



GENERAL GUIDELINES FOR INCENTIVE PAY TO THE MANAGEMENT, PURSUANT TO SECTION 69B OF THE DANISH PUBLIC COMPANIES ACT, SECTION 139 OF THE DANISH COMPANIES ACT

GN STORE NORD A/S (CVR-NO. 24 25 78 43)

1. Introduction

Pursuant to Section 69b of the Danish Public Companies Act (in Danish: "aktieselskabsloven"), Section 139 of the Danish Companies Act (in Danish: "selskabsloven"), GN Store Nord A/S ("GN") has developed these general guidelines for incentive pay to members of the company's registered management (the "Executive Management") and such members' pay in GN's wholly-owned subsidiaries GN Netcom A/S ("Netcom") and GN ReSound A/S ("ReSound"). GN has prepared these general guidelines in cooperation with Moalem Weitemeyer Bendtsen Advokatpartnerselskab and Mercer (Danmark) A/S. Members of GN's board of directors ("GN's Board of Directors") will not receive remuneration under these guidelines.

These guidelines only comprise variable remuneration paid to members of the Executive Management after the general meeting in GN has been held on 18 March 2010. The warrant programme described in section 2 (the "Warrant Programme") and the cash bonus as defined and described in section 3 (in addition to base pay) are the only types of incentive pay covered by the guidelines.

The Warrant Programme in both Netcom and ReSound is based on the members of the Executive Management receiving warrants at market price at no charge. In the event that GN's Board of Directors determines that any share dividend or extraordinary dividend affect the value of the warrants such that an adjustment is determined by GN's Board of Directors to be appropriate in order to prevent dilution of the benefits or potential benefits intended to be made available under the Warrant Programme, then GN's Board of Directors shall adjust the exercise price for the relevant warrants downwards in line with general practice.

GN's Board of Directors makes the final decisions regarding the overall affairs of GN and is not covered by the Warrant Programme. GN thereby seeks to ensure that the Warrant Programme does not lead to carelessness or unreasonable conduct.

The allocation of the cash bonus to the Executive Management will be effected for the purpose of providing the Executive Management with an annual incentive in order to achieve specific short term objectives, defined by GN's Board of Directors, for ReSound and Netcom, respectively, each year.

It is the ambition of GN to be a high growth company delivering personal communication solutions with attractive earning margins comparable with competition. The allocation of warrants to the Executive Management will be effected for the purpose of providing the Executive Management with a special incentive during the length of the Warrant Programme to achieve the purpose defined in clause 2.2.

2. The Warrant Programme

2.1 *Participants*

Only members of the Executive Management in GN are covered by these guidelines. A similar program has been developed for a selected group of key employees throughout the world.

2.2 Purpose of the Warrant Programme

The purpose of establishing the Warrant Programme is: (i) to attract and retain the best possible leaders, (ii) to motivate the Executive Management to make dedicated and focused efforts to achieve long-term objectives, defined by GN's Board of Directors, including long-term value creation, for the benefit of the shareholders of GN and the employees of the group, (iii) to support the group's long-term objectives, and (iv) to reflect the interests of the shareholders in GN since a return to participants will be subject to an appreciation of the share price by ensuring that the warrants confer the right on the holder to subscribe for shares at a price equivalent to the market price at the allocation date (together the "Purpose").

As GN is a global company competing throughout the world, GN's Board of Directors believes that the programme must be competitive by international standards to allow recruitment of global leaders.

2.3 *Return on warrants*

In accordance with GN's group and management structure, the Warrant Programme provides for the warrant holder in ReSound or Netcom, respectively, to receive a return if value has been added in the relevant business unit. The results delivered in the other business unit are not taken into account. However, it is a condition for any pay out under the Warrant Programme that the share price of GN demonstrates a significant increase. The Warrant Programme is based on subscription rights to shares in ReSound and Netcom, respectively.

2.4 Main conditions for allocation

The Executive Management in Netcom and ReSound will receive a number of warrants in their respective business units at no charge. To achieve the Purpose and to take temporary fluctuations in the share price into account, allocation will be effected over three years. Allocation of warrants to a member of the Executive Management in one year shall not imply the same warrant allocation in subsequent years.

2.5 Terms

2.5.1 *Subscription rights*

One warrant confers the right on the holder to subscribe for one share in ReSound or Netcom, respectively, during the subscription period. The subscription period for each grant commences after three years and expires six years after grant.

