

# ORKLA ASA

## NOTICE OF ORDINARY GENERAL MEETING

The Ordinary General Meeting of Orkla ASA will be held at Gamle Logen, Grev Wedels plass 2, 0151 Oslo, on **Thursday, 19 April 2007 at 3.00 p.m.**

The agenda is as follows:

1. **Approval of the financial statements for 2006 for Orkla ASA and the Orkla Group and the annual report of the Board of Directors, including approval of a share dividend for 2006 of NOK 10.00 per share, except for shares owned by the Group**

2. **Amendments to the Articles of Association**

In order to bring the Articles of Association into conformity with the Norwegian Code of Practice for Corporate Governance, the Board of Directors presents the following proposal:

Article 18, first paragraph, shall read as follows:

*"The General Meeting shall elect two to five members to a Nomination Committee for up to two years at a time, and among these the chairman of the Nomination Committee, and shall determine the remuneration of the Nomination Committee."*

3. **Change in the nominal value of the share**

The price of an Orkla share has risen significantly in the last few years, and is now one of the highest prices listed on the Oslo Stock Exchange. The price of a share is significantly higher than that of shares in most other comparable companies. In the light of this, the Board of Directors proposes to split the share on a five-for-one basis by changing the nominal value of the share from NOK 6.25 to NOK 1.25. This will also mean that current shareholders will have five times as many shares as they own at present. The company's share capital will remain unchanged, and the value of each shareholder's shareholding will be the same as before. The Board of Directors assumes that splitting the share in this way will have a positive effect on the share over time as more people will invest in the share. The Board proposes that the change take effect on 20 April 2007.

The Board of Directors proposes that the General Meeting adopt the following resolution:

*"The General Meeting of Orkla ASA resolves to split the share on a five-for-one basis, thereby changing the nominal value of the share from NOK 6.25 to NOK 1.25 and increasing the total number of shares from 208,286,194 to 1,041,430,970."*

The five-for-one share split and related increase in the number of shares will necessitate a corresponding amendment of Article 1, first sentence, of the Articles of Association, which will then read:

*"Orkla ASA is a public limited company with a share capital of NOK 1,301,788,712.50 consisting of 1,041,430,970 fully paid up shares, each with a par value of NOK 1.25."*

4. **Reduction of capital by redemption of the company's own shares**

As of 31 December 2006, Orkla ASA owned a total of 2,365,095 Orkla ASA shares. The company acquired 1,000,000 of the company's own shares in 2006. The Board proposes to reduce the company's share capital by redeeming (amortising) 1,000,000 shares owned by Orkla

ASA in accordance with the rules laid down in the Public Limited Companies Act. The Board has found it expedient to retain approximately 1,350,000 shares in Orkla ASA's ownership in order to be able to fulfil its obligations under the current incentive system and employee share purchase programme.

The capital reduction will not entail any payment from the company. The amount by which the share capital will be reduced will be used to cancel the company's own shares. The auditor has confirmed that, after the capital reduction, the company's tied-up capital will be fully covered.

The Board of Directors proposes that the General Meeting adopt the following resolution, which has been formulated on the assumption that the Board's proposal in item 3 to split the share is adopted:

*"The General Meeting of Orkla ASA resolves to reduce share capital by NOK 6,250,000 from NOK 1,301,788,712.50 to NOK 1,295,538,712.50 by redeeming (amortising) 5,000,000 shares owned by Orkla ASA. The number of shares in the company will be reduced from 1,041,430,970 to 1,036,430,970. The amount by which the share capital is reduced will be used to cancel the company's own shares."*

Reducing share capital by redeeming the company's own shares will necessitate a corresponding amendment to Article 1, first sentence, of the Articles of Association, which will then read:

*"Orkla ASA is a public limited company with share capital of NOK 1,295,538,712.50 consisting of 1,036,430,970 fully paid up shares, each with a par value of NOK 1.25."*

If the proposal in item 3 to split the share is not adopted, the proposal to redeem the company's own shares shall be amended from 5,000,000 shares to 1,000,000 shares, and the amendment to Article 1 of the Articles of Association shall be adjusted accordingly.

