

GN ReSound Group

AudiologyNOW!
April 2, 2009



Safe Harbour Statement

The forward-looking statements in this annual report reflect management's current expectations of certain future events and financial results. Statements regarding 2009 are, of course, subject to risks and uncertainties which may result in material deviations from the outlook set forth. Furthermore, some of these expectations are based on assumptions regarding future events which may prove incorrect.

Factors that may cause actual results to deviate materially from expectations include – but are not limited to – general economic developments and developments in the financial markets, technological developments, changes and amendments to legislation and regulations governing GN's markets, changes in the demand for GN's products, competition, fluctuations in sub-contractor supplies, developments in class action and patent infringement litigation in the United States, and the integration of company acquisitions.

This annual report, announcement or presentation should not be considered an offer to sell or buy securities in GN Store Nord.

Content of Presentation

Market Development

GN ReSound

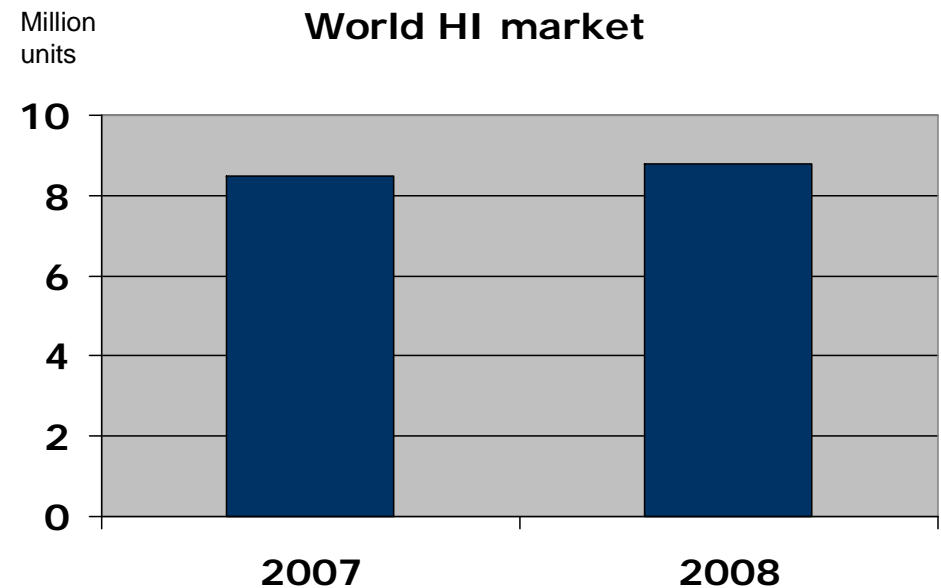
Beltone U.S.

Products

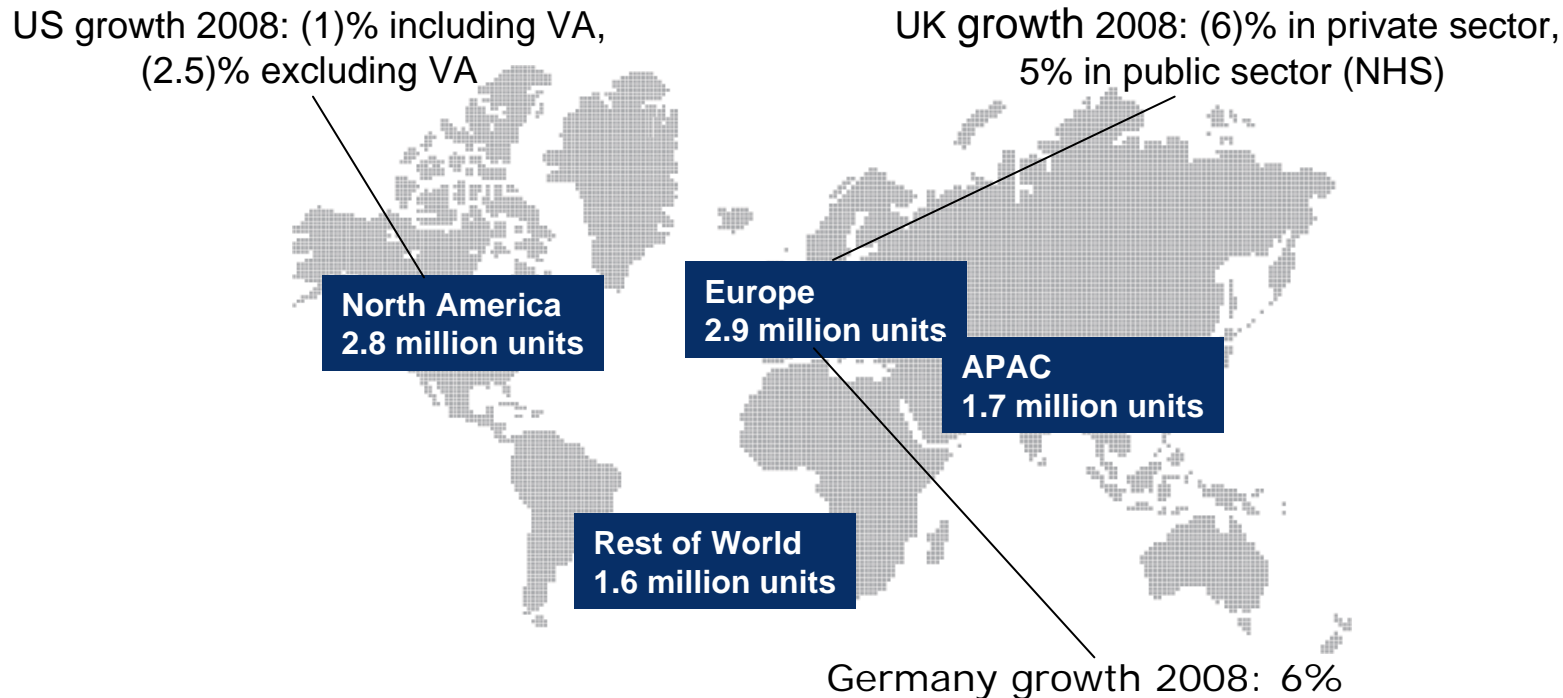
Very Attractive Hearing Instrument Industry