2.5.2 *Share price for Netcom and ReSound*

The value of Netcom and ReSound shares, respectively, will be determined each quarter after the release of quarterly valuation reports ("Valuation Reports") based on analyses by five independent analysts. The first of such Valuation Reports each year will be based on the analyses of the annual report for the preceding year and will be prepared immediately after the publication of the annual report. The second, third and fourth Valuation Reports each year will be based on the analyses of the quarterly reports published at the end of the first, second and third quarter of the current year, respectively, and will be prepared immediately after the publication of such quarterly report. Exercise Windows will open quarterly, as defined and described in clause 2.5.5, following the completion of each Valuation Report.

2.5.3 *Exercise price*

The exercise price for the warrants will be determined as the average share price for Netcom and ReSound in the 5 days following the annual general meeting in the year in which the relevant warrants are allocated.

2.5.4 *Benchmarks*

The vesting of warrants under the Warrant Programme is conditional on the share price of Netcom or ReSound, as appropriate, over performing the development of a peer group index, calculated based on key competitors and industry segment indicators.

Baseline is determined based on the average share price of Netcom and ReSound, respectively, and the average peer group indices in the 5 days following the annual general meeting in the year in which the relevant warrants are allocated.

Allocated warrants can vest fully or partially, or fail to vest, three years after grant as determined by the performance of the share price of Netcom or ReSound, as appropriate, compared to the relevant peer index. GN's Board of Directors will set out benchmarks for full and partial vesting for each company at the time of the allocation of the relevant warrants.

Furthermore, it is a condition for the vesting of any warrants that the share price of GN has appreciated since the time of allocation of such warrants.

2.5.5 *Exercise Windows*

Warrants which have vested three years after grant as described above may be exercised during a four-week window ("Exercise Window") opening each quarter of each of the fourth, fifth and sixth year after allocation. The quarterly four-week window will open following the release of a Valuation Report concerning the value of the shares of ReSound and Netcom, respectively. The value of ReSound and Netcom, respectively, will be determined in the quarterly Valuation Reports as described in section 2.5.2.

If the warrants are not exercised before the expiry of the fourth quarterly Exercise Window in the sixth year after allocation, or if such warrants did not vest or did only vest partially because the relevant benchmark was not reached, the unexercised portion of such warrants will lapse.

The first allocation, allocated immediately after the ordinary general meeting in 2010, may thus be exercised not earlier than the Exercise Window immediately following the release of the Annual Report in 2013 and not later than the Exercise Window immediately following the release of the fourth Valuation Report of 2015, which is released after the third quarterly report of 2015.

2.5.6 Early exercise

Subscription rights may only be exercised earlier than as provided in the following cases: (i) on GN's sale of the relevant company, Netcom or ReSound, (ii) on the merger of Netcom or ReSound, as relevant, or of GN, with another company whereby a third party acquires a majority of the votes in the continuing company, (iii) on any takeover of GN, (iv) on the listing of Netcom or ReSound, as relevant, or (v) on any demerger of Netcom or ReSound, as relevant, or of GN. In each of the cases (i) to (v), the warrants may be exercised, to the extent that the value of the shares has reached the relevant benchmark for such warrants at the time of the event. If the value of the shares is not determined by a third party in connection with the relevant event, an extraordinary Valuation Report will be prepared to determine the value.

2.5.7 Exchange for shares in GN

Shares subscribed for in Netcom or ReSound must be subject to mandatory exchange for shares in GN immediately upon exercise to the effect that ReSound and Netcom remain wholly owned by GN, and the participants in the Warrant Programme will ultimately receive shares that can easily be traded. The exchange rate will be determined on the basis of the most recent valuation of the Netcom and ReSound shares, respectively, and the market price of the GN share at the exchange date.

The shares to be provided and used in the exchange of shares in ReSound and Netcom, respectively, for shares in GN will be taken from GN's holding of treasury shares, or GN's Board of Directors will adopt a capital increase in GN, at GN's Board of Directors' discretion.

2.5.8 Good/bad leaver provisions

If a Warrant Programme participant's employment relationship terminates for one of the following reasons: (i) resignation or (ii) dismissal on the grounds of serious breach on the part of the employee ("bad leaver"), any allocated but unexercised warrants will lapse immediately.

