on the agreement with Chesapeake and Chesapeake would receive its 15% share of the gross proceeds.

Chesapeake and Douglas Land also spent a lot of time during the negotiations of the sale of Medhost, and did not receive a specific compensation for that.

In January 2010, after substantial additional efforts by Chesapeake, HMS agreed to purchase Valtech's interests in Medhost for the sum of US$ 5,995,521, of which US$ 718,019 is the value of the Redemption Notes, and US$ 5,000,000 is the value of the Preferred Stock with their related contractual rights as agreed in the settlement documents. US$ 277,502 is the value of the common stock at the existing enterprise valuation of US$ 41 million for Medhost."

3.10 In order to permit the SiegCo Valtech acquisition to be completed, the parties agreed to place US$ 870,000 into escrow pursuant to the Escrow Agreement. The Escrow Agreement was authorised by the Board of Directors of Valtech at a special meeting of the Board of Directors held on January 29, 2010.

3.11 As has been seen, shortly thereafter, SiegCo which had participated in the frenzied negotiations of the Escrow Agreement acknowledged its approval of the Escrow Agreement in the Amendment to the Agreement dated December 15, 2009, quoted in paragraph 2.12 above. The Escrow Agreement itself was attached to such acknowledgement.

3.12 However, once SiegCo gained control of Valtech and put its executives in charge, it caused Valtech to oppose the arbitration.

3.13 After Chesapeake filed its Demand for Arbitration and Statement of Claim with the ICDR, and one day before Valtech's response to such claim was due, the suit brought by a shareholder of Valtech in the Tribunal of Commerce in Paris, among other things, challenged this arbitration and asked that it be stayed. Chesapeake alleges that Valtech engineered the suit.

IV

LEGAL ANALYSIS

4.1 Let us first deal briefly with the testimony of the witnesses of fact. Their testimony, while interesting and useful, dealt only with issues of fact, and this case, as I surmised from its onset, turns mainly not on issues of fact but rather on issues of law.

4.2 Mr. Land described in detail his long association with Valtech, first as a consultant and then, also as a director. He described Chesapeake's signal services to Valtech first in orchestrating a settlement with Medhost preventing them from effecting a squeeze-down which would have rendered Valtech's interest in Medhost virtually without value, and then as a member of Medhost's board as Valtech's designee, helping Medhost to achieve its successful sale to another company, with the result that Valtech's received approximately US$ 6 million for its stake.

4.3 Mr. John McIlwraith testified that he was Mr. Land's opponent in the Medhost negotiations, that he found Mr. Land an irritating but effective adversary, who very much bettered Valtech's position in Medhost, and then as an active member of Medhost's board, helped Medhost to market itself effectively for its ultimate sale, thereby maximizing Valtech's return on its investment in Medhost.

4.4 Mr. Heimberger, who resigned as a director of Valtech in 2007, testified also to the value of Mr. Land's services in enhancing the value of Valtech's investment in Medhost. He also affirmed that it was his understanding that the Valtech board had authorised its entry into the Chesapeake Agreement giving it a 15% stake it Medhost.

4.5 Mr. Stanley, who was a non-executive director of Valtech from September 2009 to January 2010, testified that during his short, unhappy experience as a Valtech board member, Mr. Land's 15% interest in Medhost was never disputed, that the board had reviewed and approved on December 22, 2009 a description of the distribution of the proceeds from the imminent sale of Medhost that detailed the allocation to Chesapeake of US$ 870,000, and that he and the rest of the board felt that this was a great result for Valtech.

4.6 Mr. Latif Sayani, an independent investment banker experienced in mergers and acquisitions, opined that the Valtech/Chesapeake agreement giving Chesapeake a 15% in

the proceeds of any sale of Medhost was fair, given that Chesapeake received no retainer for its services, that it waived valid claims against Valtech in the neighbourhood of US$ 100,000, that Valtech's investment in Medhost was valued at between zero and Euro 296,000 at the time, and that any payoff to Chesapeake was contingent upon both an uplift in Medhost's value and its profitable sale. In fact, he finally opined that he thought that he thought that Valtech got a "fantastic deal."