**Solid long-term
market growth rates
expected**

- Ageing population
- Higher prevalence
- Improving adoption rates
- Improving binaural fitting rates
- Additional replacements cycle
- Developing countries' potential



Very Attractive Hearing Instrument Industry

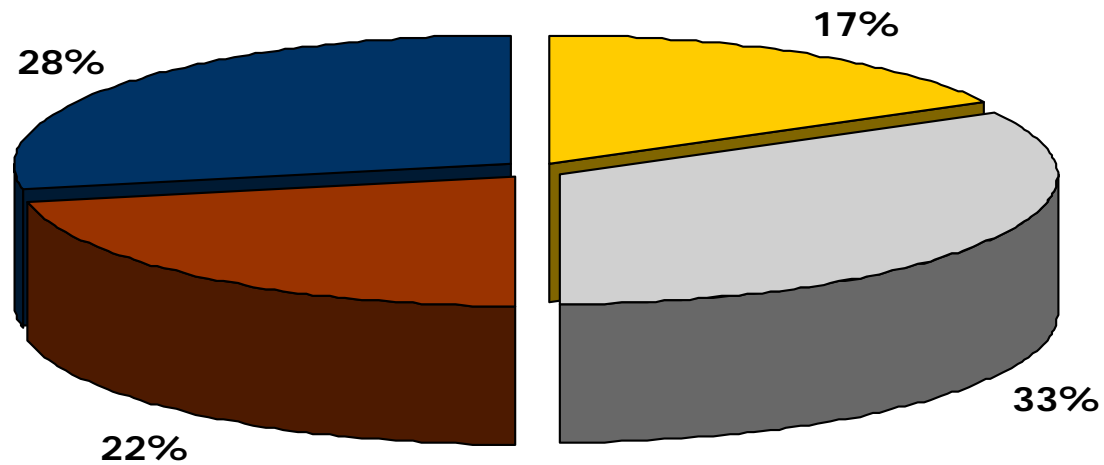


Long-term growth expectations remain solid, however, the current trends indicate tough short-term market conditions:

- Declining growth rates – especially in Q4 2008
- Private market under pressure while public sector is growing
- Solid unit growth in emerging markets
- Customers currently trading down

Short term unit growth – but especially value growth uncertain

Distribution Segments



Market Development

GN ReSound

Beltone U.S.

Products

GN Store Nord

- Listed company
- Supervisory Board
- Equally ranked CEO's GN Netcom and GN ReSound

Outlook 2009:
EBITA DKK ~ (30)m

GN Netcom

**Contact Center &
 Office Headsets,
 Mobile Headsets**



Outlook 2009:
Revenue DKK ~ 2bn
EBITA DKK ~ (100)m

GN ReSound

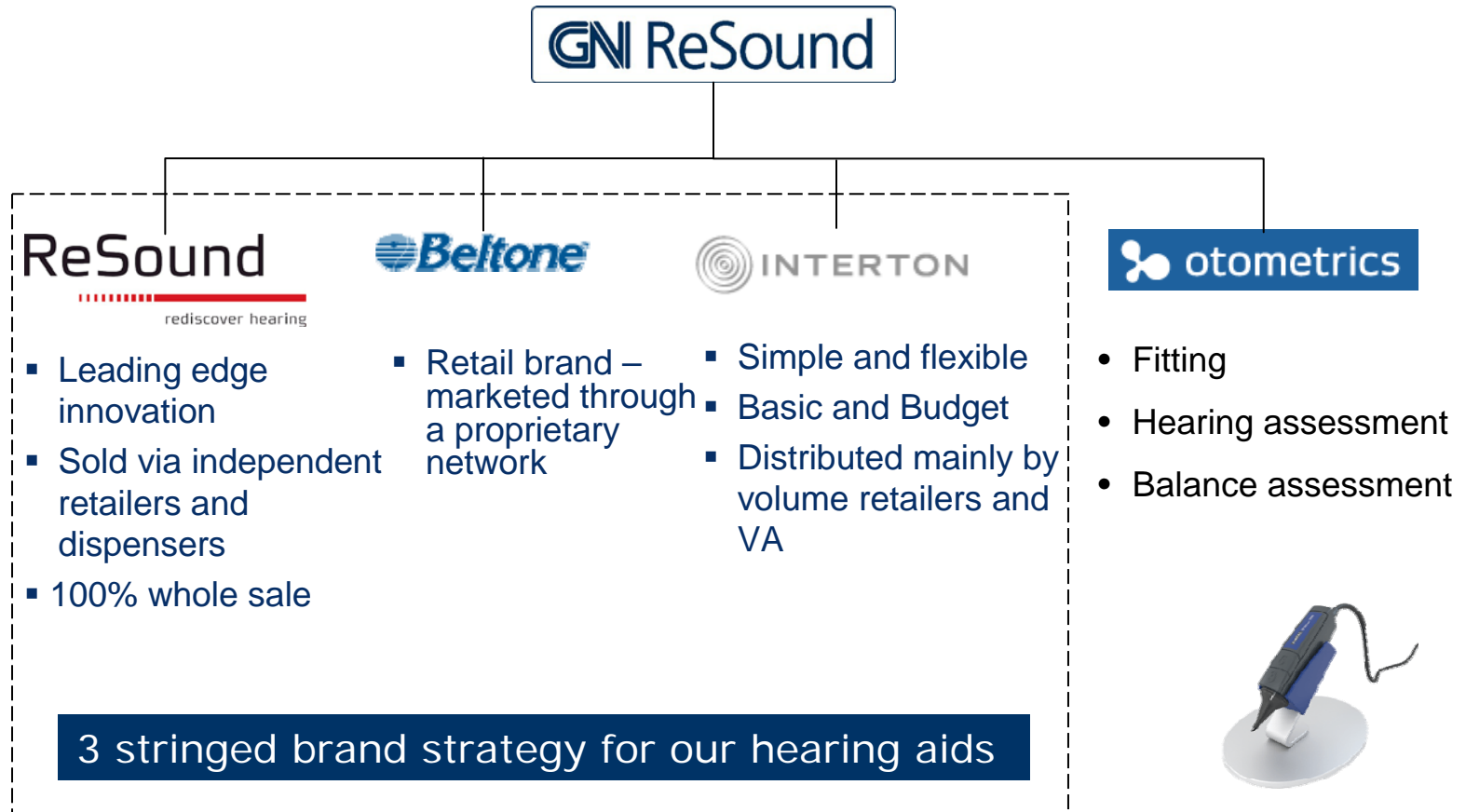
**Hearing Instruments
 and Audiologic
 Diagnostics Equip.**