If the employment relationship is terminated for other reasons ("good leaver"), the employee shall be entitled to exercise any warrants already allocated in the first open Exercise Window following vesting.

2.5.9 Limits for gain

The Executive Management will not achieve a gain unless the share price of both GN and the relevant subsidiary, Netcom or ReSound, appreciates. The potential gross return to participants will follow the value creation in Netcom and Resound, respectively. However, the gross return to each member of the Executive Management will never exceed 0.25 % of the value creation in the relevant company, Netcom or ReSound, per allocation.

2.5.10 Grant valuation

The grant value of the Warrant Programme for the Executive Management (calculated by means of the Black-Scholes method and not taking into account the condition that the share price of Netcom or ReSound, as appropriate, must over perform the development of a peer group index), will be between zero and two-third of an annual target base salary for the position per allocation.

2.5.11 Control over values

The division of the Warrant Programme into several allocations will ensure that the incentive to optimise in a given year is minimal. At the same time, this ensures that the Warrant Programme will take into account any large share price fluctuations immediately before the allocation dates, because the exercise price is determined on the basis of the price/value on the various allocation dates.

Furthermore, GN's Board of Directors has a discretionary right to adjust the exercise price in case of exceptional and non-recurring events (whether or not these events is unknown at the allocation date, or known at the allocation date but its impact is not recognized at the allocation date) that affect the value of Netcom or ReSound, if GN's Board of Directors determines that such adjustment(s) is appropriate in order to avoid unintended dilution or increase in the value of warrants, because the value creation or income is not derived from Netcom's or ReSound's ordinary activities, in spite of the fact that such value creation may benefit the shareholders of GN.

2.5.12 Accounting treatment

For financial reporting purposes, the Warrant Programme will be treated as an equity-settled scheme pursuant to the international financial reporting standard on share-based payment (IFRS 2). Every year, the annual report will disclose information about the Warrant Programme, including the holding of warrants allocated and the market value thereof pursuant to the requirements in IFRS 2. GN will also provide information in the annual report about the remuneration to the Executive Management, including allocation and holding of warrants.

2.5.13 The company's tax treatment

GN will not enter into agreements as specified in section 7H of the Danish Tax Assessment Act (in Danish: "ligningsloven") with regard to the Warrant Programme.

Upon exercise of the warrants, the difference between the exercise price and the share price will be subject to tax as salary for the exercising participants. Netcom or ReSound, as relevant, will receive an equal tax allowance in the accounting year in which the warrants are exercised, see section 28 of the Danish Tax Assessment Act.

3. Cash bonuses

The members of the Executive Management are entitled to a cash bonus according to defined individual annual targets that are normally determined in connection with the preparation of the budget for Netcom or ReSound, as appropriate, for the coming year. The cash bonus target for each member of the Executive Management will normally be set at 50 % of the fixed annual base salary. The specific payment each year, normally up to 50 %, depends on the degree to which the specific and measurable targets defined have been met by the company and the individual member. These targets will primarily be based on the performance relative to budget of Netcom and ReSound, respectively, or other measurable personal performance of a financial or a non-financial nature. In cases where a member of the Executive Management achieves a performance significantly below or exceeding the targets defined by GN's Board of Directors, the cash bonus for one year may decrease or increase at the discretion of GN's Board of Directors. The cash bonus payout can never exceed 100 % of the target annual base salary for the position.

4. Existing incentive programs

Agreements on incentive pay concluded between the relevant participants and GN, Netcom and/or ReSound before the adoption of these general guidelines at GN's general meeting held on 18 March 2010 will continue on the terms agreed. Any extension or amendment of such agreements must be made in accordance with Section 69b of the Danish Public Companies Act, Section 139 of the Danish Companies Act.

Upon the adoption of this Warrant Programme, no further warrant allocations will be made under the warrant programme in effect in both of ReSound and Netcom adopted at GN's general meeting on 11 March 2008.

5. Publication and entry into force

These general guidelines were adopted at GN's ordinary general meeting held on 18 March 2010. The guidelines will enter into force on publication on GN's website – www.gn.com – immediately after the ordinary general meeting.

A specific agreement about allocation of warrants may not be entered into until, at the earliest, the day after the guidelines adopted by the shareholders at the general meeting are published on the website.

The guidelines will be applicable until the shareholders adopt new or amended guidelines at a general meeting.