

December 14, 2000
Announcement No. 39



GN ReSound Acquires Leading US Audiological Test Equipment Specialist

Effective December 13, GN ReSound has acquired US-based ICS Medical (ICS), the leading manufacturer in the United States of equipment for testing balance disorder (Vestibular Test) and objective hearing loss (Evoked Response). The deal will strengthen GN Otometrics significantly, in the customer segments consisting of ear-nose-and-throat specialists and hospitals, mainly in the US. GN Otometrics is GN Resound's division for audiological test equipment and the acquisition confirms GN ReSound's position as a global leader.

The price of the new GN ReSound company is USD 7.8 million plus earn-out payments of up to USD 2.8 million, depending on ICS's performance over the next two years.

ICS specializes in developing and manufacturing equipment for Vestibular Test, the testing of balance disorders, and Evoked Response testing, an objective method used for testing the hearing of new-born infants, victims of traffic accidents and elderly individuals when conventional methods fail. Vestibular Test equipment has become very much in demand in the United States in recent years as an alternative approach in revealing the relationship between balance disorders and hearing loss.

Its acquisition of Hortmann AG in August 2000 provided GN Otometrics with access to core-Vestibular and Evoked-Response Test technologies while also securing it a leading position on the German market in those fields. Now, with ICS, GN Otometrics gains a substantial global market share and moves up to become the absolute leader in the supply of Vestibular and Evoked-Response test equipment. GN Otometrics is estimated to hold more than 20 per cent of the global market for audiological measuring instruments.

ICS was founded in 1966 and was in 1981 bought by the two now-former owners, Delmar Bloem and Robert Simensson, both of whom will stay on with the company following the transaction. Based in Chicago, ICS has 29



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employees and expects to report revenues of USD 7.4 million this year and double-digit growth rates in the years ahead.

In the United States, ICS markets its products through dealers that also sell other GN Otometrics products. With its new acquisition, GN Otometrics will be supplying an extensive and very broad range of audiological measuring equipment through these sales channels.

The ICS acquisition will have a limited impact on GN ReSound projections for this year's revenues and earnings.

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