5. **Authorisation for the Board of Directors to acquire the company's own shares**

At the Ordinary General Meeting on 27 April 2006, the Board of Directors was authorised to acquire the company's own shares until the Ordinary General Meeting in 2007.

The Board of Directors proposes that this authorisation be renewed.

Authorisation to acquire the company's own shares was granted for the first time at the General Meeting on 7 May 1998 and has been renewed each year. Since 7 May 1998 and up to the present date the company has acquired 12,447,526 shares in Orkla ASA in accordance with the authorisation.

The reason for this proposal is, as before, to enable the Board to avail itself of the possibility pursuant to section 9-2 et seq. of the Public Limited Companies Act to acquire the company's own shares up to a maximum value of 10 % of share capital.

Shares acquired pursuant to this authorisation assumes to be amortised or used for employee incentive programmes, cf. item 7 of the agenda.

The Board of Directors proposes the following resolution, cf. section 9-4 of the Public Limited Companies Act, which has been formulated

on the assumption that the Board's proposal in item 3 to split the share is adopted:

"The General Meeting of Orkla ASA hereby authorises the Board of Directors to permit the company to acquire shares in Orkla ASA with a nominal value of up to NOK 125,000,000 divided between a maximum of 100,000,000 shares, provided that the company's shareholding of own shares shall not exceed 10 % of shares outstanding at any given time. The amount that may be paid per share shall be no less than NOK 4 and no more than NOK 120. The Board of Directors shall have a free hand with respect to methods of acquisition and disposal of the company's own shares. This authorisation shall apply from 20 April 2007 until the date of the Ordinary General Meeting in 2008."

If the proposal to split the share is not adopted, the proposal to authorise the acquisition of shares in Orkla ASA shall be amended to the effect that the number of shares that may be acquired is 20,000,000, and the amount that may be paid per share shall be no less than NOK 20 and no more than NOK 600.

#### **6. Authorisation for the Board of Directors to increase share capital through the subscription of new shares**

At the Ordinary General Meeting on 27 April 2006, the authorisation granted to the Board of Directors to increase share capital by up to NOK 90,000,000 through the subscription of new shares was renewed. The authorisation applies until the Ordinary General Meeting in 2007.

The Board of Directors proposes that the authorisation be renewed.

Such authorisation has regularly been granted by previous General Meetings. The reason for this proposal is, as before, that the authorisation will simplify procedures if it should prove desirable to further develop the Group's core businesses by acquiring companies in return for consideration in the form of subscription of new shares or otherwise increase share capital by means of private placings.

The Board of Directors proposes the following resolution, cf. sections 10-14 to 10-19 of the Public Limited Companies Act, which has been formulated on the assumption that the Board's proposal in item 3 to split the share is adopted:

"The General Meeting of Orkla ASA hereby authorises the Board of Directors to increase share capital through the subscription of new shares with an aggregate nominal value of up to NOK 90,000,000, divided between a maximum of 72,000,000 shares, each with a nominal value of NOK 1.25. This authorisation may be used for one or more share issues.

The Board of Directors may decide to deviate from the pre-emptive right of shareholders to subscribe for shares pursuant to section 10-4 of the Public Limited Companies Act.

The Board of Directors may decide that payment for the shares shall be effected in assets other than cash, or the right to subject the company to special obligations pursuant to section 10-2 of the Public Limited Companies Act. If payment is made in assets other than cash, the Board may decide that such assets shall be transferred to a subsidiary in return for a corresponding settlement between the subsidiary and Orkla ASA.

The authorisation also applies to mergers pursuant to section 13-5 of the Public Limited Companies Act.

This authorisation shall apply from 20 April 2007 until the date of the Ordinary General Meeting in 2008."

If the proposal to split the share is not adopted, the proposal shall be amended to authorisation to increase share capital by up to 14,400,000 shares, each with a nominal value of NOK 6.25.

#### **7. Orkla's terms and conditions policy, remuneration of senior executive management and the Group's incentive programmes**

##### **7.1 Presentation of Orkla's terms and conditions policy and the Board of Directors' declaration of guidelines for the pay and other remuneration of the senior executive management**

The Board of Directors declaration is included as note 5 to the annual accounts for Orkla ASA

##### **7.2 Advisory vote on the Board of Directors' guidelines for the remuneration of the senior executive management for the coming financial year**

##### **7.3 Approval of guidelines for share-related incentive arrangements**

#### **8. Election of members and deputy members to the Corporate Assembly**

The recommendation of 7 March 2007 is attached herewith.

