

## **Compensation for Executive Board members**

The compensation of Executive Board members is made up of fixed and variable components. The variable components include one-time as well as annually payable components linked to business performance and components with long-term incentive and risk elements. The incentive plan serves as the variable compensation component with long-term incentive and risk elements that is related to demanding relevant comparison parameters.

### **Incentive plan**

The company's Supervisory Board approved an incentive plan for the Executive Board and senior staff on 8 December 2004. This plan has two components: it is oriented firstly to the performance of NA shares and is triggered when the NA share price has risen by a previously determined percentage during the reference period (Part A). Secondly, the incentive plan is oriented to the performance of NA shares compared with the performance of the CDAX (Part B). The incentive plan is not financed by an increase in the company's capital, but through the income statement as personnel expenses (phantom stocks).

Participation in the incentive plan is conditional on the continued ownership of a certain number of NA shares. One acquired share is entitled to five options in each case from Part A and Part B. The profit per option is limited to the NA share price at the beginning of the term.

### **Explanation:**

The plan consists of two components:

## Part A

The hurdle component takes into account the performance of NA shares during the reference period (usually three years) and is only triggered once the price has risen by a percentage defined at the beginning of the term (usually an exercise hurdle of 10 %). The difference between the price when exercising the option plus the most recent dividend and the price at the beginning of the term multiplied by the number of options is paid out.

### Simplified example 1:

NA share price at the end of the reference period:	€ 14.40
NA share price at the beginning of the reference period:	€ 12.50
Difference:	€ 1.90
Increase:	15.2 %

Since the increase is more than 10 %, the options can be exercised.

Number of options x € 1.90 = gain.

### Simplified example 2:

NA share price at the end of the reference period:	€ 13.50
NA share price at the beginning of the reference period:	€ 12.50
Difference:	€ 1.00
Increase:	8 %

Since the increase is less than 10 %, the options cannot be exercised.

## Part B

The performance component takes into account the performance of NA shares in relation to the performance of the CDAX and is only triggered if NA shares outperform the CDAX over a period of three years.

Simplified example:

Share price at the end of 3 years:	€ 14.40
Increase in price of 15 %:	Performance factor 1.15
Increase in CDAX of 6 %:	Performance factor 1.06

→ Performance quotient:  $\frac{1.15}{1.06} = 1.09$

→ Conversion price:  $\frac{€ 14.40}{1.09} = € 13.21$

→ Value of an option: € 14.40 - € 13.21 = € 1.19

→ Gain = 1.19 x number of options

## Cap

The gain per option is limited to the NA share price at the beginning of the term.

Simplified example:

NA share price at end of the reference period:	€ 30.00
NA share price at beginning of the reference period:	€ 12.50
Difference:	€ 17.50
but with a cap of	€ 12,50 per option

The share options and the new incentive plan are therefore related to relevant demanding comparison parameters. It is not permitted to subsequently amend the targets or the comparison parameters.

## Compensation of the Supervisory Board

The compensation of the Supervisory Board is covered by § 12 of the Articles of Association of Norddeutschen Affinerie Aktiengesellschaft and was redefined with effect from 1 April 2007.

- 1) Each member of the Supervisory Board shall receive, in addition to the reimbursement of expenses incurred while exercising his office, fixed compensation of € 10,000 per fiscal year. The Chairman of the Supervisory Board shall receive twice this amount, his Deputy one and a half times this amount. Supervisory Board members, who belong to a Supervisory Board committee, shall receive an additional € 2,500 per fiscal year per committee, however, not more than € 5,000 per fiscal year. Supervisory Board members, who are in the chair of a Supervisory Board committee, shall receive an additional € 5,000 per fiscal year per chairmanship, however not more than € 10,000 per fiscal year.
- 2) Apart from the fixed component in accordance with Section 1, the members of the Supervisory Board shall receive a performance-related bonus of € 200 per € 0.01 of dividend distributed to the shareholders in excess of € 0.20 per no-par-value share for the fiscal year. The Chairman of the Supervisory Board shall receive double, his Deputy 1.5 times this amount.
- 3) In addition, each member of the Supervisory Board shall receive an annual bonus linked to the company's long-term performance in the amount of € 500 for every € 1,000,000 of the company's earnings before taxes (EBT) in excess of € 70,000,000 per annum on average over the last three fiscal years (reference period). The Chairman shall receive double, his deputy 1.5 times this amount.
- 4) The compensation in accordance with paragraphs 1 to 3 shall be payable on the day after the Annual General Meeting, when the resolution is passed on the appropriation of the consolidated net income of the respective fiscal year.
- 5) Supervisory Board members shall receive an attendance fee in the amount of € 500 for each meeting of the Supervisory Board and of its committees that they attend.
- 6) Furthermore, members of the Supervisory Board shall receive the value added tax payable on their compensation and on the reimbursement of their expenses.
- 7) Supervisory Board members, who have only served on the Supervisory Board or one of its Committees for part of a fiscal year, shall receive compensation pro rata temporis.

The ruling of § 12 of the old Articles of Association shall apply for activities up to 31 March 2007:

- 1) Apart from having the expenses refunded which arise in the exercise of their office, each member of the Supervisory Board shall receive fixed compensation in the amount of € 10,000.00/fiscal year. The Chairman of the Supervisory Board shall receive double, his Deputy one and a half times this amount. Supervisory Board members, who belong to a Committee of the Supervisory Board, shall receive an additional € 2,500.00/fiscal year per Committee, however, in total at the most € 5,000.00/fiscal year. Supervisory Board members, who are in the chair in a Supervisory Board Committee, receive an additional € 5,000.00/fiscal year per Chairmanship in a Committee, however in total € 10,000.00/fiscal year at the most.
- 2) In addition to the fixed compensation in accordance with par. 1 the members of the Supervisory Board shall receive a success-oriented bonus in the sum of € 200 per cent dividend distributed to shareholders in excess of 20 cents per bearer share for the respective fiscal year.
- 3) The compensation as per par. 1 and par. 2 shall be paid at the end of the respective fiscal year. It is due on the day after the Annual General Meeting at which the resolution is passed on the appropriation of die annual surplus for the respective fiscal year.
- 4) Furthermore, the members of the Supervisory Board shall be refunded the value-added tax payable on the compensation and the reimbursement of expenses.
- 5) Supervisory Board members, who do not belong to the Supervisory Board or one of its Committees for the whole fiscal year, shall receive compensation in accordance with the length of office.