4.7 Mr. Chris Carr, Valtech's witness, was Valtech's American lawyer during the Medhost negotiations and litigation. He stated that Mr. Land had been the Valtech's point-man during the process to whom he reported, and that while he did the legal work, Mr. Land led the business negotiations with Medhost. He further testified that Mr. Land had asked him to transfer 15% of Valtech's shares in Medhost to him in 2007, that he had requested a letter from Valtech authorizing him to do so, and that he heard nothing further of the matter.

4.8 Finally we turn to Valtech's last witness, Mr. Sebastian Lombardo, Valtech's present CEO, installed at the behest of SiegCo, Valtech's present owner. He testified that he had questioned the 15% fee claimed by Chesapeake, and had been (mistakenly) informed by Lars Bladt, Valtech's then CEO, that Chesapeake had paid the legal fees associated with the Medhost litigation. When informed at a January 14, 2010 Valtech board meeting by Mr. Land that Mr. Bladt was mistaken, he withdrew his consent to the payment of the fee and would only do so if the fee claimed was realistic. He further complained that he had many issues on his plate as the CEO of a company which has lost Euros 7,000,000 in the last year and one-half.

4.9 Finally, we turn to those potential witnesses who were not present: Mr. Bladt, Mr. Jonathon Poole (Mr. Bladt's predecessor as Valtech CEO) and Mr. Turri, a former Valtech director and apparently still associated with Valtech.

4.10 Mr. Land testifies that Mr. Bladt had agreed to testify, but withdrew at the last minute under pressure from Valtech's new owners.

4.11 Mr. Poole declined to testify, stating that the whole Valtech experience had been "highly traumatic" and that his life has moved on. He stated "the parties to this argument have the ability to bring problems to me that I wish no part of nor do I have the financial backing to

fulfil what may come in the future." However, he provided both parties with an email Q&A that he exchanged with a representative of SiegeCo/Valtech in which he agreed that he signed the Chesapeake/Valtech agreement on behalf of Valtech and that it had been approved by the Valtech board.

4.12 As to Mr. Turri, there is no record that his testimony was sought be either side. However, as member of the board present at the time of the disputed events, his testimony might have been interesting.

4.13 While Valtech initially alleged an issue of pure fact --- that Chesapeake had not performed the services for which it was claiming compensation --- Valtech offered no evidence in support of this contention. All the evidence presented to the Tribunal is to the contrary. Neither M. Lombardo, nor Me. Yaloz, in his final argument, continued to assert such an argument. Thus, it is clear that Valtech's factual allegation was unfounded, reckless, and that it cost time and money to refute it.

4.14 All of Valtech's arguments are "legal" and rest upon various alleged violations of the French law concerning commercial companies. They are "technical" arguments, which nevertheless must be analysed, to the extent that on their face that they appear to have any merit.

4.15 Me. Yaloz used a "scatter-gun" approach to defending Valtech. His pleadings, in a manner not untypical of lawyers accustomed to the style of pleadings in New York and in New Jersey, are diffuse. He invokes the Clean Hands' doctrine, the doctrine of Good Faith and Fair Dealing, the doctrines of Waiver and of Estoppel, the doctrines of Unjust Enrichment and of Failure of Consideration, and (absurdly) that of Laches. Given the short time allowed me to render my award, I will not deal specifically with each and every such defence herein. Suffice it to say that I have considered each of Valtech's arguments, and whether or not discussed herein, have rejected them.

4.16 After cutting through all the legal verbiage, Valtech's main defences seem to be based on the following arguments:

- The fee Chesapeake claims is unconscionably high;
- The Chesapeake Agreement was never authorized by Valtech's board;

- Valtech failed to comply with all requirements of French commercial law in reporting the existence of the Chesapeake's mandate vis-à-vis the Medhost affair;
- Any work that Mr. Land performed for Valtech was performed in his personal capacity as a member of the Valtech board or otherwise as an employee of Valtech or one of its subsidiaries; and
- Chesapeake is unable to avail itself of Valtech's promise to respect Chesapeake's rights under the Amendment to the Agreement dated December 15, 2009, because the Agreement between Valtech and SiegCo barred its application to third party beneficiaries,

I will deal with each of these defences in turn.

