

## **Guidelines for incentive-based remuneration for the management of Rockwool International A/S approved at the General Assembly of 23 April 2008.**

These guidelines are the overall guidelines for Rockwool International A/S' incentive-based remuneration to the registered Management (in Danish "Direktionen") of Rockwool International A/S. Incentive-based remuneration is, notably, not given to members of the Board of Directors who instead receive a fixed fee approved by the General Meeting.

Incentive schemes for the Management are allocated in accordance with these guidelines which are subject to approval by the General Meeting.

It is noted that the schemes mentioned in the following have by and large remained unchanged and part of the company's practice for many years. The bonus schemes were introduced in the 1980's and stock options schemes in 1998.

Incentive schemes may include all members of Management and may take form of a cash bonus, stock options or both. It is the Board's assessment that these types of incentive schemes are suitable to retain and attract qualified managers and to put the individual manager's interests in alignment with the interests of the shareholders in the short term as well as in the long term.

Bonus agreements with Management are entered into on yearly basis. The bonus may amount to anywhere between 0% and 40% of the annual salary that entitle to pension contributions. The bonus size will depend on the degree of fulfilment of a number of targets laid down by the Board and based upon the company's budgeted financial results or other financial key figures and measurable personal achievements of a financial or non-financial nature. The agreed bonus basis – i.e. the cash bonus a manager is initially expected to obtain in a year – usually amounts to half of the maximum bonus.

In addition to cash bonus, the Board may decide to grant stock options to Management. The options may have duration of up to 6 years and can normally be exercised 3 years at the earliest and 6 years at the latest after the grant. Generally, the options must be exercised in open trading windows. The stock that the company has to deliver upon exercise of the stock options, will comprise of already existing issued stock which the company acquires in the market and, thus, the company's share capital will not increase upon exercise of the options.

The acquisitions of stock referred to above shall take place in the most recent open trading window prior to the date of grant. The exercise price of the options must as a minimum be equal to the average acquisition price of the shares acquired by the company for this purpose.

It may be agreed that a part of the options may be settled in cash with no right and no obligation for the company to deliver shares (phantom shares). In this case, the exercise price shall be the same as for the options where actual shares are delivered.

Each grant is individual and separate and the number of allocated options will be determined in each case based on the interest in retaining the recipient in his/her position in the company. Bonus schemes are a part of the remuneration of Management whereas stock options are granted in addition to a competitive salary. A grant of stock options does not reduce the base salary, which is - on the contrary - the case for an assignment of a bonus scheme.

The total number of non-exercised options which at any given point in time may be granted to Management and other executive employees may as a maximum comprise rights to purchase shares not exceeding 3% of the share capital. Moreover, within the one year period that passes from one ordinary General Meeting to the next, Management and other executive employees may only be granted options which in total comprise rights to purchase 110,000 shares each with a nominal value of DKK 10. In addition to these limitations the Board has decided, in order to ensure the largest degree flexibility, not to define further limitations as to the value of stock options grants to Management.

Below is a sample calculation of the estimated present value of the stock options, at the time of grant, in the event of a full allocation in a given year. Information about the actual value of the stock options assigned in a financial year will be contained in the annual report.

The Group has - in relation to a majority of the countries in which options are allocated – tax deductions for costs equal to the gain on the options and the cash remuneration given as incentive remuneration.

Example of calculation of the present value of stock options:

In the event of an allocation of stock options which give the right to purchase 110,000 shares, each with a nominal value of DKK 10, at market price as of 1 February 2008 the total present value at such time will amount to DKK 38,314,785 (calculated based on the Black-Scholes formula according to the same principles as applied in the annual report 2007).