Outlook 2009:
Revenue DKK ~ 3bn
EBITA DKK ~ 200m

Total GN Outlook 2009:

- Revenue: ~ DKK 5 billion
- EBITA: ~ same level as 2008
- Amortization, finance etc.: ~ DKK (175) million
- Free cash flow: significant, positive



Long-term Strategy – Reconfirmed and Accelerated

GN ReSound has started a multiyear development in order to make the business significantly more sustainable and profitable.

Accelerate the business

Regain innovative
leadership

Preferred
partner

Fixing the foundation

Three-stringed
Brand strategy

Commercial
excellence

Execution
excellence

Performance-driven culture

Program to Trim Spending Well on Track

Creating a leaner and more customer-focused GN ReSound

	<u>Target</u>	<u>Status</u>
1 Optimize for current business	<ul style="list-style-type: none"> Re-align organization to new economy 	<ul style="list-style-type: none"> Positions reduced by more than 250
2 Explore and exploit efficiencies	<ul style="list-style-type: none"> Review of current business procedures with regards to cost and terms 	<ul style="list-style-type: none"> Implementation on track Significant positive impact on 2009 cash flow expected
3 Long term efficient structure	<ul style="list-style-type: none"> Reduce complexity Transformation of organization – Rethinking structure and competitive levers 	<ul style="list-style-type: none"> Implementation initiated Plans on track

Annual cost run-rate to be reduced by more than DKK 200 million with significant positive effect already in 2009

GN ReSound – Financial Results 2008

(DKK million)	Q4	2007	Q1	Q2	Q3	Q4	2008
Revenue	747	3,155	772	776	787	843	3,178
Growth	(13)%	(2)%	1%	(1)%	9%	10%	5%
Gross margin	59%	61%	60%	62%	57%	62%	60%
SG&A, R&D etc.	(444)	(1,632)	(432)	(410)	(447)	(465)	(1,754)
EBITA	(5)	300	31	72	4	56	163
EBITA margin	(0.7)%	9.5%	4.0%	9.3%	0.5%	6.6%	5.1%

- Hearing Instruments generated organic growth of 5% – with double-digit growth rates in H2.
- Hearing Instrument unit growth during the year was 12%.
- The gross margin was unchanged at 61% when excluding extraordinary inventory write-downs of DKK 30 million.
- Audiologic Diagnostics Equipment contributed with DKK 14 million to EBITA.

Market Development

GN ReSound

Beltone U.S.

Products

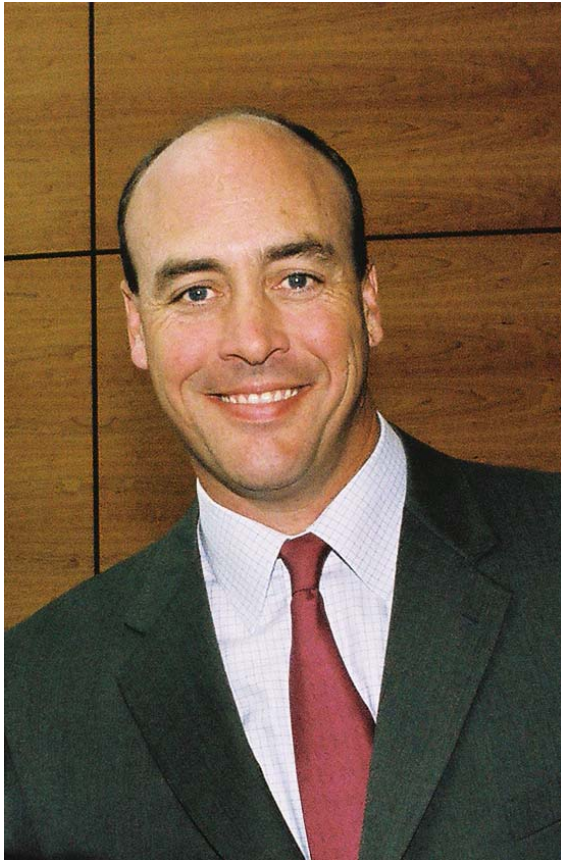


Beltone U.S. Presentation

AAA

April 2009

Todd Murray



2009 - present: GN Hearing Care, President, N.A.

