Orkla's conditions policy

Guidelines for the remuneration of senior management and the Group's incentive programmes

Annual General Meeting of Orkla ASA 27 April 2006
Chairman of the Board of Directors
Johan Fr. Odfjell

Orkla’s conditions policy
- Purpose

Orkla’s conditions policy aims to:

- Attract staff with the expertise we need
- Further develop our staff and their expertise
- Motivate our staff to adopt a long-term perspective and promote continuous progress

in order to achieve our business objectives.

The main elements of remuneration for senior management

* Fixed salary

Time perspective 1 year

* Annual bonus –based on progress

Time perspective 1-3 years

* Share options – based on share price performance

Time perspective 3 - 6 years

Fixed salary – continuous perspective

The Group supports the goals for pay laid down in collective agreements formulated by employers' organisations etc. in the respective countries

When salaries are differentiated individually, there is emphasis on the following elements:

- The position's competence requirements, complexity and responsibility
- The market for the position concerned
- The performance of the individual concerned

ORKLA

Annual bonus – 1-3 year perspective

- Applies to approximately 200 senior managers
- Linked to percentage growth in operating profit before GW adjusted for change in use of capital
- Measured in terms of own and superior level (also individual targets)
- The earned bonus is locked in a bonus bank – 1/3 of the balance is paid out each year
- Senior managers who meet expectations may, over time, receive approx. 30 % of their annual salary
- The bonus paid in any one year may not exceed one year's salary
- The bonus may be negative – in which case the bonus bank balance declines
- The balance is cancelled if employment is terminated

Share options – 3-6 year perspective

Approximately 150 senior managers have an option agreement, the value of which is linked to the price of the Orkla share. The option may be exercised no earlier than three years and no later than six years after it is awarded.

The price of the option is set at 10 % above the Orkla share price on the day the option is awarded. After three years, the option-holder may purchase one share per option at the award price.

The share price is not adjusted for ordinary dividends.

ORKLA

Scope of the option programme

The number of options is equivalent to about 1 % of outstanding shares

The total value as of 31 December 2005 was approximately NOK 252 million, equivalent to about NOK 1.20 per share

The calculated dilution effect on profit per share was NOK 0.07 in 2005

- Outstanding options as of 31 December 2005:
    - 1,588,075 options
    - 420,500 synthetic options* (cash bonuses)
  - In 2005 the status was as follows:
    - issued 243,667 options
    - exercised 694,770 options
    - cancelled 12,667 options

*Largely hedged against a rise in the value of the Orkla share.

Conditions for the new Group Executive Board

Name	Annual salary	Options awarded 2006	Bonus programme	Retirement age
Dag J. Opedal CEO	4,017,000	50,000	Not in 2006	62
Torkild Nordberg MD Orkla Brands	2,576,000	20,000	Annual bonus	65
Bjørn Wiggen MD Orkla Media	2,350,000	20,000	Annual bonus	65
Ole Enger Executive VP Speciality Materials	3,300,000	40,000	Annual bonus	60
Roar Engeland Executive VP Fin. Inv/Corp. Dev.	2,576,000	30,000	Not in 2006	65
Inger Johanne Solhaug Director Marketing/innovation	1,400,000	15,000	Annual bonus	65
Hilde Myrberg Executive VP Staffs	1,700,000	15,000	Annual bonus	65
Terje Andersen CFO	1,700,000	15,000	Annual bonus	65

Further work on Orkla's conditions policy

- The conditions policy and its most important elements (fixed salaries, bonuses and options) will be revised in 2006
- The General Meeting will be informed about this process in 2007
- The rules and proposals for framework allocations of new options (provided that it is recommended that the option programme continues) will be presented to the General Meeting in 2007
- Until the General Meeting in 2007, no options will be issued in excess of the limit set by the Board of Directors in 2005.