



April 20, 2010

ANNOUNCEMENT NO: 17

German Federal Supreme Court Acknowledges GN's Position and Overrules Prohibition of GN ReSound Sale to Sonova

GN has today received a decision from the German Federal Supreme Court acknowledging GN's position and overruling the German Court of Appeal's decision of November 26, 2008 and the decision of the German Federal Cartel Office (Bundeskartellamt) of April 11, 2007 to prohibit the sale of GN ReSound to the Swiss hearing aid manufacturer Sonova.

It has been GN's strong belief throughout the entire process that the German authorities were in no position to prohibit the transaction. Furthermore, GN believed that the proposed remedy package adequately addressed the concerns raised by the Bundeskartellamt.

Background

On October 2, 2006, GN signed an agreement to sell GN ReSound to Sonova for a total consideration of DKK 15.5 billion in cash on a debt and cash free basis. The transaction was subject to approval by the competition authorities in a number of countries.

In March 2007, the Bundeskartellamt expressed competition related concerns regarding the proposed transaction. GN and Sonova attempted to address the concerns and suggested a comprehensive remedy package consisting of, among other measures, a reduction of GN's German market presence, including some R&D, manufacturing and world-wide distribution activities as well as withdrawing from various industry forums in and outside Germany.

In spite of the above, the Bundeskartellamt in April 2007 decided to prohibit the transaction claiming that the transaction would allegedly result in collective market dominance in the German hearing instrument market between Siemens, Sonova and William Demant Holding. According to the Bundeskartellamt, these remedies were not sufficient to address the concerns.

Like GN, Sonova also appealed the decision in May 2007 to the competent court (Oberlandesgericht in Düsseldorf).

In January 2009, GN appealed the decision by the Oberlandesgericht in Düsseldorf to the German Federal Supreme Court.

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