2004 – 2008: Beltone Electronics, President, N.A.

1995 - 2003: Cole National Corporation

- Pearle Vision, Vice President
- Cole National, Director of Business Development

1992 - 1995: Deloitte & Touche, Management Consulting

- Retail and Consumer Products Practice

Education: Brown University, BA Economics, 1987
Duke University (Fuqua), MBA, 1992

Agenda



- The Beltone History and U.S. Market Position
- The Beltone Positioning Statement
- Beltone U.S. Strategic Focus

Beltone U.S. – History



- 1940
 - Established by the Posen Family

- 1997
 - Acquired by J.W. Childs

- 2000 - 2001
 - Acquired by GN
 - Competitive pressure on Beltone Network

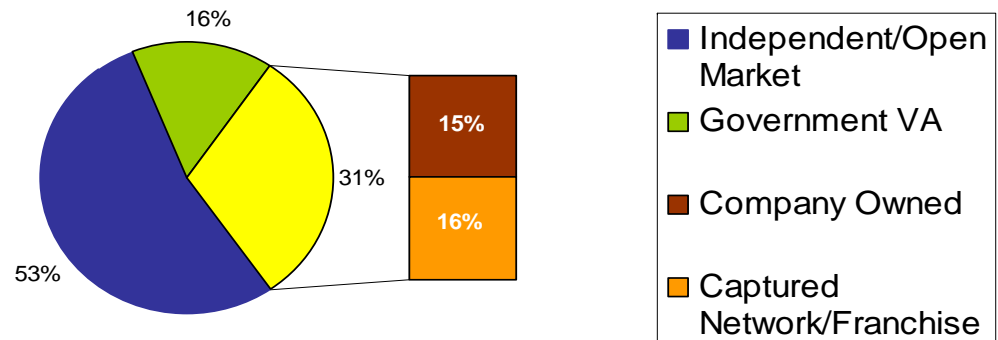
- 2002 - 2004
 - Focus on adding Beltone dispensers in critical open geography
 - Owned retail established in some key markets
 - Focus on improving the business model and reducing structural costs
 - Slow growth; continue to work to stabilize and strengthen the Network

- 2005 - 2008
 - Energy and attention begins to shift towards growth
 - Management team upgraded to add retail management expertise and consumer marketing skills
 - Strong revenue growth and solidly growing business develops

The U.S. Market - Retail

- Retail i.e. network/franchise and company owned represents 31% of the total Hearing Instrument Market.
- This represents an increase from 2006 due to the creation of two new networks (Audigy & All American).
- Half of retail is network/franchise.
- “Company Owned” represents the other half of Retail.

Channel Composition



Beltone has a solid share of the Retail Segment with a strong, recognizable brand.

Beltone Brand Strengths



- Hearing Care Practitioner Network
- Well recognized brand > 70% recognition among adults over 50
- Patients respect the heritage of Beltone's almost 70 years in business
- Beltone is known for Quality Products
- Beltone patients find Beltone professional, trustworthy and caring

Source: Beltone Proprietary Consumer Research

Beltone's brand equity is a result of almost 70 years of experience.

The Beltone U.S. Market Position: The Key Facts



<u>FACT:</u>	<u>COMMENT:</u>
Location Count: 1,455	<ul style="list-style-type: none"> The heart of Beltone is in the Midwest and Southeast Regions
Dispenser Count: 267	<ul style="list-style-type: none"> 60% of dispensers are in the eastern half of the country
States Served: 49	<ul style="list-style-type: none"> The heart of Beltone is in the Midwest and Southeast Regions
Dispensers added since 2006: 74	<ul style="list-style-type: none"> Western states with highest opportunity
Dispensers removed since 2006: 102	<ul style="list-style-type: none"> Focus on improved quality of network Strategy shift to exclude “non-exclusive” contracts

We have a strong base of dispensers and locations with more opportunities to grow with current high quality dispensers.

Beltone Positioning Statement



Beltone will be a “retail brand with dominant points of distribution where our customers can expect a relationship experience that is trustworthy, professional and caring”

We needed a positioning for the brand that defined what we aspire to build while respecting the legacy of the brand.

The Beltone Value Proposition

Beltone Value Proposition:
In exchange for exclusive territory and business support, a dispenser sells Beltone products.

THE CUSTOMER RELATIONSHIP

- National Advisory Council
- Marketing Council
- Voice of the Customer
- Regional Exchanges
- Annual Convention

Business Development

- Business Consulting
- Expansion Capital
- Customer Care Support

Marketing

- National Campaign
- Direct Marketing
- Brand Recognition
- Promotional Planning
- “Leads”

