

## **ITEM 4: BOARD OF DIRECTORS' STATEMENT REGARDING SALARY AND OTHER REMUNERATION TO SENIOR EXECUTIVES**

Statement regarding stipulation of salaries and other remuneration to senior executives in Lerøy Seafood Group ASA.

### **MAIN PRINCIPLES IN THE COMPANY'S SALARY POLICY**

The Group's development is closely linked to the Group's ability to recruit and retain managerial staff and the Group employs various models for remuneration of management personnel at competitive terms. Senior executives receive salary according to marked terms. Remuneration varies over time both in respect of level and form of payment. In addition to annual salary, the Group also pays performance-based bonuses limited to one annual wage, lump sum payments, sign-on fees, arranged leave of absence, educational opportunities and option agreements. The Group has collective pension schemes. For logical reasons and to date, the Chairman of the Board has on behalf of the Board handled all practical matters in respect of agreements with the Group CEO. Remuneration to other senior group executives is determined by the Group CEO. Remuneration is reviewed annually, but is assessed over several years in order to secure continuity.

### **PRINCIPLES FOR COMPENSATION IN ADDITION TO BASE SALARY**

#### **Basis: Base salary**

Salaries to managerial staff must be competitive – Lerøy Seafood Group aims to attract and retain the most talented management.

The base salary is normally the main element of senior executive salaries. There is at present no particular limit on the total compensation a senior staff member may earn.

#### **Additional compensation:**

##### **Bonus scheme**

The compensation earned by senior executives must inspire high performance and must be structured to motivate extra efforts towards continuous improvement of operations and the company's performance.

The Group utilises performance-based bonuses of maximum one year's salary.

##### **Options**

Since the spring of 1999, the Board has used options as an important instrument in the Group's development. In its meeting on 20 June 2006, the Board established a new option scheme limited to 700,000 options at NOK 125 each. These options were fully distributed as of 29 February 2008, and one third of the options can be exercised in the month of May in 2009, 2010 and 2011 respectively. The options that expired in May 2010 were exercised.

One common factor for all the option programmes is that if the option holder leaves the company, any options not exercised will lapse. Moreover, the exercise price for the various option programmes reflects the market price (or higher) at the time of allocation.

##### **Pension schemes**

All companies in the Group satisfy the requirements in the Act relating to mandatory occupational pensions (Norwegian: OTP). The schemes are in the main established as contribution-based pension schemes.

The Group's senior executives participate in the company's collective pension schemes.

There are no particular limitations upon the type of pension schemes that can be agreed.

### **Severance pay**

The Board limits the use of so-called severance pay agreements, but these have been practised in a few cases, albeit limited to two years' salary. Severance pay may at times be a good alternative for all parties involved.

### **Non-pecuniary benefits**

Senior executives will normally receive non-pecuniary benefits commensurate with their positions. There are no particular limitations on the type of non-pecuniary benefits that can be agreed.

### **Other benefits**

In connection with public share issues, the first of which took place in 1998, the company's employees have been granted the right to subscribe to a limited number of shares at a reduced price (20%). The company's employees have also been allowed to purchase a limited number of shares at reduced price (20%).

## **PROCEDURE FOR STIPULATION OF SENIOR EXECUTIVE SALARIES**

### **Stipulation of salary for the Group CEO**

Remuneration for the Group CEO is determined annually by the Chairman of the Board with authority from the Board. The Group CEO's remuneration includes options.

### **Stipulation of salary for Group management**

Remuneration to each person within the Group management is determined by the Group CEO. Before a final decision is made, the Group CEO shall discuss his proposal with the Chairman of the Board. The Board of Directors shall be subsequently informed of the decision.

### **Establishment of incentive schemes**

General schemes for payment of variable benefits, including bonus schemes are established by the Board of Directors. The Group CEO allocates such incentive schemes and other benefits to the Group's managerial staff within the boundaries established by the Board.

