Orkla - First eight months 1999

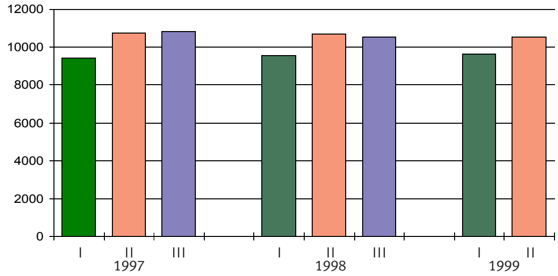
Group Income Statement

Amounts in NOK million	1.1.-31.8. 1999	1.1.-31.8. 1998	1.1.-31.12. 1998	1.5.-31.8. 1999	1.5.-31.8. 1998
Operating income	**20,177**	20,271	30,819	**10,544**	10,692
Operating expenses	**(17,529)**	(17,545)	(26,810)	**(8,898)**	(9,055)
Ord. depreciation and write-downs	**(1,032)**	(977)	(1,456)	**(520)**	(497)
Operating profit before goodwill and other income and expenses	**1,616**	1,749	2,553	**1,126**	1,140
Goodwill amortisation and write-downs	**(296)**	(275)	(421)	**(147)**	(140)
Other income and expenses	**93**	(259)	(335)	**93**	(259)
Operating profit	**1,413**	1,215	1,797	**1,072**	741
Profit from associates	**97**	172	165	**65**	85
Dividends	**313**	293	325	**181**	195
Portfolio gains	**342**	903	769	**68**	513
Financial items, net	**(605)**	(697)	(999)	**(294)**	(426)
Profit before tax	**1,560**	1,886	2,057	**1,092**	1,108
Taxes	**(359)**	(509)	(555)	**(233)**	(307)
Profit after tax	**1,201**	1,377	1,502	**859**	801
Minority interests	**99**	92	124	**80**	53
Profit before tax, Industry area	**913**	733	1,015	**851**	432
Profit before tax, Financial Investments	**647**	1,153	1,042	**241**	676
Earnings per share fully diluted (NOK)	**5.8**	6.7	7.2	**4.1**	3.9
Earnings per share fully diluted(NOK)*)	**7.0**	9.8	11.4	**4.5**	6.3

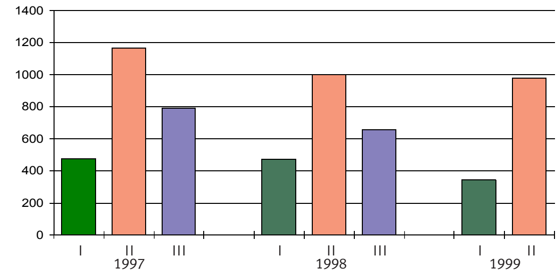
*) Excluding goodwill amortisation and non-recurring items.

Operating Income and Operating profit**) in NOK million 4 month periods

OPERATING INCOME



OPERATING PROFIT **)



**) Excluding «Other income and Expenses».

The Orkla Group

Main trends

Orkla's profit before tax for the first eight months of 1999 totalled NOK 1,560 million, compared with NOK 1,886 million for the corresponding period last year. The overall trend in the second four months of 1999 was more favourable than in the first four months.

Operating profit excluding goodwill and non-recurring items in the second four months alone was on a par with the corresponding period in 1998. This confirms that the Industry area is in the process of reversing the negative profit trend reported in the previous four-month periods. The Group's food and beverage business performed particularly well. This is due partly to improved market conditions, including continued strong volume growth for Baltic Beverages Holding (BBH), but also to the fact that the improvement programmes initiated in the second half of 1998 are now having an increased impact. However, profit growth has been less satisfactory for Orkla's media and chemicals businesses.

Orkla's profit has been negatively affected by a significant reduction in realised capital gains, resulting in lower book profit for the Financial Investments area, while value adjusted profit has increased. So far this year, the return on the Group's share portfolio is 17.5%. The net asset value has increased by NOK 2.2 billion since the beginning of the year, but only 30% of this is reflected in book profit.