Training

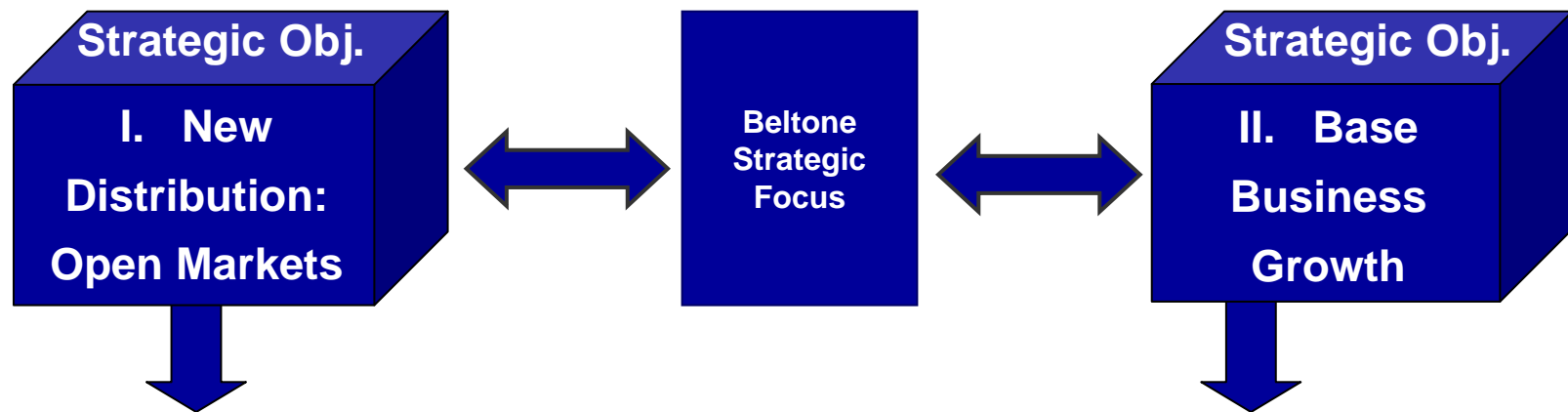
- Beltone University
- Self-Guided Training
- Sales Experience Training

Product

- Product Differentiation
- Product Trials
- Fitting Software

Beltone has almost 70 years of experience and name recognition and we have invested in the value proposition to attract increased interest and association with the Beltone brand.

Accelerating Growth and Growing Market Share



Strategic Imperatives

- New “Traditional” Dispensers in open markets
- Additional “Mega-Dealers” covering multiple open markets
- Retail growth in “select” markets that are complimentary to the base business model
- Alternative channels

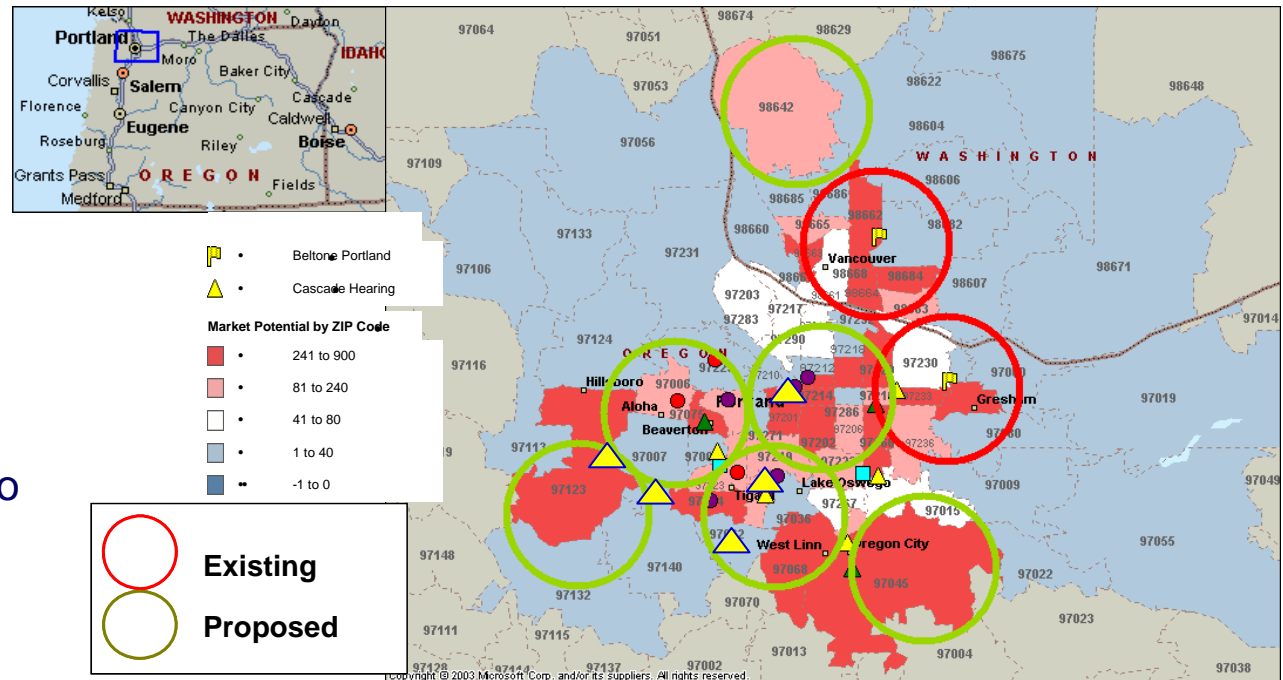
Strategic Imperatives

- New locations (expanded market coverage)
- Dispenser segmentation/targeted resources and programs
- Higher impact marketing (office traffic/brand development)
- Expanded training (product knowledge and the sales experience)
- Managed Care initiatives

I. New Distribution – Site Selection

■ Example: Portland, Oregon U.S.

- Key target markets are identified for expansion.
- Detailed mapping identifies potential locations based on demographic and competitive analysis.
- Beltone then calculates market potential through proprietary modeling down to the zip code level.



Beltone’s proprietary site selection mapping drives successful dispenser expansion.

II. Base Business Growth

Segment

Description

A

Excellent performance;
expected growth rate to
grow above industry

- **Solid growth through territory development, territory expansion and focused marketing efforts.**

B

Good dealer; potential to
grow above industry
growth rate

- **Operational focus to improve performance.**

C

Moderate performer; slow
growth

- **Performance improvement plans/replacement strategy.**

D

Poor performer; focus on
replacing or reducing
territory

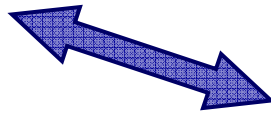
- **Replacement strategy**

We target specific elements of the Beltone value proposition to maximize performance in each customer segment.