Schemes that include allocation of shares, options and other forms of compensation linked to shares or the development of the share price are decided by the general shareholders' meeting. Within the boundaries laid down by the general shareholders' meeting, the Board of Directors will make the decisions as to start and implement each program. The Board may also delegate such authority to the Group CEO.

No-one can receive benefits mentioned in this section except when such benefits are within the boundaries established by the general shareholders' meeting.

### **Remuneration to the Board of Directors**

Board remuneration is not performance based. The Board members have no share options. The Board's remuneration is determined annually by the ordinary general shareholders' meeting.

### **Stipulation of salary for senior executives in other Group companies**

Other companies in Lerøy Seafood Group shall adhere to the main principles in the Group's managerial salary policy as they are described in item one above.

**ITEM 6:  
ELECTION OF BOARD OF DIRECTORS AND NOMINATION COMMITTEE**

*Election of Board of Directors*

Please see the recommendation from the Nomination Committee.

*Remuneration of the Board of Directors*

Please see the recommendation from the Nomination Committee.

*Election of the Nomination Committee*

The following persons are recommended as members of the Nomination Committee: Didrik Munch (Chairman of the Nomination Committee), Helge Møgster and Benedicte Schilbred Fasmer.

*Remuneration of the Election Committee:*

The remuneration of the Election Committee is recommended to be unchanged, i.e. NOK 25,000 p.a.

**ITEM 7:  
THE BOARD'S PROPOSAL REGARDING RENEWAL OF BOARD AUTHORISATION TO  
PURCHASE THE COMPANY'S OWN SHARES**

On 26 May 2010, the ordinary general meeting of shareholders granted to the Board of Directors an authorisation to purchase up to 5,000,000 of the company's own shares, each with a nominal value of NOK 1. The purchase price must be no lower than NOK 10 and no higher than NOK 250 per share. The Board is free to choose the methods of acquisition and disposal. This proxy is valid until 26 November 2011.

It is the opinion of the Board that the Board of Directors should continue to have the right to purchase the company's own shares, and that the existing authorisation should be renewed.

It is conceivable that situations could arise in the future where the Board will judge that the market's pricing of the Company's shares does not reflect the underlying values, the Company has ample equity and cash flows and otherwise limited investment opportunities that the Board finds attractive. The purchase of own shares in such a situation may represent an improvement in return for the company's existing shareholders. Such purchases are also generally viewed as positive by the equity market because of the signalling effect they have with respect to the administration's expectations for the future of the company.

The possession of own shares will also provide the Board with greater flexibility with respect to future acquisitions, mergers and the establishment of cooperative ventures.

Finally, the purchase of own shares may be used to honour option commitments that arise from the exercise of options by the employees of the company or its subsidiaries.

**The Board proposes that the general meeting resolves the following:**

1. *The Board is hereby authorised pursuant to Section 9-4 of the Public Limited Liability Companies Act to purchase on behalf of the Company up to 5,000,000 shares, each with a nominal value of NOK 1. The lowest amount that shall be paid for the shares is NOK 10 per share, and the highest amount is NOK 250 per share.*

2. *The Board shall be granted freedom with respect to purchase methods and sales, including the transfer of shares in connection with an option programme directed at employees within the limits set out in the Board's authorisation to carry out a capital increase by issuing new shares to employees of Lerøy Seafood Group ASA and its subsidiaries.*
3. *The authorisation shall apply for 18 months from the date of the resolution.*
4. *The authorisation replaces the authorisation to purchase the Company's own shares, which the Board was assigned at the general meeting on the 26 May 2010.*

#### **ITEM 8:**

#### **THE BOARD'S PROPOSAL REGARDING RENEWAL OF BOARD AUTHORISATION TO INCREASE THE SHARE CAPITAL BY ISSUING NEW SHARES THROUGH PRIVATE PLACEMENTS DIRECTED AT EMPLOYEES OF LERØY SEAFOOD GROUP ASA AND ITS SUBSIDIARIES**

On 26 May 2010, the general meeting of shareholders granted an authorisation to the Board of Directors to increase the share capital by issuing new shares through private placements directed at employees of Lerøy Seafood Group ASA and its subsidiaries. The authorisation may be used as part of a general program within the respective company(ies) and/or directly with certain employees. The background for this authorisation was a wish to strengthen the relationship between the Lerøy Seafood Group and its employees.