Profit after the first eight months of 1999 has been positively affected by non-recurring items totalling NOK 93 million. These items amounted to minus NOK 412 million for the same period last year.

Group earnings per share, excluding goodwill amortisation and non-recurring items, amounted to NOK 7.0 compared with NOK 9.8 last year.

The Group

Group operating income for the first eight months of 1999 amounted to NOK 20,177 million, on a par with last year. All business areas, except for Beverages and Chemicals, have reported sales growth compared with the same period last year. For continuing business*), operating income declined by 2%.

The trend on the Norwegian grocery market has been negative so far this year. However, the Swedish market has developed favourably, boosting sales for Orkla Foods in Sweden. The warm summer weather, particularly in Sweden and Eastern Europe, led to stronger demand for beer, carbonated soft drinks and mineral water.

The Group largely maintained its market shares for important product groups.

**) Continuing business has been adjusted for acquisitions and divestitures, exchange rate fluctuations and non-recurring items. New businesses in 1999 have been included in the 1998 figures for the corresponding period, while divested businesses have been excluded in both 1998 and 1999.*

Operating profit for the first eight months of 1999 amounted to NOK 1,413 million. Excluding "Other income and expenses", which totalled NOK 93 million this year and NOK -259 million last year, operating profit dropped by 10% compared with the same period last year. This decline, which is largely related to BBH and the Chemicals area, was partly offset by improved profit in the Nordic beverage business and Orkla Foods.

Profit from associates was NOK 75 million lower than last year, primarily due to a decrease in profit from Hartwall (20.4%) and Jotun (42.4%).

Net financial items amounted to NOK -605 million, NOK 92 million less than the year before. This is partly due to the devaluation of the Russian rouble in August, as a result of which NOK 138 million was charged against financial items last year.

Profit after tax totalled NOK 1,201 million, compared with NOK 1,377 million last year. The Group anticipates a tax charge of 23% for 1999, compared with 27% in 1998. The reduction in the tax charge is temporary and is due to lower tax in BBH and lower capital gains tax on the sale of industrial operations.

In the Group's Industry area, high priority is given to efficiency improvement projects designed to increase Orkla's competitiveness. These efforts have now made a positive impact, particularly in businesses where improvement projects were initiated in 1998.

Preparations for Year 2000 are developing as planned.

Orkla Foods

Orkla Foods' operating income for the first eight months of 1999 totalled NOK 6,691 million. This is an increase of 2% for continuing business. Operating profit amounted to NOK 424 million, compared with NOK 331 million for the corresponding period last year. For the second four-month period alone, profit rose by 13% compared with last year.

Volume growth, particularly on the Swedish grocery market, led to a rise in operating income and profit. Orkla Foods largely maintained or strengthened its market positions.

Stabburet reported operating income of NOK 1,619 million, on a par with last year. Operating profit increased as a result of better marketing campaigns in the most important product groups and cost reductions. Stabburet invested about NOK 65 million in the pizza factory at Stranda in connection with the launch of a new type of pizza.

Procordia Food posted operating income of SEK 2,204 million, up 5% from last year. Operating profit was slightly higher than last year. The restructuring programme begun in 1998 is starting to have a favourable effect on profit. Procordia Foods launched several new products successfully.

Operating income for Abba Seafood totalled SEK 743 million, on a par with last year. Operating profit improved due to cost reductions and a shift in sales towards more profitable product groups. Abba Seafood also launched several new products successfully.

Orkla Foods International continues to post negative operating profit, although profit is somewhat higher than last year. Cost-reduction and restructuring programmes are proceeding as planned in Poland.

Felix Abba in Finland and Estonia reported operating income totalling FIM 193 million. Adjusted for acquisitions, this is an increase of 13%. Operating profit was on a par with 1998.

Beauvais in Denmark achieved operating income and operating profit comparable to last year's results.

The integration of KåKå into the Ingredients division (formerly part of the Industry area) is proceeding as planned. The accounting gain on the sale of Regal Mølle is NOK 110 million.

The Bakery business reported satisfactory profit in a market that is increasingly exposed to competition.