II. Base Business Growth – National Marketing Campaigns

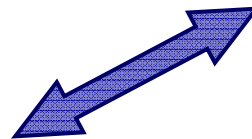
Consumer Elements

- TV
- Direct Mail
- Newspaper
- Radio
- Consumer Call-to-Action
- National Technology Trial



Dispenser Elements

- In-Store Training for Staff
 - Communication of the promotion
 - Product Demonstrations (DVDs)
- Featured Product Incentives
 - Unit discount
 - terms
- Local Marketing Planners



How We Measure Success

- ROI
- Pre vs. Post unit sales
- Direct Mail: Sales to mail matchback
- TV Call Volume
- Network Participation and Local Spending
- Customer Feedback

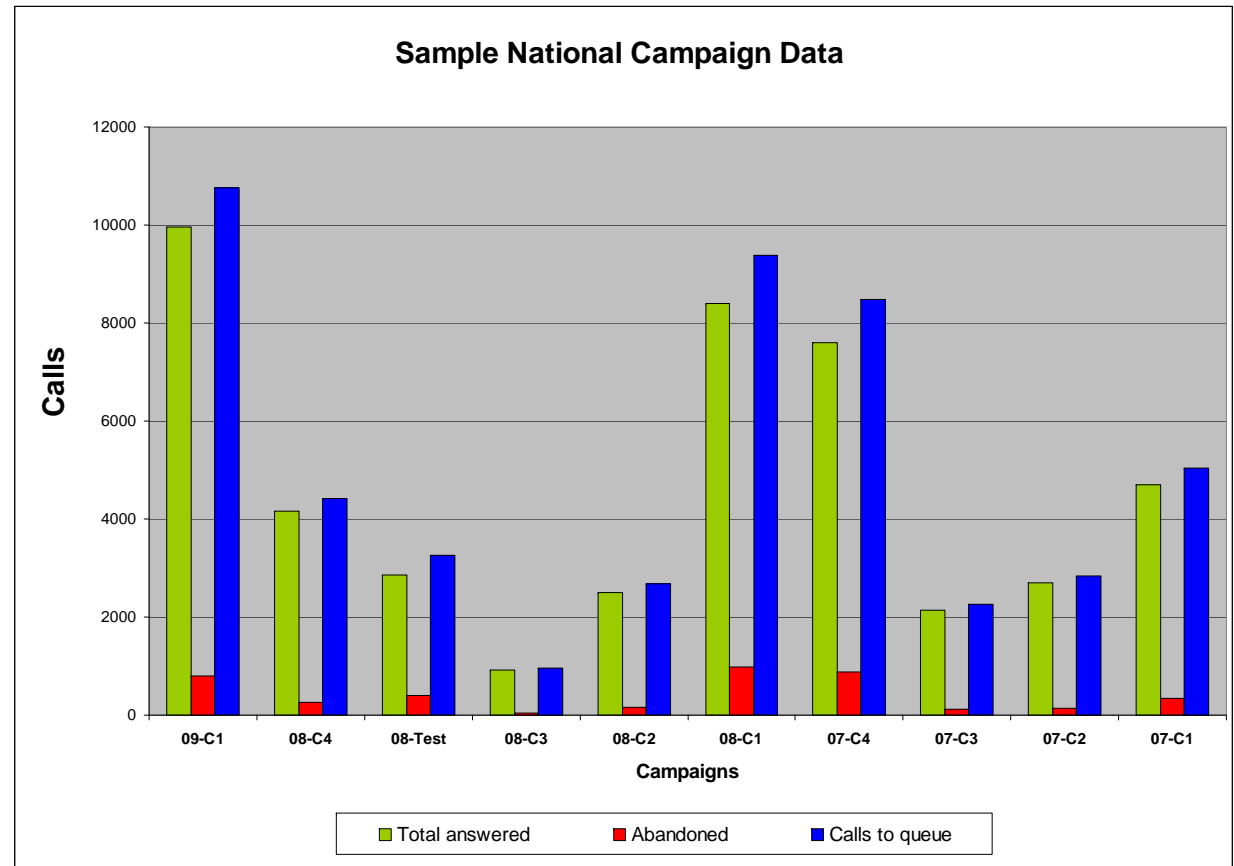
We have enhanced the value of national marketing campaigns by improving execution, pre-testing, measurement and coordination with Sales, Marketing, Customer Service and Training.

II. Base Business Growth - Operational Visibility and Discipline



Vision: Balance the entrepreneurial energy with strong support and discipline

- Visibility to marketing programs in process versus after the fact
- Daily call volume for television is tracked
- Visibility to current and future hearing test appointments through BelConnect
- Visibility to individual marketing piece performance



II. Base Business Growth - Marketing Database



Beltone's proprietary consumer database is a strong tool to drive consumers to dispenser locations. The database is a unique asset to Beltone's Value Proposition.

Summary



- **Beltone U.S. is confident in our strategic direction and positioning in the U.S. market place.**
- **The quality of the Network and our relationships are strong and in better shape than in any recent year.**
- **We have a refreshed product portfolio which allows our base business to grow and attracts new dispensers to the brand.**
- **Execution has improved dramatically as we have focused on sales and marketing innovation to drive the business.**

Market Development

GN ReSound

Beltone U.S.