4.17 Valtech points to two previous agreements between Chesapeake and Valtech, dated December 5, 2002 and October 14, 2004 in which provided for assistance by Chesapeake in potential acquisitions **by Valtech**. The fee structure provided in each such agreement was for cash at the end of any such transaction in an amount lower than the amount claimed by Chesapeake for its services in respect of Medhost. It also notes that in pro forma statements prepared for **Medhost's** board in connection with its own efforts to find a buyer, the transaction costs (including presumably investment bankers' fees were estimated at 2% of the sale proceeds.

4.18 Mr. Sayani, the expert proffered by Chesapeake, disputes the relevance of this evidence to the question of the fairness of Chesapeake's claim for US$ 870,000 under the Chesapeake Agreement. He points out that the value of 15% of Medhost at the time that Chesapeake began its Medhost work was highly speculative. Moreover, there was no assurance that Valtech would ever realize any thing for its Medhost investment. Medhost might never be sold, and if it was, the preferences of shareholders superior to Valtech might reduce Valtech's return to "peanuts." This is not the same situation as provided in the 2002 and 2004 agreements in which Chesapeake was assured of cash on completion of the transaction. In short, in addition to forgiving around US$ 100,000 of Valtech indebtedness and investing its own considerable efforts, Chesapeake was assured only of a chance of a return in an uncertain amount at an uncertain time. Chesapeake and Valtech were both wagering on a future event, and in fact, the bet paid off for both parties.

4.19 Mr. Sayani correctly dismissed the relevance of Medhost pro forma estimates of transaction costs. Mr. McIlivane and Mr. Land both testified that they were "plug" numbers to assist in the consideration of a far larger transaction to which no real attention had been paid and which, unlike the Chesapeake Agreement provided for cash upon completion.

4.20 In short, it is clear that the US$ 870,000 fee claimed by Chesapeake is both bargained for and reasonable.

4.21 Valtech's next argument, and probably its main one, is that the Valtech board did not appropriately authorize the Chesapeake Agreement. The facts appear to be as follows.

4.22 Sometime in 2005 Mr. Land was asked by the Valtech board to look after its investment in Medhost, the value of which Valtech had substantially written down. Mr. Land, a Valtech board member and an American investment banker, was the natural choice for this role. The arrangement was informal. Mr, Land had undertaken and would thereafter, undertake a number of similar assignments for Valtech, sometimes wearing his Chesapeake hat, sometimes not, being paid sometimes and sometimes not. He testified that it was understood among the board members that he would be entitled to reasonable compensation for his efforts, if successful. Indeed, Chesapeake's 2004 Agreement with Valtech states that the fee payable for any such engagement shall be negotiated in good faith between the two parties. While Mr. Land/Chesapeake undertook this assignment in 2005, the arrangement was not reflected in Valtech Board minutes until 2007 and not reduced to a written contract until 2008.

4.23 On 7 March 2007 the Medhost board dealt generally with the Chesapeake/Medhost situation approving in principal giving a mandate to Chesapeake to be based on a percentage of whatever sum was paid **by Medhost** by the end of June 2007. If no such sum were paid by that date, the Chairman was to propose an alternative solution.

4.24 On 26 April 2007, the minutes of the Valtech board reflect the following:

> "Le Président rappelle que, lors de sa reunion du 7 mars 2007, le Conseil d'Administration avait donné mandat à CHESAPEAKE GROUP afin d'obtenir de

MEDHOST une compensation suite au non respect dans le passé des droits d'actionnaires de VALTECH.