Orkla Beverages

Operating profit for the first eight months of 1999, excluding other income and expenses, amounted to NOK 384 million, compared with NOK 465 million last year. In the second four-month period alone, operating profit before other income and expenses rose by 6% to NOK 419 million.

Operating income for the first eight months declined by 9% to NOK 4,287 million. New products and increased volume for the existing product portfolio did not fully compensate for the winding up of Ringnes' tollfilling for TCCC and the decline in income from BBH translated into NOK, which is due to the weaker rouble. Excluding TCCC, Orkla Beverages reported volume growth of 21%.

Operating income for the Nordic beverage business for the first eight months of 1999 totalled NOK 3,243 million, down 4% from 1998. Operating profit, excluding goodwill amortisation, at the end of the first eight months amounted to NOK 192 million, compared with NOK 77 million last year. Reduced costs and good volume growth had a positive effect. The "Competitive Edge" cost reduction programme is still proceeding according to plan. So far, costs per litre sold are lower than assumed in the project plans. In the second four months alone, operating profit for the Nordic business was NOK 232 million, compared with NOK 112 million last year. The fine summer weather in Sweden, lower unit costs and increased sales of more profitable product categories and types of packaging all contributed towards higher profit. On the whole, the weather in Norway this summer was normal for the season.

In the first eight months of 1999, the overall beverage market (in terms of volume sales of beer, carbonated soft drinks and mineral water) increased by 7% in Sweden and by 3% in Norway, compared with last year. In the same period, Pripps increased its sales volume by 7% and Ringnes by 15%. In Sweden, Festis now leads the market in the non-carbonated beverage segment, while the strong beer brand BlåGul declined slightly after its very strong performance since its launch in autumn 1998. In Norway, PepsiCo. products contributed positively and sales of canned beer rapidly gained a larger share of the overall beer market than was anticipated when the beer was launched in May 1999. In August canned beer accounted for about 35% of the overall market (excluding beer in tanks and kegs). The higher proportion of canned beer is one of the reasons why Ringnes is now considering its future production structure in Norway and further concentration of its Oslo operations at the Gjelleråsen plant. These assessments will continue during autumn 1999.

The breweries sector in both Norway and Sweden is under considerable pressure. Norway has the highest beer taxes in Europe, twice as high as in Sweden. In Sweden the beer tax is twice as high as in Denmark and eight times as high as in Germany. This has resulted in substantial private imports to Sweden of lower-taxed beer from Denmark and Germany. The political authorities in Norway and Sweden must give domestic breweries the same operating parameters as breweries in other countries and significantly reduce beer taxes in both countries.

The economic situation on BBH's markets has been relatively stable so far in 1999, after considerable turbulence in 1998. The exchange rate for the rouble has been relatively stable in the second four months of the year. Since August 1998, the rouble has fallen 74% against the US dollar. However, due to price rises at BBH, the real devaluation in western currency has been less than 50%. In the first eight months of 1999, the beer market grew by about 26% in Russia, 14% in Ukraine and 20-30% in the Baltic states.

Sales trends for BBH show a 36% increase in volume in the first eight months of 1999. About 10% of this rise can be ascribed to new breweries. BBH's breweries are now market leaders in all three Baltic states. Moreover, BBH has increased its market shares in Ukraine, and has maintained its leading position on the Russian market.

Operating income declined by 21%, measured in Western currency, to NOK 1,051 million (50%) due to weak exchange rates. Operating profit, excluding goodwill amortisation, amounted to NOK 312 million (50%), compared with NOK 515 million for the same period in 1998. In the second four months alone, operating profit totalled NOK 245 million, compared with NOK 353 million last year. In April, BBH acquired a 75% interest in the Chelyabinsk brewery. A 50% interest in the Utena brewery in Lithuania is now also included in BBH's accounts.

Orkla Brands

Operating income for Orkla Brands totalled NOK 2,863, which is a decline of 1% for continuing business. Operating profit, excluding other income and expenses, amounted to NOK 269 million, on a par with last year.

