



Press Release

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Orkla and Carlsberg form global beer company

Orkla and Carlsberg creates one of the world's largest beer companies, *Carlsberg Breweries*. The company will be the market leader in the Nordic countries, and the leading brewery company in the rapidly growing market in Russia, the Baltic States and Ukraine and in parts of Asia.

Carlsberg Breweries will have a total turnover of DKK 23 billion and approximately 27,000 employees. Under the agreement between Orkla and Carlsberg, Orkla will transfer Pripps Ringnes to the new company Carlsberg Breweries, which comprises all of Carlsberg's beer activities and wholly-owned mineral water and soft drink activities. In payment for the transfer, Orkla will receive shares in Carlsberg Breweries. Orkla will retain its 20.38 per cent stake in Hartwall, the largest Finnish beverages company.

When this transaction has been finalised, 60% of Carlsberg Breweries will be owned by Carlsberg A/S and 40% by Orkla. The new company will consist of all Carlsberg's beer activities related, among other things, to the Carlsberg and Tuborg brands, including equity interests in wholly and partly-owned subsidiaries, joint ventures, associated companies and licensing activities, as well as Carlsberg's soft drink and mineral water activities that do not form part of Coca Cola Nordic Beverages (CCNB). Furthermore, Carlsberg Breweries will comprise all activities that are currently organised under Pripps Ringnes, including Pripps Ringnes' 50% stake in Baltic Beverages Holding AB (BBH).

Based on the last annual accounts, the businesses now being amalgamated in Carlsberg Breweries posted an aggregate operating profit of approximately DKK 2 billion.

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Press/analyst conferences 31 May 2000: Copenhagen and Oslo at 11 a.m. London at 10 a.m.

Oslo: Orkla ASA, Karenslyst alle 6, Skoyen. Finn Jebsen / Bjørn Wiggen.

Copenhagen: Carlsberg AS, Ny Carlsberg Vej 100. Jens P Heyerdahl d.y. / Fleming Lindeløv

London: The Worshipf.Comp. of Brewers, Brewer's Hall, Aldermanbury Sq., London EC2. Stenstadvold / Lindberg

Facts and background information

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Strategic background

In the past few years, the international brewery market has undergone an intensive process of consolidation with several major mergers and acquisitions. Orkla and Carlsberg see significant advantages in uniting their beverage businesses. The move will combine the positions and potential of the Carlsberg brand with the market positions and growth potential of companies in the Pripps Ringnes system, particularly BBH.

Carlsberg Breweries will be a leading global player in the beer sector. The company will have strong national brands in many markets, and one of the best known and preferred beer brands world-wide. Carlsberg Breweries intends to create a dynamic platform to support its ambitions of further growth in the global brewery sector, and its owners have the necessary resources for continued expansion.

The Nordic Region, Eastern Europe, the United Kingdom and Asia will be the company's core markets. Its market strategy will be based on strong, local brands, and the Carlsberg brand will be marketed as its international premium brand. Soft drinks will complete the company's product portfolio in certain selected markets, but will not constitute a separate priority area.

Carlsberg Breweries will maintain the companies' positions as market leaders for beer in Denmark, Sweden and Norway. Through BBH, the company will be the market leader in Russia and the Baltic States and the no. 2 company in Ukraine. The company will seek to achieve further growth in Eastern Europe and other selected markets in Europe and Asia. Carlsberg Breweries will also combine its presence in other markets with its own production operations, production under licence or exports where this is profitable.

Organisation and management

Carlsberg Breweries will be a Danish company with its headquarters and administration in Copenhagen. Mr. Fleming Lindeløv, the present President and Group CEO of Carlsberg A/S, will be President and Group CEO of Carlsberg Breweries. The other members of the executive management will be Nils S. Andersen, Paul Bergqvist, Michael C. Iuul and Bjørn Erik Næss.

The Board of Directors will consist of five representatives from Carlsberg and three representatives from Orkla, all of whom will be appointed by the shareholders, and four employee-elected representatives from the Nordic region. The office of Chairman of the Board of Directors will alternate between the parties. The company will also have a committee of shareholders' representatives consisting of 15 persons, of which Carlsberg will appoint six members, Orkla four members and the employees of the Carlsberg Breweries group five members.

Orkla and Carlsberg have agreed on the company's business vision, and both parties are guaranteed a decisive influence on significant decisions related to the company's assets and structure. Furthermore, both parties are ensured a mutual right of pre-emption if either party wishes to sell Carlsberg Breweries shares. Either party may demand that Carlsberg Breweries apply for stock exchange listing after three years. The other party will then have an obligation to participate in this process.

Other matters

Neither party is entitled to dispose of Carlsberg Breweries shares until 1 July 2002.

Pripps Ringnes' collaboration with Pepsi Cola will be continued in the new company, while CCNB and activities not related to beverages will remain in Carlsberg A/S. Carlsberg will enter into negotiations with The Coca Cola Company on the future of the joint venture company, Coca Cola Nordic Beverages.

Preliminary estimates indicate that Carlsberg Breweries may generate annual cost synergies in the order of DKK 300 million over a period of 3-4 years. In addition, the company will benefit from revenue synergies arising from the increased growth potential offered by the new constellation.

The agreement between the parties will take effect as from 1 July 2000, based on accounts as of 30 June 2000.

The implementation of this agreement is subject to approval by relevant authorities.

Salient facts about the two companies

- **Carlsberg' beer activities**

Production volume (million litres)	3,700
Operating revenues (DKK million)	16,625
Operating profit (DKK million)	1,151
Number of employees	14,200
Most important markets	Denmark Finland Sweden United Kingdom Portugal Greenland 4 countries in Asia

- **Pripps Ringnes**

Production volume (million litres)	1,700
Operating revenues (SEK million)	6,766
Operating profit before goodwill amort. (SEK million)	700*
Number of employees	13,000
Most important markets	Sweden Norway Russia Eastern Europe

* *excl. other revenues and expenses*