Products

be by ReSound™

The most innovative launch in 2008

- Revolutionary design which opens an entirely new category in the industry
- Combines the main benefits of traditional ITE's and BTE's:
 - Invisible solution placed deep inside the ear canal
 - Great wearing comfort – Open and occlusion free
 - Fantastic sound experience
 - No wind noise
 - Natural localization
 - Instant fit
 - No hassle – one hand operation
 - No fumbling with eye glasses



be by ReSound™ has received positive feedback from both end users and dispensers

- Great design and visually very appealing
- Great sound and speech clarity
- Wind noise eliminated
- Unique concept
- End user traffic generator



The be family will be expanded by introduction of be by ReSound Custom and Custom power

be BY RESOUND

be BY RESOUND

be BY RESOUND

Custom

Custom
 Power



More end users will benefit from the unique be by ReSound™ remote microphone concept

- Increased fitting range
- Customized fitting if needed
- Flexible venting options
 - Open fitting
 - More gain
- Very low return rates compared with normal custom products
 - Smaller and more invisible
 - More comfortable



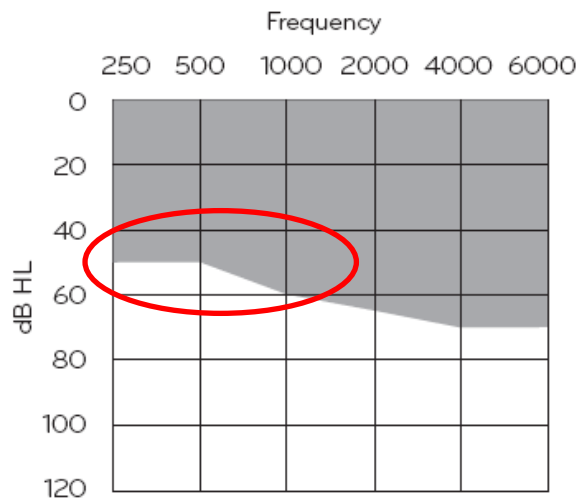
More patients can be fitted with remote microphones



More open comfort

be by ReSound Custom lets you prescribe a very small device that can't be matched for wide-open comfort.

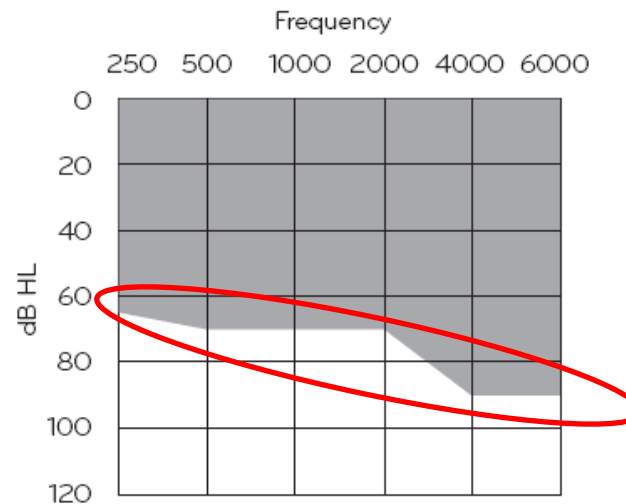
Fitting range



More gain, less size

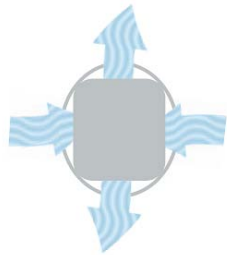
Want high-gain power without sacrificing invisibility? **be by ReSound Custom Power** models offer as much gain as a typical ITE device.

Fitting range

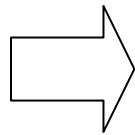


Flexible venting optimize end users satisfaction

- be by ReSound instant fit uses multi venting
- Custom be single point venting allows maximum flexibility



**Multi-point
venting**



**Single-point
venting**

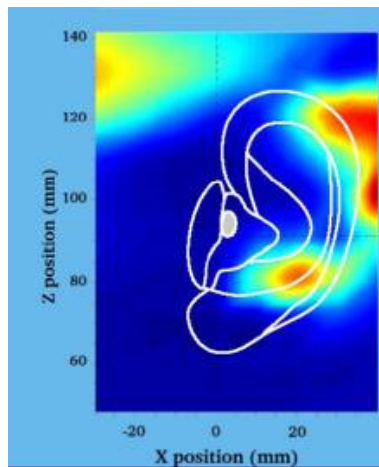


More gain

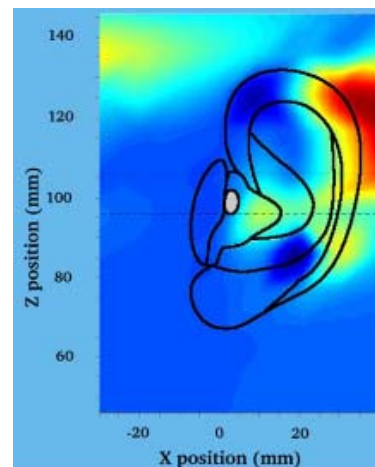
Remote microphone provides clear end user benefits

Natural Wind Noise Reduction:

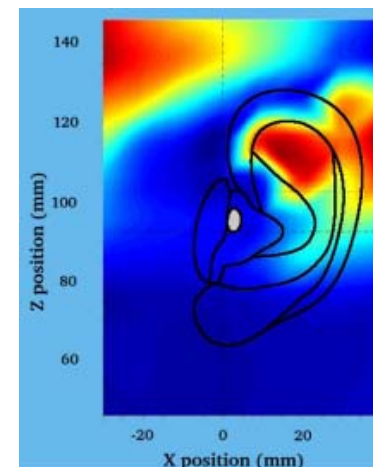
Placement of the microphone within the contours of the ear means that turbulence from wind is minimized naturally by design