Operating income for the second four months alone was NOK 1,432 million, which was 2% higher than for the same period in 1998. Adjusted for the effects of foreign exchange, operating income

	Operating Income					Operating Profit*)				
	1.1.-31.8.		1.1.-31.12.	1.5.-31.8.		1.1.-31.8.		1.1.-31.12.	1.5.-31.8.	
Amounts in NOK million	**1999**	1998	1998	**1999**	1998	**1999**	1998	1998	**1999**	1998
Orkla Foods	**6,691**	6,495	10,238	**3,393**	3,402	**424**	331	579	**257**	227
Orkla Beverages	**4,287**	4,719	6,741	**2,557**	2,746	**384**	465	508	**419**	395
Orkla Brands	**2,863**	2,735	4,273	**1,432**	1,400	**269**	270	456	**161**	153
Orkla Media	**2,126**	2,014	3,153	**1,046**	1,003	**73**	91	208	**11**	32
Elimination	**(90)**	(99)	(167)	**(35)**	(45)	**0**	0	0	**0**	0
Branded Consumer Goods	**15,877**	15,864	24,238	**8,393**	8,506	**1,150**	1,157	1,751	**848**	807
Chemicals	**3,692**	3,827	5,777	**1,823**	1,894	**146**	311	402	**97**	174
H.O./Unallocated/Elimination	**337**	286	429	**174**	138	**(24)**	(45)	(85)	**5**	1
Other income and expenses	**0**	0	0	**0**	0	**93**	(259)	(335)	**93**	(259)
Industry	**19,906**	19,977	30,444	**10,390**	10,538	**1,365**	1,164	1,733	**1,043**	723
Financial Investments	**271**	294	375	**154**	154	**48**	51	64	**29**	18
Group	**20,177**	20,271	30,819	**10,544**	10,692	**1,413**	1,215	1,797	**1,072**	741

*) The business areas' operating profit is shown exclusive of «Other income and expenses». Other income and expenses NOK 93 million in first eight months 1999: NOK +110 million in Orkla Foods and NOK -17 million in Chemicals. In first eight months 1998 NOK -259 million: NOK -175 million in Orkla Beverages, NOK -25 million in Orkla Brands, NOK -27 million in Orkla Media and NOK -32 million in H.O./Unallocated.

for continuing business was 2% lower than last year. Market shares generally remained stable. Operating profit for the second four months alone totalled NOK 161 million, an improvement of NOK 8 million over last year. Profit for continuing business was NOK 18 million higher than in the second four months of 1998.

The Biscuits business reported volume growth in the second four months of 1999, contrary to its weak performance in the same period last year. In order to further strengthen this business area, work has begun on analysing the consequences of a possible amalgamation of all biscuit production at one factory.

The Chocolate/Confectionery business continued to perform favourably, achieving profit growth compared with the second four months of 1998.

The organisational integration of Freds AB into the Household Textiles business is proceeding as planned. Synergy gains and profit performance are in line with the assumptions on which the acquisition was based.

Profit performance for the Snacks business was poor in the second four months of 1999. In Denmark, the relocation and start-up of the chips production line at the Søndersø plant has taken longer than expected, resulting in extraordinarily high production costs. Competition on the Norwegian market is still strong, and profit was at the same level as last year.

Profit performance in other areas was comparable to or slightly better than last year.

The ongoing efforts to reduce costs have continued, and fixed costs were lower than in the same period last year.

The operating margin for continuing business, adjusted for exchange rate fluctuations, was 0.4 percentage points higher than for the same period last year.

Orkla Media

Orkla Media's operating income for continuing business rose by 2% to NOK 2,126 million. Growth in the second four months alone was also 2%. Operating profit for continuing business fell by NOK 23 million to NOK 73 million, and in the second four months alone profit fell by NOK 23 million to NOK 11 million. The decline in profit can primarily be ascribed to Direct Marketing and Newspapers Eastern Europe.

Operating profit for Newspapers Norway was slightly lower than in the corresponding period last year. Volume on the overall advertising market declined by 4%, while circulation figures remained stable. The decision to reduce the workforce in Newspapers Norway is being implemented more rapidly than planned. Orkla Trykk performed satisfactorily. Paper prices have increased by about 1% so far this year.

