# MINUTES

## 29th Annual General Meeting 2012 of Marel hf.

The Annual General Meeting 2012 of Marel hf. was held on February 29th, 2012 at 16:00 at the Company's headquarters, Austurhraun 9, 210 Garðabær, Iceland.

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**Agenda**

1. The report of the Board of Directors on the activities of the Company during the preceding year of operation.
2. CEO´s operational report.
3. Submission of the annual accounts of the Company for the preceding year for confirmation, and decision on how to address the profit or loss from the Company's operations for the year.
4. Decision in respect of dividends for the year 2011.
5. Decision on remuneration to the members of the Board of Directors for the next year of operation and of the Auditor for the preceding year of operation.
6. Proposal on the Company's remuneration policy.
7. Elections to the Board of Directors.
8. Election of an auditor or auditing firm.
9. Proposal to grant authorization to the Board of Directors to purchase treasury shares in the Company.
10. Any other business, lawfully presented.

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The Chairman of Marel's Board of Directors, Mr. Árni Oddur Þórðarson, announced the Annual General Meeting open. He welcomed the shareholders to the meeting. Mr. Þórðarson recapped that the 2011 was a good year for Marel. The Chairman proposed that Mr. Árni Sigurjónsson be elected to Chair the Meeting. The proposal was agreed unanimously. The Chair proposed that Mr. Kristján Þorsteinsson be elected Secretary of the Meeting to keep the Records of Minutes. The proposal was agreed unanimously.

The Chair introduced a new IR manager Ms. Helga Björk Eiríksdóttir. The Chair reviewed the Meeting's calling and announced the Meeting to be in accordance with the Company's Articles of Association.

According to received ballots shareholders holding 489,065,850 shares of 726,343,997 outstanding shares attended the meeting, equal to 67.33% of the Company's voting share.

All proposals presented to the meeting were distributed to the attendants both in English and Icelandic. The meeting was performed in English.

Passing to the Agenda.

## 1. The report of the Board of Directors on the activities of Marel during the preceding year of operation

The Chairman of the Board of Directors, Mr. Árni Oddur Þórðarson addressed the meeting. The highlights of the Chairman's speech are available at the Company's webpage: http://www.marel.com/investors/investor-news/Decisions-of-Marels-2012-AGM/1530/default.aspx

Mr. Þórðarson spoke about:

1. Fast growing market, where active consumers will increase from present 1.8 billion to 4.8 billion in next 40 years. Marel market is growing by 5-6% annually. As stated by The Economist in February 2011. "The only reliable way to produce more food is to use better technology". Marel is very well located in that respect.

2. High quality of earnings. Marel is the only company serving globally all the four industries, i.e. poultry, meat, fish and further processing and therefore is reducing the risk substantially. Mare has a good geographical balance in new orders. There is also a good backbone in service revenues. There is a good spread of customers where the single largest customer counts for 4% of sales. Marel makes quality food affordable in a sustainable way. The Chairman showed a video about Marel's operation.

3. Aligning strategy and execution. The clear strategy disclosed at the annual general meeting in 2006 is well on track. Revenues have increased fivefold since 2005 and operating profits increased sevenfold. The target in 2015 is revenues of EUR 1 billion and 15% market share.

   Marel will celebrate 20 years as a listed company in Stock Exchange in 2012. Marel is the global leader in servicing the fish, poultry, meat and further processing industries, with 4000 employees in close to 40 countries. The Chairman expressed his gratitude the shareholders for the support through the

years. Dividend of EUR 0.95 cents per share will be proposed in this meeting corresponding to about 20% of the net profit 2011, which is in line with the target to pay dividend equal to 20 – 40% of profit. Marel is creating shareholders value and there is a good liquidity in the shares.

4. Marel's best days ahead. The chairman discussed the company's corporate governance. Marel has committed team with a proven track record. Marel strives for operational excellence across the whole range of its activities. Based on the past years experience Marel has the resources to realize its future ambitions. The year 2011 was very good for Marel with revenues of 668 million and 11% EBIT. Marel enters 2012 with high momentum and a record high order book.

Finally the Chairman expressed his gratitude to the management of the Company and its 4000 employees in 40 countries for the excellent performance. He also thanked Smári Rúnar Þorvaldsson for serving as a Board member last 2 years, but he is not seeking re-election.

## 2. CEO's operational report

Marel's CEO, Mr. Theo Hoen discussed Marel global presence of Marel, a one company serving four industries with among the most respected brands, i.e. Marel, Stork Poultry Processing and Townsend Further Processing. Innovation activities in Marel, has lead to breakthrough innovations which have transformed the way food is processed round the world. The cost of innovation has been about 5-7% of the annual revenues and will be maintained. The company is reaping the benefits with steady stream of innovative products. The CEO discussed how Marel is ready for the future and the target is to reach EUR 1 billion revenues in 2015. The year 2011 contributed significantly to that target, where strong innovation drive was a key factor in Marel's success. Out of the 4000 employees 31% are in The Netherlands, 19% in USA, 11% in Iceland and 39% in other countries.