Il avait été indiqué que l'honoraire de CHESAPEAKE GROUP serait basé sur un pourcentage calculé sur les sommes obtenues dans le cadre de cette négociation par CHESAPEAKE GROUP pur le compte de VALTECH.

Le pourcentage n'ayant pas été fixé, le President propose au Conseil d'Administration de fixer celui-ci.

Après échange et discussion, le Conseil dAdministation décide à l'unanimité

- que l'honoraire de CHESAPEAKE GROUP, au titre du mandat qui lui a été confié afin de négocier auprès de MEDHOST une indemnisation, s'élèvera à 15% des sommes que MEDHOST versera à VALTECH au titre de la négociation.

- que dans l'hypothèse où la négociation aboutirait à la remise de titres représentatifs du capital de MEDHOST ou de toutes titres représentatifs du capital d'une autre société émis et/ou remis à Valtech dans le même objectif, CHESAPEAKE GROUP percevra 15% des titres ainsi obtenus, aux lieu et place d'un montant financier.

Il est précisé que Monsieur Douglas Land, administrateur intéressé, n'a pas participé au vote."

4.25 An unofficial English translation of this passage, prepared apparently at the time, reads as follows:

"The Chairman recalled that, at its meeting of March 7, 2007, the Board of Directors empowered the Chesapeake Group to obtain compensation from Medhost for its non-compliance, in the past, with Valtech shareholders' rights.

He indicated that the fee to be received by Chesapeake was based on a percentage calculated on the sums obtained in the context of such negotiation by Chesapeake on behalf of Valtech.

As the percentage had not been determined, the Chairman proposed that the Board determine it.

After an exchange of views, the Board of Directors unanimously decided:

- That the fee to be paid to the Chesapeake Group for the assignment given to it to negotiate compensation with Medhost will amount to 15% of the sums Medhost will pay to Valtech as part of the negotiation.
- That, in the event that the negotiation results in the delivery of Medhost capital shares of any shares of any other company that will be issued or delivered in exchange for Valtech interest in Medhost, the Chesapeake Group will be entitled to 15% of such shares in lieu of financial compensation.

It is specified that Mr. Douglas Land, the director concerned, did not participate in the vote."

4.26 This is the crux of Valtech's most important argument. Valtech argues that the words "MEDHOST versera a VALTECH au titre de la negociation" means that since the funds that Valtech received came from Medhost's buyer and not directly from Medhost, Chesapeake is entitled to 15% of nothing.

4.27 Chesapeake concedes that the minute is ambiguous. It notes that "au titre de la negotiation could also mean "as a result of the negotiations with Medhost." It points out that if the consideration paid by Medhost's acquirer had been securities, Chesapeake would clearly be entitled to 15% of the securities. Moreover, I note that the second paragraph of the minute indicates that Chesapeake should receive a percentage of the "sommes" received for the account of Valtech.

4.28 Further, there is testimony that an outside lawyer for Valtech who was not present at the meeting drafted the minutes of the meeting of 12 April 2007. The minutes are, in any event, only evidence of what occurred at the meeting, not conclusive proof of the accuracy of their account.

4.29 Chesapeake correctly suggests that in the case of ambiguity, I should look to the intent of the minute and to evidence of those intimately involved in the matter. I do not believe that

it was the intention of the parties to differentiate between consideration received by Valtech as shares or as cash. Both Mr. Heimberger and Mr. Stanley (neither of whom was present at the 26 April meeting) testify that it was the common understanding of the directors that Chesapeake had been given 15% of Medhost. Mr. Land, who was present, but who is also an interested party, testifies to the same effect.

4.30 The evidence is preponderantly in favour of the proposition that the Valtech board intended to give Chesapeake a 15% interest in the proceeds of any disposition of its interest in Medhost, and that the resulting resolution, if muddled, is evidence of such intention.

4.31 Thus the Chesapeake Agreement complied with the requirements of Article L. 225-38 of the French Commercial Code requiring that its board of directors approve any self-dealing agreements with a company involving one of its directors.