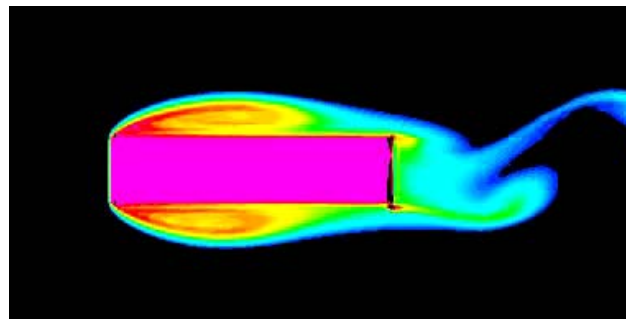
CIC



ITE



BTE



*Velocity of wind turbulence for different form factors
Thompson and Dillon, 2002

Interton launches a full family of hearing aids on 3 price points: Avio 5, 3 and 1

Avio 5

- Interton's premium-class providing highly adaptive hearing systems that can cope with all the situations that make up the end users life anytime, anywhere



Avio 3

- Interton's comfort class hearing aids offer convenient functions to cope with frequent situational variation



Avio 1

- Interton's basic class hearing aids provides reliable hearing performance in most everyday situations



Beltone launches Touch family

- Designed for discretion
 - 36% smaller than our next smallest Beltone hearing aid
 - Designed to fit inside the ear
- Comfortable to wear
 - Instant fit with smooth rounded edges
 - Custom model made just for the end user
- Thinks like an ear
 - Makes most of the ear's own sound paths



Instant Touch

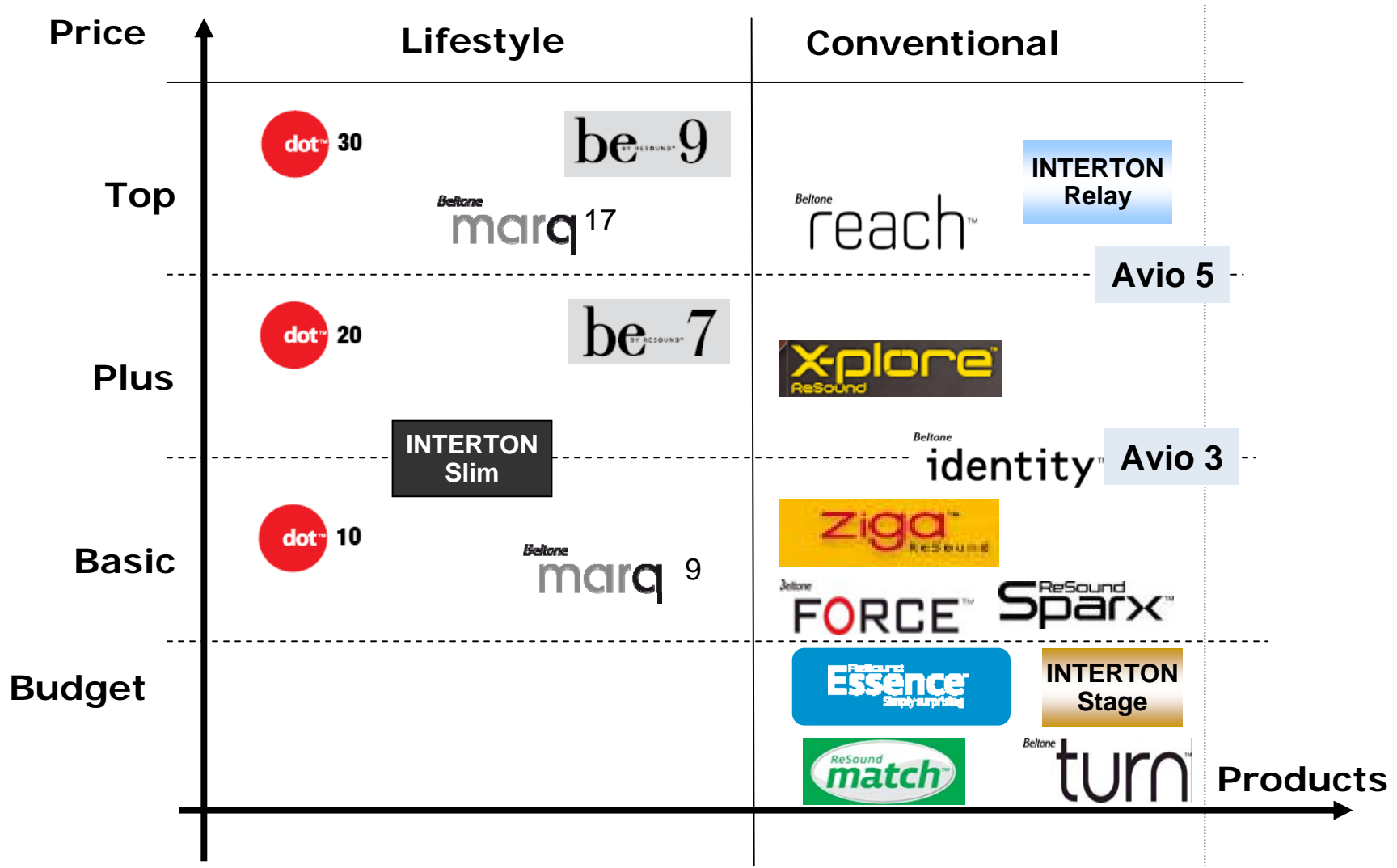


Custom Touch



Custom Touch Power

GN Resound New Products in all Market Segments



Q&A