

Statement by the Liquidators to the Shareholders and Investors in Herald (Lux)

On January 17th, 2012, the liquidators of Herald (Lux) signed a Term Sheet Regarding Discovery and Claim Allowance with the US Trustee Irving H Picard. The purpose of this voluntary discovery is to allow the Trustee to gain sufficient insight into the Herald (Lux) shareholding structure and beneficial ownership, thus leading to the allowance of the customer claim which Herald (Lux) filed on March 9th, 2009 in the BLMIS estate.

The timeline for completion of this voluntary discovery process is June 15th 2012. The liquidators presented more details of this agreement to the shareholders' in the annual General Assembly that was held in Luxembourg on January 20th 2012. The liquidators hope to convince the largest possible number of shareholders to participate in this voluntary discovery process, in the interest of the shareholders and the investors of Herald (Lux). The allowance of the Customer Claim by the US Trustee will entitle the investors to participate in the distributions of funds that are operated by the US Trustee.

The liquidators also remain convinced that the structure and nature of the Herald (Lux) fund is different from other Madoff feeder fund structures in Luxembourg and hence provides a good basis to proceed in this manner. They furthermore confirm their belief that a full Claim Allowance in the BLMIS estate is one of the prerequisites for any future discussion leading to an unwinding of this file in the interest of all parties, and in particular of the beneficial owners of Herald (Lux) shares.