Operating profit for Magazines showed a marked improvement compared with the corresponding period last year, largely due to cost reductions and changes in publication frequency. Advertising volume in Magazines rose by 4%, while the overall market grew by 1%. Magazines' share of the total advertising market is now 40%, which is one percentage point higher than at the same time last year. Frequency-adjusted circulation figures for Magazines declined by 4%, which is slightly more than the fall in the overall market. Paper prices have increased by about 4% so far this year.

Investments in a new offset press are being carried out as planned.

Profit for Direct Marketing dropped significantly compared with last year. The main causes of this fall were lower income and profit from Orkla's Norwegian newspapers' press bureau, higher development costs related to the conversion to a new IT platform in the Mitcom Group in Sweden and restructuring costs in connection with the sector's bureau operations.

Operating profit for Newspapers Eastern Europe decreased in comparison with the same period last year. This decline can be ascribed to increased marketing costs, the start-up of new printing plants and the fact that advertising sales for some newspapers were lower than expected. The newly acquired Gazeta Lubuska has performed satisfactorily.

The Orkla Media Group's electronic publishing business has developed favourably compared with last year.

Chemicals

Borregaard reported operating income of NOK 3,692 million, which is a drop of 4% compared with last year. Lower sales of basic and fine chemicals were the main cause of the decline.

Operating profit, excluding other income and expenses, amounted to NOK 146 million, compared with NOK 311 million last year. In the second four months alone, operating profit (excluding other income and expenses) was NOK 97 million, compared with NOK 174 million last year. The reduction in profit, both in the second four months and in the first eight months of this year, is due to lower profit from the lignin, additives, basic chemicals and energy businesses.

Operating income in the lignin business was on a par with last year, but profitability was lower due to changes in the product mix. The markets for special products in the USA and Europe declined, but the construction sector in Asia showed small signs of improvement. Increased sales and improved margins were reported for products for the agricultural sector.

So far this year, the speciality cellulose business has posted results comparable to those of last year. Productivity is still not satisfactory for some of the value-added qualities. This has high priority in the current improvement programme, and progress has been made in the past few months.

Fine Chemicals achieved profit on a par with that of last year. Efforts to develop new products have been fruitful, thereby creating a broader interface with leading pharmaceutical companies. During the summer, demand tapered off to a certain degree on the markets for several fine chemicals products, resulting in increased competition and putting pressure on prices.

Profit for the Additives business in the second four months of 1999 remained considerably lower than last year. However, it must be remembered that profit for 1998 was particularly good. Low margins resulted in reduced contributions from the sale of fish oil and the crushing of soybeans. Export markets have improved in the latter months of the year.

Basic Chemicals reported significantly lower profit than last year, as weaker markets for both sulphuric acid and sodium hydroxide have put pressure on prices. Furthermore, there have been substantial maintenance costs this year, due both to a pro-

Group Balance Sheet

Amounts in NOK million	31.8. 1999	31.8.*) 1998	31.12.*) 1998
Assets:			
Long-term assets	**21,216**	20,880	21,079
Portfolio investments etc.	**9,984**	8,980	8,851
Short-term assets	**9,269**	8,767	8,702
Total assets	**40,469**	38,627	38,632
Equity and liabilities:			
Equity and Minority interests	**13,975**	13,322	13,240
Interest-bearing liabilities	**17,798**	16,775	16,453
Interest-free liabilities and provisions	**8,696**	8,530	8,939
Total equity and liabilities	**40,469**	38,627	38,632
Equity to total assets ratio (%):			
Book	**34.5**	34.5	34.3
Incl. unrealised gains before tax	**42.6**	40.3	40.6

*) Deferred tax benefits is deducted from deferred tax according to the new accountancy law.

