



September 20, 2010

**ANNOUNCEMENT NO: 30**

## **DPTG Will Initiate Enforcement Proceedings in order to Collect the DKK 2.9 Billion Proceeds from the TPSA/DPTG Case**

DPTG has not received the amount awarded (approximately DKK 2.9 billion) for phase 1 within the 14 days deadline established by the Arbitration Tribunal. Consequently, DPTG has decided to start enforcement proceedings in Poland as soon as possible. The enforcement will be handled by the Regional Court in Warsaw, Poland.

GN Store Nord has since 2001 been involved in an arbitration case against Telekomunikacja Polska S.A. (TPSA) through its 75% share of DPTG I/S. The dispute concerns the determination of traffic volumes carried via the NSL fiber optical telecommunications system in Poland. DPTG is entitled to 14.8% of profits generated by traffic carried on the NSL.

TPSA is the largest telecommunications group in Central Europe with a strong financial position. Currently, France Telecom owns around 50% of TPSA. The French state has an ownership share of around 27% in France Telecom.

TPSA and DPTG concluded the NSL contract on April 17, 1991, regarding the construction and the use of a fiber optical system, the so-called North-South-Link (NSL). The contract provided for the construction and operation of the NSL and a sharing of the profits for a period of 15 years (February 1994 to January 2009) in a ratio of 85.2% to TPSA and 14.8% to DPTG.

According to the legally binding contract signed by both parties in 1991 of which GN holds an original copy, any dispute and/or difference between the parties which could not be settled in an amicable way should be finally resolved via arbitration, without the recourse to the common courts of law, in accordance with the UNCITRAL Arbitration Rules. Both parties agreed that a ruling would be final and binding and that they agreed to comply with it voluntarily.

From the beginning of 1994 to 1999 the agreement proceeded in compliance with the agreed contract. In 1999, however, a dispute on how to calculate the net profit from NSL arose, and in 2001 DPTG decided to start arbitration proceedings in accordance with the contract.

After more than nine years of arbitration the Arbitration Tribunal in Vienna, Austria, rendered its decision on September 3, 2010 and awarded DPTG I/S DKK 2.0 billion plus DKK 0.9 billion in interest for the period 1994 to mid-2004 (phase 1). DPTG had claimed DKK 5 billion for phase 1.



Since March 2008, following the appointment of the new Chairman of the Arbitration Tribunal, TPSA has not challenged the tribunal or the process.

GN Chairman Per Wold-Olsen said: "The contract signed by TPSA and DPTG in 1991 states that an arbitration tribunal in Vienna, Austria, would be the body to handle and settle any potential disputes between the parties. In the contract, TPSA and DPTG undertook the express obligation to comply with an arbitral decision. TPSA's failure to comply with the September 3 decision by the Arbitration Tribunal is a breach of the agreement. And by failing to pay in accordance with the decision rendered by the Arbitration Tribunal on September 3, TPSA is adding further costs to themselves and their shareholders, more specifically around half a million Danish kroner a day in interest. With France Telecom being the majority shareholder in TPSA this now becomes an issue, not only between TPSA and DPTG, but also between France Telecom and DPTG. I have to say that I am troubled with the fact that France Telecom supports the TPSA decision not to pay."

As TPSA is legally obliged to pay the amount awarded to DPTG according to the ruling from the Arbitration Tribunal, GN's 75% share will be included in the Q3 interim report 2010. GN's share amounts to approximately DKK 2.2 billion before tax and around DKK 1.6 billion after tax and capitalized legal expenses. As GN has certain unutilized tax assets, the net cash impact for GN is expected to be around DKK 1.95 billion.

As mentioned in the announcement dated September 6, 2010, the DKK 600 million share buyback program will be initiated as soon as we receive the proceeds from TPSA.

For further information, please contact:

Mikkel Danvold  
Director, IR & Communications

GN Store Nord A/S  
Tel: +45 45 75 02 71