#### **9. Election of members to the Nomination Committee and the Committee chairman, cf. item 2 of the agenda**

The recommendation of 7 March 2007 is attached herewith.

#### **10. Remuneration of members and deputy members of the Corporate Assembly**

The recommendation of 7 March 2007 is attached herewith.

#### **11. Remuneration of members of the Nomination Committee**

The recommendation of 7 March 2007 is attached herewith.

#### **12. Approval of the Auditor's remuneration**

Pursuant to Article 17 of the Articles of Association, the General Meeting will be opened and chaired by the Chairman of the Corporate Assembly.

Shareholders wishing to attend the General Meeting, either in person or by proxy, must notify the company accordingly in advance. Notice of attendance must be received by DnB NOR Bank ASA, Securities Services, no later than 3.00 p.m. on Monday, 16 April 2007.

The notice of attendance/proxy form is attached herewith. Notice of attendance may also be given electronically through the bank's "Investortjenester" or Orkla's website [www.orkla.com](http://www.orkla.com).

The shares will be quoted exclusive of the dividend on 20 April 2007. As a matter of form, it is emphasised that the proposal regarding the dividend, cf. item 1 above, applies to the number of shares prior to the implementation of the share split and the increase in the number of shares that is proposed in item 3.

Subject to the decision of the General Meeting regarding the share dividend, the dividend will be paid on 3 May 2007 to shareholders of record as of the date of the Ordinary General Meeting. In order to avoid loss or delay, shareholders must give notice of their acquisition of shares and any change of address as soon as possible, and specify the account into which dividends are to be paid to the bank/stockbroker selected as account manager in respect of the Norwegian Central Securities Depository.

Oslo, 23 March 2007

Harald Arnkværn  
Chairman of the Corporate Assembly

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# APPENDIX TO ITEM 8, 9, 10 AND 11 ON THE AGENDA

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To the General Meeting of Orkla ASA

## ELECTION OF MEMBERS AND DEPUTY MEMBERS TO THE CORPORATE ASSEMBLY

### 1. Introduction

The Nomination Committee has discussed the composition of the Corporate Assembly, including deputy members, at four meetings. The Nomination Committee has written to the twenty largest shareholders and has also held meetings and had contacts with representatives of several shareholders.

In connection with the coming election, the Nomination Committee has considered it desirable to have the greatest possible degree of continuity in the membership of the Corporate Assembly.

Further grounds for the recommendation of the Nomination Committee will be given at the General Meeting.

### 2. The Corporate Assembly

#### 2.1 Members

At the General Meeting of Orkla ASA in spring 2005, the following members of the Corporate Assembly were elected for a term of two years:

|                       | <u>Elected from</u> |
|-----------------------|---------------------|
| Harald Arnkværn       | 2001                |
| Elisabeth Grieg       | 2001                |
| Johan H. Andresen Jr. | 2001                |
| Svein Aaser           | 2001                |
| Idar Kreutzer         | 2001                |
| Arthur Sletteberg     | 2005                |

Furthermore, Peter Ruzicka was elected at the General Meeting of Orkla ASA in spring 2006 for one year.

These members are now up for election.

Harald Arnkværn, Svein Aaser and Arthur Sletteberg have declined re-election. The Nomination Committee therefore recommends that the following persons be re-elected:

|                       | <u>No. of own shares/connection with other companies and their shareholdings per 31 Dec 2006:</u> |
|-----------------------|---|
| Elisabeth Grieg       | 900 shares / Grieg Neptunus 1,750 shares  |
| Johan H. Andresen Jr. | Ferd AS 565,300 shares  |
| Idar Kreutzer         | 0 shares / Storebrand 4,186,566 shares  |
| Peter Ruzicka         | 10,000 shares / Canica-system 41,750,000 shares   |

The Nomination Committee also recommends that the following persons be elected as new members of the Corporate Assembly:

|                 | <u>No. of own shares/connection with other companies and their shareholdings per 31 Dec 2006:</u> |
|-----------------|---|
| Knut Brundtland | 0 shares  |
| Rune Bjerke     | 0 shares / DnB NOR 74,152 shares and Vital Forsikring ASA 2,659,797 shares                        |
| Knut Houg       | 0 shares / Oslo Pensjonsforsikring 3,000,000 shares   |

Pursuant to Article 8, fourth paragraph, of the Articles of Association, it is proposed that the term of office be set at two years, i.e. until the ordinary General Meeting in 2009.

