

## Company announcement no 2011-05

16 May 2011

### **William Demant Holding A/S selected as stalking horse bidder to potentially acquire the assets of HearUSA Inc.**

William Demant has today entered into an Asset Purchase Agreement as stalking horse bidder with the hearing aid distributor HearUSA Inc. with a view to acquiring substantially all of HearUSA's assets and selected liabilities. Due to liquidity constraints in HearUSA, the transaction is being facilitated with court assistance under Chapter 11 by the *United States Bankruptcy Court Southern District of Florida*.

In order to accelerate the court process, and thus the sale of its assets, HearUSA has selected William Demant as stalking horse bidder under Section 363 of the *United States Bankruptcy Code*. The Asset Purchase Agreement defines a lower limit for the subsequent auction process over HearUSA's business assets at USD 80 million, which includes USD 10 million debtor-in-possession financing plus certain assumed liabilities.

The transaction is subject to a competitive bidding process under Section 363, which could lead to a situation where William Demant's offer is not considered the highest and best possible bid for the creditors of HearUSA. In such case, William Demant will not be the acquirer of the assets of HearUSA.

The transaction requires court approval. It is expected that such approval of the bidding procedures, break-up fee and expense reimbursement will be granted within the next few weeks, followed by the auction and a final sale hearing. In addition, the transaction is subject to customary closing conditions, including the grant of necessary regulatory approvals.

The legal proceedings related to the sale are expected to be finalised in approx. eight weeks with closing of the transaction shortly after receipt of Bankruptcy Court approval.

HearUSA is a regional hearing aid distributor in the US with 134 retail centres covering the states of Florida, New York, New Jersey and Michigan as well as the northeast region of the US. HearUSA's market share in the US is approx. 2%. In 2010, HearUSA reported revenues of USD 83.5 million and an operating loss of USD 2.6 million. HearUSA is listed on NYSE Amex (ticker symbol: EAR).

The purpose of the contemplated transaction is to expand the US distribution platform for Bernafon's state-of-the-art hearing instruments, thereby strengthening Bernafon's market position in the US.

Due to HearUSA's status as a listed company, and because an auction process will soon be initiated, William Demant's communication about HearUSA and the potential asset purchase will be limited until the outcome of the auction is announced.

**Other matters**

In the light of the Group's revenues and equity as well as the stabilisation of the financial markets, the Board of Directors of William Demant has chosen to reassess the previous target debt for the Group, which will now be increased by DKK 500 million to an interval between DKK 1.5 and DKK 2.0 billion. Combined with the prospect of continued strong cash flows from operating activities, we expect in 2011 – based on this development – to resume our share buy-back programme suspended since autumn 2008.



*Further information:*

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