4.32 The resolution of Valtech's board was subsequently reported in Valtech's annual report to its statutory auditors and approved by Valtech's shareholders in July 2008.

4.33 Article L.225-41 of the French Commercial Code permits the shareholders to ratify such self-dealing agreement involving one of its directors.

4.34 However, assuming arguendo that there was a flaw in the approval of the procedure by which Valtech approved the Chesapeake Agreement, Article 225-42 of the French Commercial Code makes clear that such transactions may be declared void only if they have a prejudicial effect on the Company. It is hard to argue that an agreement that resulted in the value an asset of the company multiplying by a factor of nearly ten had a prejudicial effect on Valtech.

4.35 Me. Yaloz tries to make something of the fact that Mr. Land never followed up with Mr. Carr in his request in 2007 for issuance of certificates to Chesapeake. However, Mr. McIlwaine testified that Medhost would have objected to transferring various veto and other rights appurtenant to the shares to Chesapeake, and Mr. Land said that he concluded that the legal mechanics for transferring the shares to Chesapeake together with such special rights would have proved difficult to implement. Therefore, his decision to not follow up on his request for transfer of the Medhost shares in 2007 is both understandable and irrelevant.

4.36 In short, based on the evidence before me, I find that the Board of Valtech intended to authorize, and did in fact authorize, an agreement with Chesapeake which would give Chesapeake 15% of the eventual proceeds of any sale of Valtech's investment in Medhost, and that such agreement was approved by Valtech's shareholders.

4.37 On 27 February 2008, a settlement agreement was signed between Valtech, Medhost, and some of Medhost's other shareholders giving Valtech protection against a squeeze-down by Medhost senior preferred shareholders and other improvements in Valtech's position. Valtech's lawsuit against Medhost was terminated. Chesapeake had done its job.

4.38 In July 2008, the previously approved Chesapeake-Valtech arrangement was finally reduced to writing in the Chesapeake Agreement which was signed by Mr. Land on behalf of Chesapeake and Jonathon Poole, Valtech's then-CEO, on behalf of Valtech. It reflected the Valtech board and shareholder resolutions set forth above.

4.39 In relevant part the Chesapeake Agreement states:

> "In the event that any cash is ever received by Valtech as a consequence of its ownership of either Medhost Equity or Debt, Valtech will pay Chesapeake its 15% share promptly after Valtech receives payment."

4.40 Valtech now tries to gain some traction in its attempts to deny the effectiveness of the Chesapeake Agreement by questioning who initiated its drafting and pointing to its choice of New York law when some other Chesapeake agreements had chosen French Law. Neither quibble is of any importance.

4.41 There is evidence that Mr. Land initiated the first draft, and that Mr. Poole himself and Valtech's lawyer were involved in its final preparation. As to the choice of New York law, Mr. Land testified that it seemed appropriate since the agreement dealt with Chesapeake's activities in the United States vis-à-vis Medhost, an American company.

4.42 None of this is relevant. The Chesapeake Agreement speaks for itself.

4.43 Then Valtech raises several questions about its own corporate housekeeping, which, it contends, invalidate the Chesapeake Agreement. These include:

- The relevant board minutes were not properly recorded in a special minute book duly initialled by an appropriate government official.
- Certain relevant minutes were not signed by at least two directors.
- Certain relevant actions described in the minutes were not properly noted in the agenda for the board meeting, but were rather adopted under the rubric of "Other Business".
- The Chesapeake Agreement was not regularly referred to in Valtech's annual reports to its auditors and to the authorities.

4.44 These contentions, if correct, are the fault of Valtech, not Chesapeake, and do not invalidate the transaction under French law. Me. Yaloz urges that the transaction "smells bad." I disagree. Valtech had a small (5 person) board of directors that, while at times fractious, worked in an informal manner, not always dotting its "I's" and crossing its "T's". It nevertheless approved specifically the arrangement with Chesapeake, received regular reports on Chesapeake's work, and Valtech benefited handsomely from the result.

