

**MANDAT**

17.06.2020

**GLEISS LUTZ WINS SHAREHOLDER COMPENSATION PROCEEDINGS FOR MUNICH RE BEFORE DÜSSELDORF HIGHER REGIONAL COURT IN CONNECTION WITH SQUEEZE-OUT AT ERGO VERSICHERUNGSGRUPPE AG**

After almost 10 years, the shareholder compensation proceedings in connection with the squeeze-out at ERGO Versicherungsgruppe AG have been successfully concluded without an increase in cash compensation.

At Munich Re's request, the shareholders' meeting of ERGO Versicherungsgruppe AG had resolved to squeeze-out minority shareholders in May 2010. At the time, compensation was based on a company valuation of the three-month average share price of EUR 97.72 per share. This compensation was considered far too low by well over 100 applicants who, in particular, referred to the allegedly higher capitalised earnings.

Following testimony from the expert auditor, Düsseldorf Regional Court ruled on 14 October 2016 to increase the cash compensation by almost 12.5% to EUR 109.92 (case 33 O 72/10 [AktE]). In doing so Düsseldorf Regional Court altered the valuation parameters, in particular with regard to the market risk premium and beta factor, but also in terms of the base interest rate and income tax burden, to the detriment of the respondent Munich Re. The court also only assumed – again to the detriment of the respondent – a two-year detailed budgeting phase. Without this offsetting effect by Düsseldorf Regional Court compensation would have been considerably higher.

Both Munich Re and several applicants subsequently lodged an appeal against the ruling of Düsseldorf Regional Court. They were able to convince Düsseldorf Higher Regional Court that the original valuation parameters were unobjectionable due to the specific circumstances of insurance companies. On 11 May 2020 Düsseldorf Higher Regional Court issued a ruling (case I-26 W 14/17 [AktE]) amending that of Düsseldorf Regional Court, and dismissing the motions for judicial determination of adequate case compensation. The cash compensation of EUR 97.72 per share thus remains in place.

In-house, Munich Re was represented by Dr. Christoph Klahold, General Counsel and Chief Compliance Officer, Dr. Julian Redeke, LL.M., Head of Corporate Law, and Wolfgang Troidl, in-house counsel.

The following team of Gleiss Lutz lawyers acted as external counsel for Munich Re: Prof. Dr. Michael Arnold (partner, Stuttgart), Dr. Thorsten Gayk (counsel, Hamburg, both lead), Dr. Tobias Harzenetter (partner, Munich, all corporate).

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