Cash flow

Amounts in NOK million	1.1.-31.8. 1999	1.1.-31.8. 1998	1.1.-31.12. 1998	1.5.-31.8. 1999	1.5.-31.8. 1998
Industry area:					
Operating profit	**1,365**	1,164	1,733	**1,043**	723
Depreciation and write-downs	**1,328**	1,296	1,913	**660**	686
Change in net working capital	**(532)**	(344)	(17)	**(343)**	(260)
Cash flow from operating activities	**2,161**	2,116	3,629	**1,360**	1,149
Net replacement expenditure	**(637)**	(1,069)	(1,726)	**(246)**	(531)
Free cash flow operating activities	**1,524**	1,047	1,903	**1,114**	618
Financial items, net	**(549)**	(447)	(631)	**(295)**	(272)
Free cash flow from Industry area	**975**	600	1,272	**819**	346
Free cash flow from Financial Investments	**378**	(132)	321	**710**	(208)
Taxes and dividends paid	**(838)**	(1,035)	(1,494)	**(617)**	(544)
Miscellaneous capital transactions, foreign exchange differences, etc,	**167**	(173)	(102)	**(114)**	(118)
Group's self-financing capacity	**682**	(740)	(3)	**798**	(524)
Expansion investments (Industry area)	**(769)**	(1,010)	(1,295)	**(284)**	(315)
Net purchases/sales portfolio investm.	**(1,108)**	276	421	**(858)**	294
Share buy back	**(186)**	0	0	**(186)**	0
Net cash flow	**(1,381)**	(1,474)	(877)	**(530)**	(545)
Change in net interest-bearing liabilities	**1,381**	1,474	877	**530**	545
Net interest-bearing liabilities	**15,925**	15,141	14,544		

tracted scheduled freeze on maintenance and to extraordinary factors. Low prices on the spot market for electricity have resulted in low profit for the Energy area in the second four months of 1999.

The productivity improvement programme at the Sarpsborg factory is largely proceeding as planned. Capacity utilisation and quality have been improved at several factories in the past few months, even though this part of the programme is slightly behind schedule. Efforts to reduce costs are also being carried out as planned, including a programme to reduce the workforce by about 200 man-years by the end of February 2000. The net impact on profit is still expected to be limited this year. NOK 17 million was allocated for these programmes in the second four months of 1999.

Financial Investments

The Oslo Stock Exchange performed well in the second four months of 1999. The All Share Index rose by 6.8% during the four-month period, bringing the total rise to 29.8% since the beginning of the year. The upswing was largely driven by a substantial rise in oil prices and the strong international economic situation.

The return on Orkla's investment portfolio was 17.5% in 1999. Its relatively weak performance compared to the OSE All Share Index was partly due to the poor performance of the Storebrand share. Moreover, approximately 37% of portfolio investments are outside the Oslo Stock Exchange, including non-listed (direct) assets. The yield here has been substantially lower in the first two four-month periods.

At the end of the first eight months of 1999, book profit before tax for the Financial Investments area was NOK 647 million, compared with NOK 1,153 million last year. Realised capital gains totalled NOK 342 million, compared with NOK 903 million last year. Dividends received amounted to NOK 305 million, compared with NOK 288 million in 1998. Book profit before tax for the Financial Investments area was NOK 241 million for the second four months of 1999, compared with NOK 676 million for the same period last year. Capital gains amounting to NOK 68 million were realised in the second four months of 1999.

The Financial Investments area has purchased shares for a net total of NOK 1,108 million in 1999. The largest investments have been in Elkjøp and Merkantildata, in addition to Nordstjernen Holding. At the end of the second four months, foreign investments accounted for about 29% of the total portfolio.

Since the beginning of the year, the net asset value of the share portfolio has increased by NOK 2,162 million to NOK 12,572 million. The market value of the portfolio was NOK 15,548 million as of 31 August 1999. The unrealised capital gains on the portfolio have increased by NOK 1,579 to NOK 5,708 million since the start of the year.

The Groups shares in Aker RGI were sold after the end of the second four-month period.

Cash flow, investments and financial situation

The Group's net cash flow was NOK -1,381 million, which is a marginal improvement from last year. Free cash flow for the Industry area has developed favourably. The Financial Investments area has been a net buyer of shares in 1999, whereas it was a net seller in 1998. The Industry area's expansion investments, totalling NOK 769 million, were largely related to the purchase of the Polish newspaper Gazeta Lubuska, the Swedish home textile supplier Freds AB, the bakery ingredients supplier KåKå in Sweden and capacity expansion at BBH. Net interest-bearing liabilities at the end of the first eight months amounted to NOK 15,925 million, a rise of NOK 1,381 million since the start of the year. The average borrowing rate at the end of the second four-month period was 5.6%. The proportion of interest-bearing liabilities at floating interest rates was approximately 56%, and about 15% of interest-bearing liabilities were exposed to Norwegian short-term money market rates at the end of the first eight months of 1999.