4.45 Valtech argues that Mr. Land performed services vis-à-vis Medhost in his personal capacity as a Valtech director or perhaps as a consultant. This contention is wholly unsubstantiated. The evidence shows that Mr. Land regularly received director's fees on the order of US$ 25,000 per annum and from time to time received payments of amounts of similar magnitude for special projects he undertook in India and in Nigeria. These are separate and apart from the services that Chesapeake performed vis-à-vis Medhost under the Chesapeake Agreement.

4.46 Finally, Valtech attempts to make something of paragraph 9 of the Agreement of December 15, 2009, which states:

"No-Third Party Beneficiaries

This Agreement is solely for the benefit of Valtech and SiegCo and this Agreement shall not be deemed to confer upon or give to any other third party any remedy, claim of liability or reimbursement, cause of action or other right."

4.47 It will be recalled that in the Agreement Valtech and SiegCo agreed to respect Chesapeake's rights under the Chesapeake Agreement and, under the Amendment of the arbitration clause in that same Agreement it agreed to the escrow and to this arbitration.. It is perhaps remarkable that Chesapeake/Valtech thus draw our attention to their joint bad faith in breaching their pledge by asserting that Chesapeake has no rights under either as a third-party beneficiary. Suffice it to say, that Chesapeake is not claiming any rights under the Agreement or its Amendment, but is rather pointing to it as evidence that SiegCo was fully aware of the Chesapeake Agreement, of the Escrow Agreement, and of its Arbitration Clause and that it is now attempting to break its word by opposing all of them.

4.48 In conclusion, after considering all of the evidence before me and all of the arguments of the parties, I find that Chesapeake is entitled to be paid the sum of US$ 870,000 put in escrow by the parties, and subsequently the subject of inter pleader proceedings before the Federal Courts of the United States.

V

ADDITIONAL COMMENTS

5.1 Me. Yaloz repeatedly complained about the short time allowed him, under the arbitration agreement, to assemble his case. I sympathize with him, but note that the Chesapeake (and I) has operated under similar time constraints. Moreover, this has not been a case in which the facts controlled and more time searching for more facts might have made a difference. Me. Yaloz had nearly all of the relevant facts at his immediate disposal from the commencement of the arbitration. He chose, wisely, to rely upon legal arguments which he skilfully marshalled in the time allotted to him. In short, Valtech was not prejudiced by the compressed schedule mandated to it (and to us all) by the arbitration clause. For once, arbitration has proved to be much quicker and less costly than litigation. Arbitration has lived up to its promises.

5.2 I am reminded of a, no doubt apochryphal tale, of Catherine the Great. She said, "I am a cruel, autocratic, tyrant. That is my job. God will forgive me. That is his job." In a similar way, we have each played our allotted roles it this corporate drama.

5.3 Valtech is a troubled company accumulating significant losses. In his role as its CEO, M. Lombardo is doing what many executives do in his position: he is attempting to preserve his company's cash flow. A time-honoured way of doing so is cutting payments, i.e., stiffing its creditors, in hopes of their acceptance of a reduced or deferred payment. That is Mr. Lombardo's job, and from the fragments of evidence before me, he has not been unsuccessful at it.

5.4 In a similarly time honoured tradition, Valtech has turned to clever lawyers to find excuses not to pay, or to defer payment to its creditors. Me. Yaloz has skilfully created many arguably plausible excuses for Valtech to avoid its obligations. That is his job.

5.5 Often this tactic works. Creditors accept reduced or delayed payments for many reasons, including the avoidance of the cost and hassle that debt collection through judicial procedures entails.

5.6 Sometimes however, a creditor invests time, money and aggravation to attempt to collect what is it is manifestly due it. That is what Chesapeake (and Mr. Land) have done in this arbitration. They have expended effort and risked treasure to ask an arbitrator for the money that is their due.

5.7 This Award will give it to Chesapeake. As arbitrator, that is my job.

VI

COSTS

6.1 The seat of this arbitration is London. Therefore, the provisions of Section 61(2) of the English Arbitration Act apply. It states: "... the parties otherwise agree, the Tribunal should award costs on the general principle that costs should follow the event." [except where the Tribunal deems it inappropriate to do so].

