

## **William Demant Holding A/S**

On Wednesday 13 April 2011 at 4 p.m., the Annual General Meeting of William Demant Holding A/S, Central Business Register (CVR) no. 71 18 69 11, was held at Kongebakken 9, DK-2765 Smørum.

The Chairman of the Board of Directors welcomed and thanked the shareholders for attending the meeting.

The Board of Directors had appointed lawyer Jørgen Boe as Chairman of the meeting.

The Chairman announced that notice of the General Meeting had been given in accordance with the Articles of Association and that the meeting had been duly convened. He further announced that the General Meeting constituted a quorum for the transaction of business, 63.9% of the share capital being represented at the meeting.

In accordance with Article 8.2 of the Articles of Association, the agenda of the meeting was as follows:

1. Report of the Board of Directors on the Company's activities during the past financial year.
2. Presentation and adoption of the audited annual report, including the consolidated financial statements.
3. Resolution on the appropriation of profit or loss as recorded in the adopted annual report.
4. Election of members to the Board of Directors.
5. Election of auditor.
6. Any proposal by the Board of Directors or shareholders.

The Board of Directors had submitted the following proposals:

- a) Amendment to Article 8.2 of the Articles of Association regarding the agenda for annual general meetings.
  - b) Approval of remuneration to the Board of Directors for the current year.
  - c) Amendment to Article 11.11 of the Articles of Association based on the proposal in agenda item 6a.
  - d) Renewal of the authority to increase the capital in Articles 6.1 and 6.2 of the Articles of Association.
  - e) The Company's acquisition of its own shares.
  - f) Authority to the Chairman of the General Meeting.
7. Any other business.

**Re agenda item 1: Report of the Board of Directors on the Company's activities during the past financial year - and**

**Re agenda item 2: Presentation and adoption of the audited annual report, including the consolidated financial statements**

The Chairman of the Board of Directors, Lars Nørby Johansen, reported on the Company's activities during the past year.

Niels Jacobsen, Chief Executive Officer, went over the 2010 Annual Report.

The Chairman of the meeting then opened discussions.

Claus Berner Møller of ATP first thanked the Chairman of the Board of Directors for the report and commended the excellent results. He noted that the growth and earnings of the Company's retail activities were below the market level and also below the Company's own expectations and asked which measures the Company had taken to improve the situation. He also asked about the VA market share, the Company's expectations for the next three to five years, and the competitive situation in relation to Sonova.

Niels Jacobsen thanked Claus Berner Møller for the kind words and answered that certain areas within retail failed to fully fulfil expectations, referring to changed conditions in the significant UK market (NHS), but that growth and earnings prospects seemed to be better for 2011, including in the UK. In relation to VA (Veteran Affairs in the US), Niels Jacobsen noted that the Company had hoped to obtain a 10% market share before the end of 2010, but had reached 8%. He further said that VA is a heavy and centralised system, which may be an advantage to the Company because of its strong market position. So far the prospects for 2011 are good, with an increasing VA market share. In relation to the competitor Sonova, Niels Jacobsen noted that Sonova has been under competitive pressure from Oticon Agil, among others, but that Sonova remains a major and serious player in the market which is able to manage the current challenges. Sonova will probably pursue a more conservative investment strategy, and William Demant Holding A/S will watch out for any opportunities that may arise.

Niels Christian Andersen of the Danish Shareholders Association (*Dansk Aktionærforening*) congratulated the Company on its good progress and the improvement in relation to the Recommendations on Corporate Governance. He referred to last year's general meeting and noted that the Company had improved its ability to describe products and functions to dealers. In this connection, he asked whether the end users are sufficiently informed of the Company's products and whether they normally have a significant influence over the choice of hearing aid. He also asked how Oticon Medical fits in with the rest of the business because of the extensive approval requirements (including FDA approval). Last year, the Company informed shareholders that generally competition in the hearing aid industry was not very aggressive, and Niels Christian Andersen asked whether companies in the hearing aid industry could achieve and maintain a couple of

years' lead over competitors, or whether all companies largely follow the same development process. He finally asked why the Company wants to buy its own shares instead of making further investments and improving competitiveness when its proportionate investments in research are smaller than those of its competitors.

Niels Jacobsen thanked Niels Christian Andersen for the praise and questions. In relation to end-user influence, Niels Jacobsen noted that "the man in the coat" still has a huge amount of influence because he, as a minimum, guides the end user in the choice of hearing aid, which, like, for example, dentist products, is an end product that includes not only the hearing aid but also the practitioner's services. However, in general the end users are more informed than they were previously. In relation to Oticon Medical, Niels Jacobsen said that it was true that different (and stricter) requirements apply to such products, and therefore the Company has to a great extent separated these activities from its other activities with a view to the FDA to ensure the best possible protection. He stated that through systematic and persistent efforts, including additional investments, it is possible to achieve a couple of years' lead over competitors. Together with Sonova, the Company has had the industry's best profit margins over a long period, and when the Company invests 8-9% of its revenue, its smaller competitors have to invest 20-30% to keep up. The major players thus have a clear advantage.