#### 2.2 Deputy members

At the General Meeting of Orkla ASA in spring 2005, the following deputy members were elected for a term of two years:

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|                         | <u>No. of own shares/connection with other companies and their shareholdings per 31 Dec 2006:</u> |
|-------------------------|---|
| Terje Venold            | 0 shares  |
| Anne Birgitte Fossum    | 1,300 shares / 0 shares   |
| Scilla Treschow Hokholt | 14,393 shares / 0 shares  |
| Westye Høegh            | Fraternitas AS 77,856 shares and Liv-Fond AS 13,168 shares  |

Westye Høegh has declined re-election as a deputy member. The Nomination Committee therefore recommends that the following persons be re-elected:

Terje Venold  
Anne Birgitte Fossum  
Scilla Treschow Hokholt

As a new, sixth deputy member, the Nomination Committee recommends that the following person be elected:

|               | <u>No. of own shares/connection with other companies and their shareholdings per 31 Dec 2006:</u> |
|---------------|---|
| Andreas Enger | 0 shares / Norske Skogindustrier ASA 13 shares  |

Pursuant to Article 8, fourth paragraph, of the Articles of Association, it is proposed that the term of office for these members be set at two years, i.e. until the ordinary General Meeting in 2009.

A brief description of the persons who are recommended as new members/deputy members is given in the appendix to this recommendation.

### 3. Nomination Committee

The members of the Nomination Committee are not up for election. The Chairman of the Nomination Committee, Harald Arnkværn, will resign as he has declined re-election to the Corporate Assembly. In accordance with the Norwegian Code of Practice for Corporate Governance, it is proposed that Orkla's Articles of Association be amended to enable the Chairman of the Nomination Committee to be directly elected by the General Meeting. Provided that such an amendment to the Articles of Association is adopted, the Nomination Committee recommends that:

Knut Brundtland

be elected as a new member and the new Chairman of the Nomination Committee.

### 4. Remuneration

The Nomination Committee recommends that the General Meeting set the following remuneration rates for members of the Corporate Assembly and the Nomination Committee:

#### 4.1 Corporate Assembly

- i) Chairman, annual remuneration NOK 120,000 plus meeting attendance fee
- ii) Deputy Chairman, annual remuneration NOK 30,000 plus meeting attendance fee
- iii) Member/deputy member, NOK 6,000 per meeting attended by the member/deputy member

#### 4.2 Nomination Committee

- i) Chairman, NOK 6,000 per meeting
- ii) Member, NOK 4,000 per meeting

Oslo, 7 March 2007

\_\_\_\_\_  
Harald Arnkværn

\_\_\_\_\_  
Idar Kreutzer

\_\_\_\_\_  
Elisabeth Grieg

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Leiv Askvig

\_\_\_\_\_  
Olaug Svarva

Encl.

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## APPENDIX TO THE RECOMMENDATION OF THE NOMINATION COMMITTEE

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The following information concerns the recommended new members and new deputy member of the Corporate Assembly:

**Knut Brundtland:** Advocate, investor and board chairman

Former partner in the law firm Bugge Arentz-Hansen & Rasmussen

**Rune Bjerke**

President and CEO of DnB NOR ASA

Former President and CEO of Hafslund ASA

Director Scancem International

Director Aker Sement og Byggevarer

Municipal Finance Commissioner, City of Oslo

Member of the Board of Directors of DnB NOR Bank ASA

Chairman of the Board of Directors of Vital Forsikring ASA

**Knut Houg**

Finance Director, Oslo Pensjonsforsikring AS

Former Chief Economist, Folketrygdfondet and Alfred Berg ABN Amro

**Andreas Enger**

Finance Director, Norske Skogindustrier ASA

Former Managing Director, Midelfart Holding AS

Senior Vice President, Petroleum Geo Services ASA and partner in McKinsey & Company Inc.