



June 20, 2008

ANNOUNCEMENT NO: 16

Supervisory Board of GN Store Nord A/S approves incentive program for the Executive Management and senior employees

With reference to the general guidelines for incentive pay to management, approved by the shareholders at the Annual General Meeting held on 11 March 2008, the Supervisory Board of GN Store Nord has, as of 19 June 2008, approved a warrant-based incentive program whereby the Executive Management and other senior employees of GN's subsidiaries, GN ReSound A/S and GN Netcom A/S, will be granted warrants, entitling the holder to subscribe shares in GN ReSound and GN Netcom respectively.

The purpose of the program is to attract and retain the best and most qualified employees to GN ReSound and GN Netcom in order to ensure that both companies develop successfully. The objective is to ensure long-term growth and value creation and thereby to align ownership and management interests going forward.

In GN ReSound, one-third of the total number of warrants available will be granted annually over a three-year period from 2008 to 2010. Warrants granted will vest the day after the release of GN's annual report in the third year after the grant. Warrants vested may be exercised during a four-week period following the release of GN's annual report in each of the third, fourth and fifth years after the grant.

GN Resound's CEO, CFO and its Senior Vice Presidents will on subscription receive warrants against payment of a price per warrant to be determined by the Supervisory Board. GN Resound's CEO was contractually granted warrants on 15 March 2008 and will be eligible to subscribe shares at a price equal to the average GN ReSound share price in the period 11 March 2008 – 15 March 2008. Other investing GN ReSound employees were granted warrants on 28 May 2008 and will be eligible to subscribe shares at a price equal to the average GN ReSound share price on 28 May 2008 less a discount of up to 15%.

Other senior GN ReSound employees will be granted warrants at no consideration on 24 June 2008 and will be eligible to subscribe shares at a price equal to the average GN ReSound share price in the period 17 June 2008 – 23 June 2008.

In GN Netcom, one-half of the total number of warrants available will be granted in each of 2008 and 2009. Warrants granted will vest the day after the release of GN's annual report in the year after the grant. Warrants are granted at no consideration. Warrants vested may be exercised during a four-week period following the release of GN's annual report in each of the first, second and third years after the grant.

GN Netcom's CEO was contractually granted warrants on 15 March 2008 and will be eligible to subscribe shares at a price equal to the average GN Netcom share price in the period 11 March 2008 – 15 March 2008.

Other GN Netcom employees will be granted warrants on 24 June 2008 and will be eligible to subscribe shares at a price equal to the average GN Netcom share price in the period 17 June 2008 – 23 June 2008.

Warrants granted in 2009 and 2010 will give the holder the right to subscribe shares at a price equal to the average share price of GN ReSound and GN Netcom, respectively, in the five days following the Annual General Meeting of GN Store Nord. GN Netcom shares and GN ReSound shares will be converted into GN Store Nord shares after subscription. Grants and vesting of warrants are subject to the holder remaining employed with the GN Store Nord Group.

The warrant program in GN ReSound is comprised of a total of 3,325 warrants that will be granted over three years, with an allocation of about 1,120 warrants in the first year. In GN ReSound, 575 warrants will be granted to the CEO and CFO, with 192 warrants being allocated in the first year, 192 in the second year and 191 in the third year. The total number of warrants granted in GN ReSound equals approximately 5.5% of the total share capital before exercise of warrants.

In GN Netcom, the warrant program is comprised of a total of 3,430 warrants that will be granted over two years with an allocation of about 1,715 warrants in the first year. In GN Netcom, 744 warrants will be granted to the CEO and CFO, with 372 warrants being allocated in each year. The total number of warrants granted in GN Netcom equals approximately 11.4% of the share capital before exercise of warrants.

Since the grant of warrants in GN Netcom and GN 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.

Based on the standard warrant pricing model, Black-Scholes, the total market value of warrants granted in GN ReSound this year is estimated at approximately DKK 21.2 million with the warrant holders investing approximately DKK 3.6 million. Accordingly, the program has a net value of approximately DKK 17.6 million. For GN Netcom, the total market value of warrants granted this year is estimated at approximately DKK 32.3 million with no investment made by the warrant holders.

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



The closing price of GN shares on 17 June 2008 was DKK 29.00. The prices of GN ReSound and GN Netcom shares have been determined by an independent financial adviser. The allocation was made on the basis of consensus estimates from available equity research reports on GN. Based on these consensus estimates for enterprise value and net debt including amounts owed to group companies for each entity, 48% of the share price of GN is allocated to GN ReSound and 33% to GN Netcom, while the remaining value is allocated to other GN activities.

The maximum duration of the warrant program is five years for GN ReSound and three years for GN Netcom. The expected duration of the warrant program, as applied in the valuation, is assumed to be four years for GN ReSound and two years for GN Netcom.

It is assumed that there will be no dividend payments in the duration of the warrant programs. The volatility of the GN ReSound share is assumed to be 40%, while for GN Netcom it is assumed to be 45%. The risk-free interest rate has been set at 5.52% for the GN ReSound program and 5.76% for the GN Netcom program.

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