

Articles of Association for Bakkavör Group hf.

Name, residence, purpose

- 1.** The company is a public limited liability company named Bakkavör Group hf. Its domicile and venue is Ármúli 3, 108 Reykjavík.
- 2.** The purpose of the company is to own and operate companies engaged in the production, sales and distribution of food products and in other related business. Also the operation of real estate and everything else normal for the company to be engaged in.

Share capital

- 3.** The company's share capital is ISK [2,157,888,219]. The Board of Directors is authorised, to issue shares in the company in pound sterling instead of Icelandic króna if the Board considers the option feasible, cf. Article 1, Paragraph 4 of Act no. 2/1995 on Public Limited Companies. Article 1, The Act on Annual Accounts no. 3/2006, pursuant to paragraph 5 of Article 1 of Act on Public Limited Companies No. 2/1995, shall be applied if and when converting the shares. Furthermore, the Board of Directors is authorised to make any changes to the Articles of Association that are deemed necessary in connection with the issuance, including changing amounts in paragraph 1 of Article 3 of the Articles of Association using the same conversion method.

The board of directors of the Company is authorized to increase the share capital of the Company by up to ISK 750,000,000 nominal value through the subscription of new shares. Shareholders in the Company shall have pre-emptive subscription rights to the new shares in proportion to their shareholdings in the Company. There will be no restrictions on trading in the new shares. They shall grant rights in the Company from the date of registration of the increase in share capital to which they pertain. The Board of Directors shall decide the offer price, payment terms and stages of exercise of the authorization. The authorization shall be effective until 28th of October 2009, to the extent that it has not been exercised before that date. The new shares shall belong to the same class and carry the same rights as other shares in the Company. *(This paragraph approved at an extra ordinary general meeting on 28th October 2004.)*

The Company's Board of Directors is authorised to increase the share capital of the Company by issuing new shares of up to ISK 2.000.000.000 in nominal value. Shareholders will not be granted pre-emptive subscription rights to newly issued shares, pursuant to article 34 of the Act on Public Limited Companies, No. 2/1995. The Board of Directors may, however, authorise individual shareholders in each instance to subscribe for the new shares in part or in whole. No limitations will be placed on trading in the new shares. They shall grant rights in the Company as of the registration date of the increase to which they refer. The Company's Board of Directors shall determine the offering price and terms of offering. The Board of Directors is authorised to decide that subscribers pay for the new shares, partly or in whole, with other valuables than cash. This authorisation shall be effective until 23 March 2012 to the extent that it has not been exercised before that date. *(This paragraph approved at an annual general meeting on 23rd March 2007.)*

The company's board of directors is authorised to increase share capital by up to ISK 1,775,253 nominal value, which is to be used for sales to company employees.

The Board of Directors of the Company is authorised to increase the share capital of the Company by up to ISK 40.000.000 nominal value through the sale of new shares to employees of the Company or parties related to the Company. The offering price of the shares and terms of the sale shall be subject to separate contracts concluded by the Board of Directors of the Company with the employees or related parties involved. Shareholders shall not have pre-emptive subscription rights to the new shares, pursuant to Article 34 of Act no. 2/1995 on Public Limited Companies. The Board of Directors may, however, authorise shareholders in each instance to subscribe to the new shares, in part or in whole. There will be no restrictions on trading in the new shares. They shall grant rights in the Company from the date of registration of the increase in share capital to which they pertain. The Board of Directors shall decide the stages of exercise of the authorisation. The authorisation shall be effective until 28th of October 2009, to the extent that it has not been exercised before that date. The new shares shall belong to the same class and carry the same rights as other shares in the Company. *(This paragraph approved at an extra ordinary general meeting on 28th October 2004.)*

