



April 14, 2010

**ANNOUNCEMENT NO: 14**

## **Board of Directors of GN Store Nord A/S Approves Incentive Program for the Executive Management and Key Employees**

With reference to the General Guidelines for Incentive Pay to the Management approved at the Annual General Meeting on 18 March 2010, the Board of Directors of GN Store Nord A/S ("GN") has approved and implemented a warrant-based incentive program. Warrants under the program will be granted to the executive management and other carefully selected key managers and key employees of GN, GN ReSound A/S ("ReSound") and GN Netcom A/S ("Netcom").

The Program has been implemented in accordance with the Guidelines for Incentive Pay to the Management, which is available at [www.gn.com](http://www.gn.com). Executive management and key employees in ReSound will receive warrants in ReSound, the CEO and key employees in Netcom will receive warrants in Netcom, and key employees in GN will receive 50% warrants in each of ReSound and Netcom. Upon exercise one warrant shall give the right to subscribe for one share in the relevant company. Also, upon the exercise of warrants, the shares subscribed for shall be exchanged for shares in GN. The rate of share exchange shall be based on the share price of GN and Netcom/ReSound, as appropriate, at the time of exchange.

Grants shall take place in 2010, 2011 and 2012. A maximum of 3,100 warrants in ReSound and 1,460 warrants in Netcom shall be granted over this period (including warrants to key employees in GN).

In 2010, executive management and other carefully selected key managers and key employees in ReSound and key employees in GN shall be granted 850 warrants in ReSound. The exercise price for the 2010 warrants in ReSound is DKK 64,898 per share.

In 2010, the CEO and other carefully selected key managers and key employees in Netcom and key employees in GN shall be granted 229 warrants in Netcom. The exercise price for the 2010 warrants in Netcom is DKK 54,568 per share.

The exercise price for the grant in 2010 is calculated based the average share price of GN over the five days following the Annual General Meeting (19 March - 25 March), which is DKK 32.6. This share price is allocated to Netcom and ReSound based on equity research reports on GN with 59% of the share price of GN allocated to ReSound and 26% to Netcom, while the remaining value is allocated to other GN activities.

Warrants granted vest six days after the release of GN's annual report in the third year after the grant year. Warrants vested may be exercised four times per year during the four-week periods following the release of GN's annual report and the release of GN's



quarterly reports for the first, second and third quarter, in each of the third, fourth and fifth year after the grant year. Warrants which are not exercised will lapse six years after the grant.

Grants and vesting of warrants are subject to the holder remaining employed with the GN Group, except as required by the Share Option Act (in Danish: "aktieoptionsloven") as regards wage earners (in Danish: "lønmodtagere").

In 2011 and 2012, warrants under the warrant program shall be granted at the discretion of the Board of Directors of GN. If a manager or employee receives warrants in 2010, it does not imply that he or she automatically receives warrants in 2011 and 2012.

The total number of warrants granted and to be granted in ReSound equals maximum 5.2% of the total share capital in ReSound before exercise of warrants, and the total number of warrants granted and to be granted in Netcom equals maximum 4.7% of the share capital in Netcom before exercise of warrants. Because the grant of warrants in Netcom and ReSound will take place over a period of several years, the warrant holders will receive a lower share of the expected value creation in the company compared to their final ownership of the share capital as stated above.

The total market value of warrants granted in 2010, calculated by means of the Black-Scholes model and a Monte Carlo simulation, is estimated at approximately DKK 5.3 million for ReSound and DKK 1.6 million for Netcom.

The market value of the warrant program is based on the following additional assumptions:

- The expected duration of the warrant program is assumed to be six years for GN, ReSound and Netcom.
- It is assumed that there will be an annual dividend payment from GN of 2% of the share value in the duration of the warrant programs, and no dividend payment in either Netcom or ReSound.
- The volatility of the ReSound share is assumed to be 28%, while for Netcom it is assumed to be 49%.
- The risk-free interest rate has been set at 2.7% for both the ReSound program and the Netcom program.

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