As of 31 August 1999, the Group's book equity ratio was 34.5%. Including unrealised gains on the share portfolio (before tax), the equity ratio was 42.6%.

Outlook

There is still uncertainty as regards global economic trends. An overheated US economy with higher interest rates and reduced growth stimuli is still a realistic scenario. Should this occur, it could have a certain negative impact on international capital markets. On the other hand, developments in Asia are favourable in some markets, and the situation in the EU gradually seems to be giving rise to stronger growth.

Orkla's Nordic branded goods businesses do not expect to see any significant changes in market-related operating parameters. However, the Swedish and Finnish economies are showing somewhat clearer signs of growth, while the Norwegian economy seems to be consolidating.

The Nordic food and beverage business reported profit growth at the end of the first eight months of the year, partly thanks to a good summer. We do not anticipate the same relative growth in the last four months of the year, even though the profit improvement programmes that have been implemented will gradually have a greater impact.

The beverage business in Eastern Europe (BBH) is expected to continue to achieve volume growth.

Profit for the Chemicals area will be significantly lower in 1999 than in 1998. Nevertheless, given the current trends on certain markets, the third four-month period should be relatively more satisfactory than the first eight months of the year.

Oslo, 30 September 1999
The Board of Directors of Orkla ASA

To the shareholders of Orkla ASA

ELIMINATION OF THE DISTINCTION BETWEEN A-SHARES AND B-SHARES - RIGHTS ISSUE

On 6 May 1999 the General Meeting of Orkla ASA unanimously adopted a resolution to eliminate the distinction between A-shares and B-shares.

The Board of Directors of Orkla ASA gave the following grounds for eliminating the distinction:
The distinction between A-shares and B-shares was established in 1990. At the time, Norway had concession laws which in practice made it impossible for foreigners to own more than a certain proportion of the shares in Orkla ASA. Through the EEA Agreement, the concession legislation that discriminated against foreigners was eliminated. Therefore, there is no longer any need to be able to offer foreigners non-voting B-shares.

It has also become more common for listed companies in Europe to do away with the distinction between classes of share, and have one class of share where all shareholders have full rights. Experience has shown that liquidity increases where there is one common class of share, to the benefit of all shareholders. At the same time, it is easier and less expensive for the company to have one class of share.

Over time, a significant difference has developed between the prices of share classes in Orkla ASA in favour of A-shares. The distinction between A-shares and B-shares must be eliminated in such a way that the higher market value of the A-shares can be maintained, in the interest of all shareholders. In practice, under Norwegian company legislation, the only way to do this is to offer holders of A-shares the right to subscribe for new A-shares at a price that is lower than the market price and then convert B-shares to A-shares.

In the six months up until 25 March 1999, the date on which the Board of Directors of Orkla ASA discussed the notice convening the General Meeting for 1999, the difference between the price of A-shares and B-shares averaged 13.4%, computed in relation to the price of the A-share. The Board of Directors of Orkla ASA therefore proposed to the General Meeting that, in connection with the elimination of the distinction between A-shares and B-shares, all A-shareholders should be given a right to subscribe for a new share at par (NOK 6.25) for every seventh A-share. This proposal ensures holders of A-shares compensation of approximately 13.5%.

On this basis, on 6 May 1999 the General Meeting adopted a unanimous resolution to give the Board of Directors a power of attorney to carry out a rights issue of this nature by the end of 1999. On 30 September 1999 the Board of Directors of Orkla ASA decided to implement the rights issue.