The Board of Directors of the Company is authorised to increase the share capital of the Company by up to ISK 85,000,000 nominal value through subscription of new shares. The current shareholders waive their pre-emptive subscription rights to the new shares pursuant to Article 34 of Act no. 2/1995 on Public Limited Companies. There will be no restrictions on trading in the new shares. The new shares shall grant rights within the Company from the date of registration of the increase of share capital. The new shares shall belong to the same class and carry the same rights as other shares in the Company. The Board of Directors of the Company shall determine more specifically how this increase will be executed, with reference to price and terms of payment. The Board of Directors of the Company is authorised to decide that subscribers pay for the new shares in part or in whole with other valuables than cash. This authorisation shall be effective until 9 May 2007, to the extent that it has not been exercised before that date. *(This paragraph approved at an extraordinary general meeting on 9 May 2006.)*

Each share shall have the nominal value of ISK 1, or a multiplication of that amount. One share certificate can be issued for all shares of each shareholder with the same applying in the event of an increase in share capitalisation

All share certificates are registered in the shareholder's name. All shares are equal, with one vote being conferred by each ISK of share capital. The company's own shares do not confer voting rights.

4. Only a shareholders meeting can authorise an increase in share capitalisation. This applies both for the issuing of bonus shares as well as new shares. Shareholders have a pre-emptive right to new shares, proportionate to their share ownership.

5. Should a shareholders meeting decide on an increase in share capitalisation by the issue of new shares, shareholders are to have a two-week period in which to exercise

their pre-emptive rights to subscribe to new shares. The company board sets rules, in accordance with the decision of the shareholders meeting, regarding the implementation of the subscription and the subscription period.

6. Shareholders are not required to redeem their shares.

7. When a shareholder has paid up his share in full, he shall receive a share certificate, issued by the company board, giving him full rights conferred by law and the company's articles of association.

8. Company share certificates shall be issued by the company board, and shall be signed by all board members. Names can be signed mechanically. A single certificate can be issued for all share capital owned by each shareholder. Shareholders can have their share capital divided into other units if they so wish.

Share certificates shall be in a numbered sequence and registered in the shareholder's name. A share register shall be kept. All shareholders shall have access to the share register and have the right to acquaint themselves of its content. The register shall list the following:

a) The share certificate's date of issue.

b) The share certificate's nominal value and number.

c) The share certificate's original registered owner, as well as later changes. Shareholder name, address and ID-number. Also changes in ownership and date of registration.

d) Possible changes in relations between the company and the share certificate owner, such as the certificate being invalidated.

Share certificates can, if the company board so decides, be issued electronically through a stock exchange, in accordance with laws on the electronic registration of stocks.

9. As far as the company is concerned, the share register is considered a valid authority of share ownership unless otherwise proven. All dividends and notifications shall be sent to the party which at any time is listed as owner of a given share certificate, unless another presents valid evidence of ownership.

10. Shareholders shall notify the company of their address, as well as any changes of address or residence as soon as these occur. The same applies for changes in ownership of company shares, whether by sale, gift, estate settlement, inheritance or other means.

The company is in no way responsible towards shareholders if payments and notifications are misplaced, due to proof of share ownership and notifications of changes in share ownership and shareholder residence not being received by the company in time.

In the event of a share certificate being lost, the owner shall be issued a new share certificate as soon as the company board has been assured that the share certificate has been invalidated by through a challenge published in the Lögbirtingarblaðið, the cost of which being paid by the shareholder. If a share certificate is damaged but with its number and content still being evident, the owner can obtain a new share certificate at his own expense by handing in the damaged certificate.

11. No restrictions are placed on the trading of shares in the company.

Shares in the company can be sold or pledged unless the law states otherwise.

Company structure

12. The company is governed by

- 1) Shareholders meetings
- 2) The company's board of directors
- 3) Managing directors

Shareholders meetings

13. A legitimate shareholders meeting is the highest authority in company matters, within the restrictions placed by the company's articles of association and the law of the land.

A shareholders meeting shall be announced by an advertisement in daily newspapers or by other verifiable means with no less than a week's notice. The announcement shall state the matters on the meeting's agenda.