6.2 Article 31 of the ICDR Rules states:

"The Tribunal shall fix the costs of arbitration in its award. The Tribunal may apportion such costs among the parties if it determines that such apportionment is reasonable, taking into account the circumstances of the case.

Such costs may include:

a. the fees and expenses of the arbitrators;

b. the costs of assistance required by the tribunal, including its experts;

c. the fees and expenses of the administrators;

d. the reasonable costs for legal representation of a successful party; ....."

6.3 Each party has applied for its costs in this arbitration, thereby implicitly affirming that the presumption that the English rule that costs follow the event should apply in this case.

6.4 Chesapeake has claimed the following costs:

	USD
Fees of Folkenflik & McGerity	$272,751.08
Disbursements of Folkenflik & McGerity	$ 24,700.67
Expert Witness Fee	$ 6,500.00
Fees of French Counsel	$185,180.00
Expenses of French Counsel	$ 4,917.00
Total	$494,048.75

Chesapeake also claims US$ 35,000 paid to the ICDR, unpaid expenses to the court reporters and for the rental of hearing rooms in London.

6.5 Valtech has claimed the following costs:

	Euros
Attorney's Fees	113,349.70
Expert's Fee	8,372.00
Court Reporter (partial payment)	1,560.00
Translator's Fee	759.00

ICDR Deposit	22,767.00
Travel Costs	695.00
Out of Pocket Expenses	276.10
	147,778.80
IDRC Room Rental	Unquantified

6.6 Each party has commented on the costs claimed by the other. However, in a letter dated June 30, 2010, Me. Yaloz addressed the issue of cost. In addition to a few comments on Chesapeake's claim for costs (with some of which I agree and hereinafter adopt in my Award), he attempted to re-argue many points on the merits of the dispute, and then suggested that each party bear its own costs. This suggestion was made after each side had submitted its own claim for costs, pursuant both to their previous mutual agreement and to the presumption described in Section 61 (2) of the English Arbitration Act. I can not accept this suggested fundamental change in the rules of the proceedings, especially since it is made only after Valtech has reviewed Chesapeake's cost claim.

6.7 Chesapeake has prevailed in this arbitration. Its entitlement to US$ 870,000, the sum put in escrow, is clear and should have been apparent to Valtech from the outset. Instead, Valtech chose, for its own reasons, to dispute Chesapeake's entitlement and to cause Chesapeake to incur significant costs to assert its rights.

6.8 The total amount claimed as costs by Chesapeake is substantial. It is over twice the claim for costs of Valtech. It is also about half the amount of the sum in dispute. However, a substantial portion of Chesapeake's claim for costs is for the fees of the French Counsel, whose advice was required to answer the many issues of French law raised by Valtech. I believe that by and large, the sums Chesapeake claims for expenses are reasonable, under the circumstances. I see no evidence that Chesapeake was inefficient in pursuing its claim. Valtech raised numerous arguments to avoid payment which Chesapeake had to answer to prevail.

6.9 A question arises, however, whether all of the sums claimed by Chesapeake, truly costs of the arbitration? Mr. Folkenflik candidly volunteers that Chesapeake's claim for costs includes US$ 24,250 for legal expenses in connection with the establishment of the Escrow Agreement, the Amendment to the December 15 Agreement, and various issues relating to negotiations with SiegCo at that time. While such expenses were necessary to permit

Chesapeake to collect its fee, they are not truly expenses of the arbitration. Therefore, I will disallow them.

6.10 Similarly, both the American and French counsel include amounts related to services in connection with the litigation before the Tribunal of Commerce in Paris which attempted to by-pass this arbitration. While it seems reasonable to assume that the French litigation was instituted at Valtech's instigation, the Plaintiff in the French litigation is a Valtech shareholder and not Valtech itself. Valtech's involvement in the litigation, while reasonably suspected, has not been proved. Moreover, it is questionable whether these constitute costs of this arbitration. Thus I deduct US$ 3,125 billed by American counsel and 25% of the fees of French counsel, amounting to US$ 46,295.