As no one else wished to speak, the Chairman of the meeting announced that the report of the Board of Directors had been adopted and that the 2010 Annual Report had been approved.

**Re agenda item 3: Resolution on the appropriation of profit or loss as recorded in the adopted annual report**

The Board of Directors proposed that the profit for the year of DKK 917 million should be transferred to the Company's reserves as set out on pages 16 and 38 in the annual report.

The Board's proposal was adopted.

**Re agenda item 4: Election of members to the Board of Directors**

Under Article 11.2 of the Articles of Association, board members elected by the Company in general meeting are elected for one-year terms. Lars Nørby Johansen, CEO, Peter Foss, CEO, Niels B. Christiansen, CEO and Thomas Hofman-Bang, CEO, stood for re-election.

The requirements of section 120 of the Danish Companies Act (*selskabsloven*) had been met.

The proposed candidates were re-elected.

The Chairman of the General Meeting informed the shareholders that employee representatives for the Board of Directors had just been elected; Ole Lundsgaard had been re-elected and Jørgen Møller Nielsen and Karin Ubbesen had been elected as new employee representatives. The Board of Directors thus consists of:

- Lars Nørby Johansen
- Peter Foss
- Niels B. Christiansen
- Thomas Hofman-Bang
- Ole Lundsgaard (employee representative)
- Jørgen Møller Nielsen (employee representative)
- Karin Ubbesen (employee representative)

**Re agenda item 5: Election of auditor**

Deloitte Statsautoriseret Revisionsaktieselskab was re-elected.

**Re agenda item 6: Any proposal by the Board of Directors or shareholders**

**Re agenda item 6a) - Amendment to Article 8.2 of the Articles of Association regarding the agenda for annual general meetings**

Based on paragraph 6.2.6 of the Recommendations on Corporate Governance which recommends that proposals for remuneration of a board of directors for the current financial year should be approved by the shareholders at the general meeting, the Board of Directors proposed that the following should be included as a new paragraph 3 in Article 8.2 of the Articles of Association regarding the agenda for annual general meetings:

"3. Approval of remuneration to the Board of Directors for the current financial year."

The proposal was adopted by the required majority.

**Re agenda item 6b) - Approval of remuneration to the Board of Directors for the current year**

The Board of Directors proposed that the basic remuneration for 2011 should be DKK 300,000, and that the Chairman should receive three times and the Deputy Chairman two times the basic remuneration.

The proposal was adopted.

**Re agenda item 6c) - Amendment to Article 11.11 of the Articles of Association based on the proposal in agenda item 6a**

Based on the proposal in agenda item 6a that the remuneration to the Board of Directors for the

current financial year must be approved by the General Meeting, the Board of Directors proposed that Article 11.11 of the Articles of Association should be amended to read as follows:

"Directors shall receive an annual fee to be approved by the general meeting."

The proposal was adopted by the required majority.

**Re agenda item 6d) - Renewal of the authority to increase the capital in Articles 6.1 and 6.2 of the Articles of Association**

The Board of Directors proposed that the authority to increase the capital set out in Articles 6.1 and 6.2 of the Articles of Association, which authority expires on 1 January 2011 and 1 January 2012, respectively, should be renewed so as to remain in force on unchanged terms until 1 January 2016.

The proposal was adopted by the required majority.

**Re agenda item 6e) – The Company's acquisition of its own shares**

The Board of Directors proposed that the Board should be authorised until the next annual general meeting to allow the Company to acquire its own shares of a nominal value of up to 10% of the share capital. The purchase price for the shares must not differ by more than 10% from the price quoted on NASDAQ OMX Copenhagen A/S at the time of the acquisition. The price quoted on Nasdaq OMX Copenhagen A/S at the time of the acquisition means the closing price – all transactions at 5 p.m.

The proposal was adopted.

**Re agenda item 6f) – Authority to the Chairman of the General Meeting**

The Board of Directors proposed that the Chairman of the General Meeting should be authorised to make such additions, alterations or amendments to or in the resolutions passed by the General Meeting and the application for registration of the resolutions to the Danish Commerce and Companies Agency (*Erhvervs- og Selskabsstyrelsen*) as the Agency may require for registration.

The proposal was adopted.

**Re agenda item 7: Any other business**

The shareholder Christen Koch asked that the sound level in the meeting rooms before general meetings are held should be improved (reduced) and that the shareholders should be given the opportunity to view the Company's premises in connection with general meetings.

The Chairman of the Board of Directors answered that stands had been set up with the Company's products for display to the shareholders and that the Company would look into what could be done to improve acoustics.

The former employee Loc A Han commented on the impressive results and the Company's new products and at the same time suggested that the Company should make hearing aids with user-friendly buttons for the elderly and others.

The Chairman of the meeting then announced that there was no further business to transact, thanked the shareholders for an orderly meeting, and gave the floor to the Chairman of the Board of Directors.

The Chairman of the Board of Directors thanked the retiring employee representatives and welcomed the new employee representatives on the Board of Directors. He then closed the meeting, thanking the Chairman of the meeting and the shareholders for attending.

The General Meeting was closed at 5.10 p.m.

Chairman of the meeting:



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Lawyer Jørgen Boe