The Board considers it desirable to renew the existing authorisation.

#### **The Board therefore proposes that the general meeting resolves the following:**

- 1 *The Board is hereby authorised pursuant to Section 10-14 of the Public Limited Liability Companies Act to increase the share capital by up to NOK 1,200,000 by issuing up to 1,200,000 shares in Lerøy Seafood Group ASA, each with a nominal value of NOK 1, by one or more private placements directed at employees of Lerøy Seafood Group ASA and its subsidiaries. The Board should be able to utilise the authorisation as part of a general scheme within the company/companies in question and/or directed at certain employees. The authorisation shall also be utilised as part of an option programme.*
- 2 *The authorisation applies for two years from the resolution date.*
- 3 *The shareholders' pre-emptive rights to subscribe pursuant to Section 10-4 of the Public Limited Liability Companies Act can be set aside, cf. Section 10-5 of the Public Limited Liability Companies Act. The authorisation only applies to cash payment, cf. Section 10-2 of the Public Limited Liability Companies Act. The authorisation does not include a merger resolution pursuant to Section 13-10 of the Public Limited Liability Companies Act.*
- 4 *The authorisation replaces the authorisation to increase the share capital by up to NOK 1,200,000 by one or more private placements directed at employees of the Company and its subsidiaries, which the Board was granted at the general meeting on 26 May 2010.*
- 5 *The Board shall be authorised to carry out the amendments to the Articles of Association necessitated by the share capital increase.*

## **ITEM 9:**

### **THE BOARD'S PROPOSAL REGARDING RENEWAL OF BOARD AUTHORISATION TO INCREASE THE SHARE CAPITAL BY ISSUING NEW SHARES THROUGH PRIVATE PLACEMENTS DIRECTED AT EXTERNAL INVESTORS AND CERTAIN SHAREHOLDERS OF LERØY SEAFOOD GROUP ASA**

On 26 May 2010, the general meeting of shareholders authorised the Board of Directors to increase the share capital by up to NOK 5,000,000 by issuing new shares through private placements. The authorisation permitted the waiver of pre-emptive rights and included mergers.

The Board finds it appropriate to establish an equivalent authorisation. The industry in which the Company operates is witnessing a period of significant structural change and internationalisation. Lerøy Seafood Group ASA will therefore continuously assess organic growth, possible options for mergers and acquisitions, as well as possible alliances that could provide a basis for further profitable growth, both to capitalise on the value created and to position the Company for further creation of value.

This Board authorisation will help give the Company the necessary financial flexibility to be able to quickly obtain the necessary liquidity and/or shares that the Board finds necessary to be able to ensure further profitable growth.

#### **The Board proposes that the general meeting resolves the following:**

- 1 *The Board is hereby authorised pursuant to Section 10-14 of the Public Limited Liability Companies Act to increase the share capital by up to NOK 5,000,000 by issuing up to 5,000,000 shares in Lerøy Seafood Group ASA, each with a nominal value of NOK 1, by one or more private placements directed at the Company's shareholders and/or external investors.*
- 2 *The authorisation applies for two years from the resolution date.*
- 3 *The shareholders' pre-emptive rights to subscribe pursuant to Section 10-4 of the Public Limited Liability Companies Act can be set aside, cf. Section 10-5 of the Public Limited Liability Companies Act. The authorisation applies to both contributions of assets other than money and/or the right to impose special obligations on the Company, cf. Section 10-2 of the Public Limited Liability Companies Act. Furthermore, the authorisation includes a merger resolution pursuant to Section 13-5 of the Public Limited Liability Companies Act.*
- 4 *The authorisation replaces the authorisation to increase the share capital through the issue of new shares granted at the general meeting of shareholders on 26 May 2010.*
- 5 *The Board shall be authorised to carry out the amendments to the Articles of Association necessitated by the share capital increase.*