Schedule for the issue:

7 October 1999	Shareholders owning A-shares at the end of trading on this date are entitled to subscribe for new A-shares
8 October 1999	A-shares are listed on the stock exchange, excluding the subscription right
13 October 1999	Subscription rights will be registered in the Norwegian Registry of Securities (VPS) accounts of individual A-shareholders
End of October	An application form and prospectus will be sent to A-shareholders. This material will also be available at Orkla's Internet address: www.orkla.com
8 November 1999	First subscription day and first day of stock exchange listing of subscription rights
22 November 1999	Last subscription day and last day of stock exchange listing of subscription rights
6 December 1999	Notice of allotment of shares will be sent to shareholders
10 December 1999	Payment for subscribed and alloted shares

Subscription for A-shares:
All shareholders who are registered holders of Orkla A-shares at the end of trading on 7 October 1999 are entitled to take part in the share issue. They will receive the necessary documents by mail before the first day of subscription. Shares may be subscribed for during the period from 8 to 22 November 1999 at one of the following brokerage firms: Orkla Finans (Fondsmegling) ASA, Christiania Markets, DnB Markets and Karl Johan Fonds ASA.

If undelivered, please return to: ORKLA ASA, Shareholder Service
P.O. Box 423 Skøyen, N-0213 OSLO

In the event of a change of address, shareholders are requested to contact their account manager (bank, etc.).

Financial information on Orkla is available at: **www.orkla.com**

How many shares each shareholder may subscribe for and how much each new A-share will cost:
Each shareholder is entitled to subscribe for one new A-share for every seventh A-share he/she holds at the end of trading on 7 October 1999. The amount of NOK 6.25 (nominal value of Orkla shares) must be paid for each share that is subscribed for.

Example:
A shareholder who owns 98 A-shares is entitled to subscribe for 14 new A-shares (98:7 = 14).
The shareholder in question must pay a total of NOK 87.50 (14 x 6.25 = 87.50) for these shares.

When filling in the subscription form, shareholders must give Orkla Finans a one-time authorisation to debit a specified account with the amount that corresponds to the allotted number of shares. Individual shareholders will not pay a commission to the brokerage firm in connection with the subscription for new shares.

What happens when the number of A-shares is not divisible by seven:
Shareholders will not be entitled to oversubscribe for shares in the share issue. The number of shares subscribed for will therefore have to be rounded down to the nearest whole number of shares after their shareholding has been divided by seven. Many shareholders will have a remainder of subscription rights (from 1-6 subscription rights) after dividing their shareholding by seven to ascertain how many new A-shares they may subscribe for.

When the share issue has been carried out, all shareholders who have a remainder of subscription rights will receive compensation for the value of these rights. The manager and the other subscription agents will attempt to sell unutilised subscription rights. The sale price of these subscription rights will be distributed equally between all the unutilised subscription rights. The same compensation will be paid for any other unutilised subscription rights.

Subscription rights have a considerable value:
As explained above, seven A-shares owned by a shareholder at the end of 7 October 1999 entitle the holder to subscribe for one new share at a nominal value of NOK 6.25. Shareholders will be allotted one subscription right for each A-share. The subscription rights will be negotiable and listed on the stock exchange during the subscription period. Shareholders may either use their subscription rights to subscribe for new shares, or sell the rights on the market before the end of trading on 22 November 1999. Please note that the gain on the sale of subscription rights is taxable in the same way as ordinary income at a rate of 28%. A broker's commission will be payable to the brokerage firms on the purchase and sale of subscription rights.

Subscription rights have a considerable value. If the share price of Orkla's A-share is NOK 120.00, for instance, the theoretical value of a subscription right will be NOK 14.22. The market price of subscription rights may deviate from the theoretical value. The market price will be listed in the Official Lists of the Oslo Stock Exchange during the subscription period.

Amalgamation of A-shares and B-shares:
The amalgamation of all shares into a single class of share will take place when the new A-shares subscribed for during the rights issue have been registered with the Norwegian Register of Business Enterprises. This is expected to take place on 15 December 1999. All shareholders will then receive a notice from the Norwegian Registry of Securities to the effect that A-shares and B-shares have been converted to shares of the same class. The conversion of B-shares will not be taxable in Norway for either A-shareholders or B-shareholders.

Oslo, 30 September 1999

Orkla ASA
Administration