



GN Store Nord A/S (CVR no. 24 25 78 43)

General guidelines for incentive pay to the management, cf. section 69 b of the Danish Public Companies Act

1. Introduction

Pursuant to section 69 b of the Danish Public Companies Act, GN Store Nord A/S ("GN") has determined these general guidelines for incentive pay to members of the company's registered executive 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"). Members of GN's Supervisory Board will not receive remuneration under these guidelines.

These guidelines only comprise variable remuneration paid to members of the Executive Management after the general meeting has been held. The warrant programme described in item 2 (the "Warrant Programme") and the cash bonus described in item 3 are the only types of incentive pay covered by the guidelines.

The Supervisory Board has resolved to establish the Warrant Programme primarily with a view to attracting and retaining the best possible management of the company. The Supervisory Board believes that the programme must be competitive by international standards so as to allow recruitment of foreign candidates.

The Warrant Programme in Resound is based on the members of the Executive Management making their own substantial investment, see item 2.4. The Warrant Programme in Netcom is based on the members of the Executive Management receiving warrants at no charge, but with a smaller potential gain than in Resound. In line with general practice, the exercise price will be adjusted downwards in the event dividends paid exceed a normal historic level for GN.

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

The Warrant Programme in Resound will support the company's long-term objectives since the term of the programme is five to seven years. In Netcom, the Warrant Programme has a shorter term because the strategic challenges and objectives have been determined with a relatively short time horizon. The term of this programme has been fixed at two to four years.

The Warrant Programme will reflect the interests of shareholders since a return to participants will be subject to an appreciation of the share price. This is done 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.

The allocation of a cash bonus to the Executive Management will be effected for the purpose of providing the Executive Management with a special incentive each year to seek to achieve specific objectives defined by the Supervisory Board for Resound and Netcom, respectively, in the relevant year.

2. The Warrant Programme

2.1. Participants:

Only variable pay to members of the Executive Management is covered by these guidelines, see item 1.

2.2. Purpose of allocating warrants

The purpose of establishing the Warrant Programme is primarily to attract and retain the best possible executive management in GN and its subsidiaries. In addition, the purpose is to motivate the Executive Management to make dedicated and focused efforts to achieve long-term objectives defined by GN's Supervisory Board, including long-term value creation, for the benefit of shareholders as well as employees of GN.

In accordance with GN's group and management structure, the programme provides for the CEO in charge of a business unit – Resound or Netcom – to receive a return if value has been added in the relevant business unit, regardless of the results delivered by the other business unit. Consequently, the programme is based on subscription rights to shares in Resound and Netcom, respectively.



2.3. Main conditions for allocation

Resound

A number of warrants in Resound will be allocated to members of the Executive Management against an investment of their own. To promote a long-term focus on value creation and to take temporary fluctuations in the share price into account, allocation – and the related investment – will be effected over three years, by one-third each year. One warrant confers the right on the holder to subscribe for one share in Resound when the subscription period commences.

Netcom

The Executive Management will receive a number of warrants in Netcom at no charge. To promote a long-term focus on value creation and to take temporary fluctuations in the share price into account, allocation will be effected over two years, that is by 50% each year. One warrant confers the right on the holder to subscribe for one share in Netcom when the subscription period commences.

2.4. Terms

Co-investment - Resound

The Executive Management in Resound will receive warrants in Resound against making a substantial co-investment of approximately DKK 4 million.

Co-investment - Netcom

In Netcom, the Executive Management will receive warrants at no charge.

Subscription rights - Resound

One warrant gives a participant the right to subscribe for one share in Resound. The subscription right has a term of five years. The subscription right may be exercised during a four-week period following the release of the Annual Report in the third, fourth and fifth year after allocation. The first allocation may thus be exercised during an exercise period not earlier than immediately after the release of the Annual Report in 2011 and not later than after the release of the Annual Report in 2013. The value of the company and thereby the share price will be determined not less than once a year by way of a valuation prepared by at least one major established Danish bank or accounting company.

If the subscription right is not exercised before the expiry of the exercise period in the fifth year after allocation, it will lapse, and the investment made by the Executive Management will be lost.

Subscription rights - Netcom

One warrant gives a participant the right to subscribe for one share in Netcom. The subscription right has a term of three years. The subscription right may be exercised during a four-week period following the release of the Annual Report in the first, second and third year after allocation. The first allocation may thus be exercised during an exercise period not earlier than immediately after the release of the Annual Report in 2009 and not later than after the release of the Annual Report in 2011. The value of the company and thereby the share price will be determined not less than once a year by way of a valuation prepared by at least one major established Danish bank or accounting company.

If the subscription right is not exercised before the expiry of the exercise period in the third year after allocation, it will lapse.