The Board of Directors may determine that shareholders may participate electronically in shareholders' meetings without being present. Shareholders who intend to take advantage of their right to participate electronically shall notify the company's office with 5 day prior notice and submit, in writing, any questions they might have regarding the agenda or presented documents they wish to have answered at the meeting.

If the Board of Directors is of the opinion that sufficiently secure equipment is available and decides to use this authorisation, it shall be clearly noted in the invitation to the meeting. The Board of Directors is also authorised to decide that the shareholder's meeting shall only be held electronically.

The password submitted shall be equivalent to the shareholders signature and a confirmation of the shareholders participation at the meeting. Otherwise Article 80 a of Act on Public Limited Companies No. 2/1995, as amended from time to time, shall apply.

A shareholders meeting is legitimate if legitimately convened.

14. The company board shall convene a meeting when it deems necessary, as well as in accordance with a meeting resolution, or when the company auditors or shareholders representing at least 1/10 of share capital so demand. Such meetings shall be announced in the same way as other shareholders meetings. When a

legitimate demand for a meeting has been presented the board is obliged to convene a meeting no later than within two weeks from receiving said demand.

Those eligible to attend shareholders meetings, aside from shareholders and their proxies, are the auditors, board members and the general manager of the company, though these are not shareholders. They have full rights to speak at these meetings. The company board can also invite others to attend specific meetings.

15. In shareholders meetings a single majority carries the vote, with each ISK in share capital conferring one vote.

The company's own shares do not, however, confer voting rights, and such shares are not to be counted when there is call for agreement of all shareholders, or the clear majority of all share capital or the shares present at shareholders meetings.

If a motion receives an equal number of votes for and against it is rejected. If two persons or more receive an equal number of votes in an election, the result shall be determined by lot.

Shareholders are permitted to grant someone else a written and witnessed proxy to attend shareholders meetings and vote their shares. Proxies shall be presented at the meeting and are valid only for that meeting, unless otherwise stated therein.

16. Shareholders meetings are subject to general rules of order. After the meeting has been opened, the chair shall examine whether the meeting has been legitimately convened and is therefore legitimate. The chair shall take note of the provisions of the Companies Act and the company's articles of association regarding voting rights and voting procedures.

General meeting

17. A general meeting shall be held before the end of June each year, at a location chosen by the board. The meeting shall be convened in the same way as shareholders meeting, with the meeting agenda included in the announcement. The meeting shall be announced with at least a week's notice. The general meeting is legitimate if legitimately convened.

18. The general meeting shall address the following issues:

- 1) Report from the company board on the company's operations in the previous year.
- 2) The company's annual accounts for the previous year, including auditors' notes, shall be presented to the meeting for approval.
- 3) Decision on the disposition of the company's profits or losses in the fiscal year.
- 4) Decision on board members' remuneration.
- 5) Election of the company board.
- 6) Election of an auditor.
- 7) The Board of Directors' proposal for a Remuneration Policy.
- 8) Other issues legitimately presented at the meeting or which the meeting agrees to take under discussion.

Company board

19. The Board of Directors of the Company shall be comprised of up to seven members. They are to be elected at the Annual General Meeting for a term of one year. The eligibility of members of the Board shall be subject to statutory law.

In addition to a candidate's name, an identity number and address, information about main occupation, other directorships, education, experience and holdings of share capital in the Company shall be stated in the notification of candidature. Furthermore, all interest linked with the principal business parties and competitors of the Company, as well as with shareholders holding over 10% shares in the Company, shall be disclosed.

The Company's Board of Directors shall check the notifications of candidature and afford the parties concerned in a verifiable manner an opportunity of improving the shortcomings of the notification within a specified time limit, which shall be no longer than 24 hours. If shortcomings to the notification of candidature are not improved within the specified time limit the company's Board of Directors will decide upon the validity of candidature. It is possible to refer the conclusion of the Board of Directors to a shareholders' meeting which wields final decisive power concerning the validity of candidature.

Information concerning candidates to the Board of Directors shall be submitted on display to shareholders at the company's headquarters no later than two days in advance of an Annual General Meeting.