6.11 I will award Chesapeake its claim for expenses paid to the court reporters and rental of hearing rooms at the International Dispute Resolution Centre in London ("IDRC").

6.12 I will award Chesapeake it's claim for administrative fees of the International Centre for Dispute Resolution of the American Arbitration Association as well as the fees and expenses of the Arbitrator paid by Chesapeake in this arbitration.

VII

INTEREST

7.1 Under Section 49 of the English Arbitration Act, the interest that I can award in this case is a matter of my discretion.

7.2 I am permitted to award interest up to the date of this Award and after the date of this Award on a simple or compound basis at such rate as I may reasonably determine.

7.3 I am informed that the usual interest award in English Courts is now around 5 per cent per annum compounded quarterly. I am aware that this rate may be in excess of the interest rate at which Valtech could borrow from a bank.

7.4 However, I will make an award of interest designed to encourage Valtech to resist the temptation to delay payment to Chesapeake of the sums due it, in effect using Chesapeake as its de facto banker.

7.5 Accordingly, I award Chesapeake interest on the US$ 870,000 from January 29, 2010, the date when the escrow was established, until such date as Chesapeake receives such sum.

7.6 I will also award Chesapeake interest on its costs of the arbitration as detailed in Section VI hereto, such interest to commence with the date of this Award; provided that if Valtech pays Chesapeake the amount due it in respect of such costs, by July 31, 2010, such interest shall not be payable.

7.7 The interest rate shall be 5 % per annum compounded quarterly.

VIII
AWARD

8. For the reasons stated above, I make the following award:

A. Valtech is indebted to Chesapeake in the amount of US$ 870,000 and such amount shall be paid to Chesapeake. Therefore, within thirty (30) days from the date of transmittal of this Award to the Parties Chesapeake is entitled to payment of US$ 870,000 placed in escrow pursuant to the Escrow Agreement dated January 29, 2010, later interpled with the Federal Courts of the United States.

B. Valtech shall pay Chesapeake its costs of the arbitration as detailed in Section VI hereof, in the amount of US$ 420,378.75. In addition Valtech shall pay Chesapeake its expenses paid to the court reporters and rental of hearing rooms at the International Dispute Resolution Centre in London ("IDRC") upon the presentation of proof of such expenses being paid.

C. Valtech shall pay interest to Chesapeake at the rate of 5 per cent per annum, compounded quarterly, on

- the amount awarded in Section VIII A commencing from January 29, 2010 until such amount is fully paid; and

- the amount awarded in Sections VIII B and D commencing from the date of this award until such amount is fully paid; provided however, if Valtech pays all of the amounts due Chesapeake under Sections VIII B and D of this award by July 31,

2010, the interest awarded hereunder in respect of the costs of the arbitration, shall not be payable.

D. The administrative fees of the International Centre for Dispute Resolution of the American Arbitration Association, totalling US$ 9,100.00, shall be borne entirely by Valtech, S.A. The fees and expenses of the Arbitrator, totalling US$ 47,757.54, shall be borne entirely by Valtech, S.A. Therefore, Valtech, S.A. shall reimburse Chesapeake Capital Group, New York, Inc. the sum of US$ 32,978.77, representing that portion of said fees and expenses in excess of the apportioned costs previously incurred by Chesapeake Capital Group, New York, Inc.

I hereby certify that, for the purposes of Article 1 of the New York Convention of 1958, on the Recognition and Enforcement of Foreign Arbitral Awards, this Final Award was made in London, UK.

13 July 2010

Paul B. Hannon

I, Paul B. Hannon do hereby affirm upon my oath as Arbitrator that I am the individual described in and who executed this instrument, which is my Final Award.

13 July 2010

Date

Paul B. Hannon

CHATEAU D'OEX
SWITZERLAND