Subscription price

The subscription price or the exercise price will be determined as the share price at the allocation date.

Early exercise

Subscription rights may only be exercised earlier than as provided above in the following cases (i) on GN's sale of Netcom or Resound, (ii) on GN's, Netcom's or Resound's merger 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 or (v) on any demerger of GN. In any of the above cases, the Executive Management will receive a cash compensation if the book value of the warrants allocated (the difference between the exercise price and the market price at the allocation date) is lower than the value of the investment at the time of a change of control. The compensation will be calculated as the value of the warrants allocated less the book value. The value of the warrants will be calculated according to the internationally recognised Black & Scholes model. That model values warrants on the basis of term, rate of interest and the historic volatility of the share.



Conversion

Shares subscribed for in Netcom and Resound must be subject to mandatory conversion to GN shares immediately upon subscription to the effect that Resound and Netcom remain wholly owned by GN, and the participants in the Warrant Programme ultimately receive shares that can easily be traded. The conversion price 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 conversion date.

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"), GN shall be entitled to buy the participant's warrants at a price equal to the lower of the book value (the difference between the market price and the exercise price) and the subscription price.

If the employment relationship is terminated for other reasons ("good leaver") GN shall be under an obligation to buy back warrants at a value equal to the market price on the date of severance (calculated according to the Black & Scholes method).

Limits for gain - Resound

The Executive Management will invest a substantial amount and will not achieve a gross gain until the share price has appreciated, see the table below (1):

Annual increase in share price	Total value added over 7 years (DKK million)	The Executive Management's share over 7 years (DKK million)	The Executive Management's percentage share of the value creation
0%	0	0	0%
5%	1.680	7	0.4%
10%	3.900	16	0.4%
15%	6.900	28	0.4%

(1) Based on the sum of the undiscounted gross return (pre-tax).

Limits for gain - Netcom

The Executive Management will not achieve a gross gain until the share price has appreciated, see the table below (1):

Annual increase in share price	Total value added over 4 years (DKK million)	The Executive Management's share over 4 years (DKK million)	The Executive Management's percentage share of the value creation
0%	0	0	0%
5%	348	3	0.8%
10%	749	6	0.8%
15%	1.209	10	0.8%

(1) Based on the sum of the undiscounted gross return (pre-tax).

No cap has been fixed for the potential gross return to participants since the value will follow the value creation in Netcom and Resound. But the gross return to the Executive Management will never exceed 0.4% of the value creation in Resound and 0.8% of the value creation in Netcom.

Valuation

The present value of the Warrant Programme for the Executive Management (calculated by means of the Black & Scholes method), less the amount of co-investment in the case of Resound, is estimated to be approximately half an annual salary, including a cash bonus, per allocation (3 allocations for Resound, corresponding to a total of approximately 1½ annual salary and 2 allocations for Netcom corresponding to a total of approximately 1 annual salary, respectively).



Control of values

The division of the Warrant Programme into several allocations will ensure that there is no incentive to optimise in a given year. At the same time, this ensures that the 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.

Provision of shares

The shares to be provided and used in the conversion of shares in Netcom and Resound, respectively, into shares in GN will be taken from GN's holding of treasury shares.

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 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.

The company's tax treatment

GN will not have a tax allowance in respect of the value at the exercise date as the provisions in section 7H of the Danish Tax Assessment Act apply. The provisions in section 7H of the Danish Tax Assessment Act prevent GN from deducting the difference between the exercise price and the market price at the exercise date as a salary expense.

3. Cash bonuses

The members of the Executive Management are entitled to a cash bonus according to the annually defined individual targets that are normally determined in connection with the preparation of the budget for the coming year. The cash bonus for each member of the Executive Management will normally be set at a maximum of 50% of the fixed annual base salary. However, the specific payment will each year depend on the degree to which the targets defined have been met by the individual member. These targets will primarily be based on the budgeted performance of Resound and Netcom, 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 very significantly exceeding the targets defined by the Supervisory Board, the cash bonus for one year may increase to a maximum of 100% of the fixed annual base salary.

4. Existing incentive programmes

Agreements on incentive pay for the relevant participants concluded before the adoption of these guidelines at GN's general meeting held on March 11, 2008 will continue on the terms agreed. Any extension or amendment of such agreements must be made in accordance with section 69 b of the Danish Public Companies Act.

5. Publication and entry into force

These general guidelines were adopted at GN's Annual General Meeting held on March 11, 2008. The guidelines will enter into force on publication on the company's website www.gn.com immediately after the general meeting.

A specific agreement about allocation of warrants may not be made until, at the earliest, the day after the guidelines adopted by the shareholders in general meeting have been published on the website.

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