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ANNOUNCEMENT NO: 19

## German Federal Supreme Court: “Prohibition of GN ReSound Sale to Sonova Was an Error”

GN has now received the complete decision from the German Federal Supreme Court stating that the decision made by the German Federal Cartel Office (Bundeskartellamt) on April 11, 2007 prohibiting the sale of GN ReSound to the Swiss hearing aid manufacturer Sonova was an error. According to the German Federal Supreme Court, the transaction should have been approved, even without the remedy package proposed by GN and Sonova which addressed some of the concerns by the Bundeskartellamt.

Consequently, GN is considering all legal opportunities in order to claim compensation for the significant loss imposed on GN Store Nord. The German Federal Supreme Court has already confirmed that GN will receive compensation from the Bundeskartellamt for the costs incurred in connection with the appeal.

The complete decision is being examined in depth by GN's legal advisors and more details will be published if deemed necessary.

### 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. GN and Sonova addressed the concerns and suggested a comprehensive remedy package consisting of, among others, a reduction of GN's German market presence, including some R&D, manufacturing and worldwide 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 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). Both appeals were rejected.

In January 2009, GN appealed the decision by the Oberlandesgericht in Düsseldorf to the German Federal Supreme Court. On April 20, 2010 the German Federal Supreme Court acknowledged GN's position and overruled the prior decisions from the Oberlandesgericht in Düsseldorf and the Bundeskartellamt to prohibit the sale of GN ReSound to Sonova.

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