The Board of Directors of the Company is the supreme authority in the affairs of the Company between shareholders' meetings. It shall handle the affairs of the Company and ensure that its organization and operation are at all times in correct and appropriate order. The Board shall ensure adequate supervision of the accounts and disposal of the Company's property. The signatures of the majority of the Board of Directors are binding for the Company. Board meetings can pass a lawful resolution if a majority of the Board members attend.

The Board of Directors shall allocate tasks. The Board shall elect a Chairman of the Board from among its members, and allocate tasks in other respects as required. The Board shall be authorised to entrust the Chairman of the Board with special activities on behalf of the Company. The Chairman shall convene meetings of the Board and preside at Board meetings. Meetings shall be held at the discretion of the Chairman. The Chairman shall also convene a meeting of the Board if requested by one member of the Board or the Managing Director. The Board of Directors shall establish rules of procedure setting out further details of the performance of its duties.

20. The company board engages a general manager, who conducts the daily operations of the company and manages it between shareholders meetings together with the company board. The company board decides the general manager's salary and employment terms. The general manager hires other company staff, but only the company board can confer power of procurement. The signatures of three board members is needed to commit the company financially.

Accounts and auditing

21. The company's fiscal year is the calendar year. The general meeting shall elect an auditor or audit firm. The auditor must not be a member of the company board, the company's general manager or staff, or provide them personally with service.

Dissolution of the company

22. Should shareholders decide to dissolve the company, then this can only be done at a shareholders meeting, by shareholders controlling at least 2/3 of the company's total share capital. In other respects the provisions of the Companies Act apply. The same applies for any kind of merger or union of the company with other companies or for the sale of all the company's assets. The meeting, at which the company's dissolution is legally approved, decides on the disposition of the company's assets and the discharge of its liabilities in accordance with the provisions of the Companies Act.

Other provisions

23. Each shareholder is obligated, without any specific commitment, to honour the company's articles of association as they now stand or as they may be legitimately changed at a later date. Even so, shareholders will never be obliged, without their consent, to accept responsibility for the company's obligations over and above their share of the company, by any changes to these articles of association or by any decision made by a shareholders meetings.

24. A decision on changes to these articles of association is only legitimate if it is approved by at least 2/3 of the votes cast, as well as by shareholders controlling at least 2/3 of the share capital represented at the meeting, unless a different share of votes is stipulated in the company's articles of association or by law. Authorisation for increase or decrease of share capital, as well as the issue of bonus shares, is, however, governed by the provisions of the Companies Act.

25. Wherever the provisions of these articles of associations do not state how matters should be dealt with, the provisions of the Companies Act apply.

The Board of Directors resolved at a Board Meeting on 12 December 2001 to increase share capital of ISK 816,360,000, pursuant to an authorization from an extra ordinary general meeting on 12 December 2001. The Board of Directors resolved at a Board Meeting on 22 April 2002 to partly exercise authorization from an extra ordinary general meeting on 2 March 2000 and increase share capital by up to ISK 5,224,747.

The Board of Directors resolved at a Board Meeting on 20 February 2004 to partly exercise authorization pursuant to article 3 and to increase share capital up to ISK 1,616,592,755.

The Board of Directors resolved at a Board Meeting on 12 May 2006 to partly exercise authorization from an extraordinary general meeting on 9 May 2006 an increase share capital of ISK 80,269,613. Total share capital after the increase amounts to ISK 1,696,862,368.

The Board of Directors resolved at a Board Meeting on 12 May 2006 to partly exercise authorization pursuant to paragraph 2 in article 3 and to increase share capital up to ISK 2,133,909,016.

The Board of Directors resolved at a Board Meeting on 29 November 2006 to partly exercise authorization pursuant to paragraph 2 in article 3 and to increase share capital up to ISK 2,157,888,219.

These articles of association have been approved at the company's extraordinary general meeting on 9 May 2006, amendments adopted at a Board Meeting on 12 May 2006 and 29 November 2006. Amendments adopted at the Company's annual general meeting on 23 March 2007.