

Announcement

To the Copenhagen Stock Exchange and the press

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RTX Telecom purchases the Penell development company
– an important contributor to the development of intelligent devices
and products, including medical equipment

RTX Telecom A/S has reached agreement with the shareholders of Penell A/S in Hadsund, Denmark, regarding the take-over of the activities of Penell as of 1 May 2001.

The purchase of Penell A/S is in accordance with RTX Telecom's strategy of an ongoing process of assessment and implementation of strategically appropriate purchases, in cases where such acquisitions can ensure RTX Telecom access to the requisite human resources and/or access to key technologies that can contribute to the fulfilment of the company's corporate objectives.

The take-over agreement

The agreement reached states that RTX Telecom will take over the following activities and know-how:

- 20 members of staff, 18 of whom are engineers and technicians with know-how in fields that include the development of application products for the medical equipment industry, of which communication modules for both wired and wireless communication, including Bluetooth, are a part.
- ongoing development contracts that Penell has entered into with its customers.
- the rights to the Penell A/S company name along with the registered uses of the Penell name.

Background for the take-over

The purchase of Penell has been undertaken in order to bring RTX Telecom to the forefront of development within the field of built-in communication modules in devices and products for branches of industry, in addition to the company's existing expertise in telecommunications. This applies to the increasing use and application of wireless Bluetooth technology, in particular.

Penell

Penell has specialised in the implementation of development projects relating to electronics, hardware and software since 1991. This work includes contract-based development work regarding customised devices and products.

The company's fields of business include both analogue and digital hardware development, embedded software for microprocessors and communication software for PCs.

Penell possesses significant know-how relating to the implementation of communication technologies in industry, and has a particularly good insight into the needs and requirements of the medical equipment industry, including experience with the high quality requirements associated with this branch of industry.

The company's portfolio of contracts and customers currently includes several larger Danish manufacturers of medical equipment as well as several telecommunications and industrial companies that are interesting for RTX Telecom. For the financial year 2000, 42% of Penell's turnover was derived from the medical equipment industry, with 12% coming from telecommunications companies and 46% from other sectors of industry.

Penell has achieved profitable organic growth since the company was set up. Turnover for the financial year 2000 amounted to DKK 11.9 million, with a pre-tax profit of DKK 2.1 million.

Commercial perspectives for Penell as an RTX Telecom company

The customer relations taken over as part of the acquisition are almost all complementary to RTX Telecom's existing activities. RTX Telecom considers that the acquisition will provide greater market potential for the company's existing technology platforms, and for Bluetooth in particular.

Together, RTX Telecom and Penell are expected to achieve considerable synergies, not least as regards particular technological skills and as regards marketing.

Practical integration

The activities acquired will be set up as an independent business area in a wholly-owned limited liability company with the Penell A/S name. In terms of organisation, these activities will be integrated with RTX Telecom's other areas of business activity and special competences - DECT, Bluetooth(and CDMA. The company executives and senior staff will continue to work for the new Penell A/S in rented premises in Hadsund.

Purchase price

The purchase price for goodwill and fixed assets amounts to a maximum of DKK 16.5 million. The greater part of this purchase price will be provided as a cash payment, and the remainder of the amount will be pegged to development within Penell over the next two years.

The cash payment part of the purchase price will be paid from the company's liquid funds and the funds earmarked for acquisitions that RTX Telecom received in conjunction with the company's flotation on the Copenhagen Stock Exchange in June 2000.

Accounting

The purchase price for the Penell activities and competences will be entered as goodwill under assets in the Penell A/S accounts, and depreciated over a period of 10 years.

The shares in Penell A/S will be entered into the RTX Telecom accounts on the basis of their intrinsic value in Penell at the end of the financial year (the equity method).

Expectations regarding earnings

The acquisition of Penell is not expected to have any significant effect on the profits of the RTX Telecom group in the current 2000/2001 financial year or in the subsequent 2001/2002 financial year. In the short term, Penell will undertake further investments in building up the company's technology competences and in an intensified marketing effort. These expenses will be entered directly as expenses and paid for from operational budgets in Penell.

Penell is expected to make a positive contribution to the earnings of the RTX Telecom group by the 2002/2003 financial year, and in subsequent years.

The agreement is contingent on certain conditions being fulfilled, which is expected within a few weeks.

With regards
RTX Telecom A/S

Jørgen Elbæk
Managing director

Please contact managing director Jørgen Elbæk on +45 96 32 23 00 for answers to any questions and for further information.

The RTX Telecom Web site is at www.rtx.dk
The Penell Web site is at www.penell.dk