The CEO discussed the market situation and how the global consumption of fish, meat and poultry per capita has increased last 50 years at the same time how consumer habits have been changing f.ex by less time spent cooking at home. Marel markets are growing 5-6% annually. In Marel sales, poultry stands for 55% and the other industries for 13-16% each. The sales in 2011 were 54% to Europe, 29% to North America and 17% to other countries. He mentioned several examples on how Marel´s innovation has influenced and even revolutionised how food is processed.

The CEO described how Marel has integrated all its business units into one united company and transformed it into a market oriented organisation serving the four industries. Before that Marel consisted of 15 companies which were more and less operating independently.

Marel has invested in very able young people which are undergoing continuous, intensive training program.

Marel had a very good year in 2011. Mr. Hoen summarized the results of the Company's businesses in 2011 compared to normalised figures of 2010. The revenues amounted to EUR 668 million compared to EUR 582 in 2010, 15% increase. Gross margin 37% were the target is in 3-4 years 40%. The EBIT margin was 10.9%, in line with the company's target of 10-12%. The order book rose from 162 million at end of 2010 to 196 at same time 2011.

The working capital is monitored very closely. The net interest bearing debt was 251 million at end of 2011 compared to 257 million in 2010.

Mr. Hoen discussed the future outlook of Marel. He said that market conditions are expected to remain favourable reflecting the underlying growth of 5-6% projected for the protein segment of the food industry in the years to come. Marel has established a strong market position and is ideally placed to take advantage of the many exciting opportunities that lie ahead.

The CEO's presentation is available at following website:

http://www.marel.com/investors/investor-news/Decisions-of-Marels-2012-AGM/1530/default.aspx

**3. Submission of the annual accounts of Marel for the preceding year for confirmation, and decision on how to address the profit or loss from Marel's operations for the year**

The Chair submitted the audited Consolidated Financial Statements of 2011 of Marel hf. for approval of the meeting.

The attendants were invited to speak about the address of the Chairman, the CEO's presentation and the Company's financial statements. None of the shareholders wished to accept the invitation.

Marel's Annual Report 2011 which was distributed at the meeting in a printed version is also available at the Company's webpage in an interactive format: http://www.marel.com/annual-reports/2011/?source=marel-news

The annual accounts for 2011 and the proposal to carry over the Company's net profit of the year to the following year were subsequently approved with all casted votes.

**4. Decision in respect of dividends for the year 2011.**

The following proposal on payment of dividends for the year 2011 was brought before the Meeting:

*The Board of Directors proposes that the Company pay a dividend of 0.95 euro cents per share to shareholders for the operational year 2011, corresponding to about 20% of Company profits for the year. The right to a dividend is constricted to the day of the Annual General Meeting, end of day. Ex-date is March 1st 2012. Payment of dividends is proposed to occur on March 14th 2012.*

The proposal was agreed by all casted votes.

For clarification the record date will be March 5th, 2012. The right to a dividend is constricted to shareholders identified in the Company's Shareholders' Registry at the end of the record date. For further information reference is made to the Marel AGM website.

## 5. Decision on remuneration to the members of the Board of Directors for the next year of operation and of the Auditor for the preceding year of operation

The following proposal on remuneration to the members of the Board of Directors for the next year of operation and of the Auditor for the preceding year of operation was brought before the Meeting:

*The Board of Directors proposes that the remuneration to Board members for the year 2012 will be increased from last year and be as follows: the Chairman will receive €7,500 per month, the Chairman of the Audit Committee will receive €5,000 per month and other members of the Board of Directors will receive €2,500 per month. The remuneration will be paid on the 15th day of each month. Furthermore, the Board of Directors proposes that the Auditor's fees will be paid against their invoices approved by the Company.*

No requests to comment on the proposal were put forward and subsequently the proposal was agreed by all casted votes.

## 6. Proposal on the Company's remuneration policy

Proposal on Marel's remuneration policy according to Article 79a of the Act No 2/1995 respecting Public Limited Companies, was brought before the Meeting. It was proposed that the Remuneration Policy approved by the AGM 2011 would be approved unchanged for the year 2012 as follows:

### *Article 1. Objective*

*The remuneration policy of Marel hf. has the aim of making the company and its subsidiaries competitive in hiring outstanding employees, a necessary prerequisite to fulfilling the company's vision for its presence on the global market. The remuneration policy covers all main aspects of salary and benefits for the Chief Executive Officer (CEO) and management of the company. A wage and benefits committee operates within the company comprised of three to four Board members.*

### *Article 2. Remuneration for Board members*

*Board members shall receive a fixed, monthly payment in accordance with the decision of the annual general meeting of the company, as stipulated in article 79 a of Act No. 2/1995 on Public Limited Companies. The Board of Directors shall submit a proposal on the fee for the upcoming operating year and shall take into account the time board members spend on their duties, the responsibility involved and company performance.*

***Article 3. Remuneration for the CEO***

*A written employment contract shall be made between the company and the CEO. His terms of employment shall be competitive on an international standard. The amount of salary and other payments to the CEO shall be decided on the basis of his education, experience and previous occupation. Other terms of employment shall be specified in the contract, along with pension payments, vacation rights, benefits and terms of notice.*

*When preparing employment contract the emphasis shall be that no additional payments will be made at termination other than those stipulated in the employment contract. However, special circumstances in the opinion of the Board of Directors may lead to a separate termination agreement being concluded with the CEO.*

***Article 4. Acknowledgements to senior management***

*The CEO is authorized to propose to the Board of Directors and Compensation Committee that senior management should be rewarded in addition to their set terms of employment in the form of delivery of shares, performance based payments, stocks, stock options or other forms of payment having to do with company shares or the future value of such shares, pension fund contributions, retirement or redundancy payments.*

*When deciding whether senior managers should be granted rewards in addition to the set terms of employment, the status, responsibility and future prospects of the respective manager within the company shall be taken into consideration.*

***Article 5. Disclosure information***

*At the Annual General Meeting, the Board of Directors shall present information on the remuneration of the Chief Executive Officer, managing directors and board members. Information shall be presented on the total amount of salary payments during the year, payments from other companies in the group, the amount paid in bonuses and stock options, other forms of payment related to the value of company shares, termination payments if applicable, and the total amount of any other payments.*

*The Company's remuneration policy shall be published on the Company's website.*

***Article 6. Approval of the Remuneration Policy and other matters***

*The company's Remuneration Policy shall be presented to the shareholders in the annual general meeting for their approval or rejection.*

*The Remuneration Policy is binding for the Board of Directors in regards to stock options and payments on the basis of share price movements as per Paragraph 2, Article 79.a of Act No. 2/1995 on Public Limited Companies. In all other aspects the policy shall be viewed as guidelines for the company and it's Board. The Board of Directors shall note in the minutes of its meeting any major deviation from the Remuneration Policy and such deviation shall be well justified. The Board of Directors shall inform the annual general meeting of such a deviation.*

Then, Mr. Þórðarson explained the main substance of the remuneration policy which is in accordance with the submitted policy agreed by the Board of Directors after

recommendation from Marel's remuneration committee. It is fundamental for Marel to be able to attract talented people and be fully competitive in personnel matters. He mentioned that Marel is using the Hay's scale as a base for all key people and benchmark its remuneration to other capital goods' companies. Additional remuneration is based on additional salaries of maximum 40% and 20% in a form of stock purchase options. Therefore the max additional salaries are 60% on top of the base salaries.

There were no further discussions about the remuneration policy.

The proposal was agreed by all casted votes.

### 7. Elections to the Board of Directors of Marel

The deadline for declaring candidacy for election to the Board of Directors expired on February 24th 2012 at 16:00, in accordance to Marel's Articles of Association. The Board of Directors proposed that the Company's shareholders elect seven Directors to serve on the Board of Directors. The Board nominated the following seven individuals as Directors, which had all declared their candidacy:

*Arnar Þór Másson, Reykjavik, Iceland*
*Árni Oddur Þórðarson, Reykjavik, Iceland*
*Ásthildur Margrét Otharsdóttir, Reykjavik, Iceland*
*Friðrik Jóhannsson, Reykjavik, Iceland*
*Helgi Magnússon, Seltjarnarnes, Iceland*
*Margrét Jónsdóttir, Seltjarnarnes, Iceland*
*Theo Bruinsma, Oss, The Netherlands*

No further proposals to Board of Directors were submitted and the proposal of electing seven Directors was agreed by all casted votes, resulting in the above-mentioned candidates chosen without election. The Chair declared them rightfully elected to the Board of Directors of Marel hf. for the next year and congratulated them on the election.

### 8. Election of an auditor or auditing firm

The following proposal on auditor was presented before the Meeting by the Chair:

*The Board of Directors proposes that the auditors KPMG ehf. will be the Company's auditors.*

No requests to comment on the proposal were put forward and subsequently the proposal was agreed by all casted votes.

### 9. Proposal to grant authorization to the Board of Directors to purchase treasury shares in the Company

The following proposal on the Company's authorisation to buy treasury shares was brought before the Meeting and explained by the Chair:

*The Board of Directors proposes that the Company is authorized, pursuant to the provisions of Article 55 of the Act on Public Limited Liability Companies No. 2/1995, to acquire up to 10% of its own shares at a price which is no higher than 10% over and no lower than 10% under the posted average price of shares in the Company for the two weeks immediately preceding the acquisition.*

*It is furthermore proposed, that this authorisation is effective for the next 18 months from approval. Earlier authorisation shall be withdrawn.*

No requests to comment on the proposal were put forward and subsequently the proposal was agreed by all casted votes.

**10. Any other business, lawfully presented**

The Chair informed that no other matters had been rightfully proposed to the Company's Board of Directors before the Meeting but invited attendants to speak about the Company's matters. No such requests were made.

The Chair inform the attendants that after the meeting there will be a live presentation from the demo center in Boxmeer where the equipment produced by Townsend further processing for the sausage industry, such as the QX coextrusion systems, will be presented.

The meeting was closed at 17:15.

Garðabær, February 29th 2012

| Chair: | Secretary: |
|---|---|
| Árni Sigurjónsson | Kristján Þorsteinsson |