

Denne melding til obligasjonseierne er kun utarbeidet på engelsk. For informasjon vennligst kontakt Nordic Trustee ASA

**ISIN NO 001068414.5 – FRN Det norske oljeselskap ASA Senior Unsecured Bond Issue 2013/2020**

Oslo, 18 March, 2015

**Summons to Bondholders' Meeting**

Nordic Trustee ASA is appointed as Bond Trustee for the above mentioned bond issue.

All capitalized terms used herein shall have the meaning assigned to them in the Bond Agreement dated 1 July 2013 and made between the Bond Trustee and Det norske oljeselskap ASA (the "Issuer", "Det norske" or the "Company").

*The information in this summons regarding the Issuer and market conditions are provided by the Issuer, and the Bond Trustee expressly disclaims all liability whatsoever related to such information.*

**1. BACKGROUND**

On 15 October, 2014 (the "Closing Date") Det norske completed the acquisition of Marathon Oil Norge AS ("Marathon Norway", or "MONAS"). As a result of the acquisition, Det norske is now one of the leading European independent E&P companies with production in 2014 of 66,600 boepd and P2 reserves of 206mmboe (increasing to 484 mmboe post Johan Sverdrup plan for development was submitted).

The combination of Marathon Norway's current production with the Company's development programme has increased the financial flexibility and materially accelerates current cash tax relief on its investments, reducing the funding need in relation to its capex program. Marathon Norway's portfolio came with limited capital expenditure commitments, low historic tax balances and high near-term production which complement the planned production start of Det norske's Ivar Aasen (2016) and Johan Sverdrup (2019) developments. The combination thus reduces the risk associated with timing and cost of development projects. Det norske financed the acquisition with NOK 3.0 billion of equity and by drawing USD 2.65 billion on a new 7-year USD 3.0 billion Reserve Based Lending ("RBL") facility. The drawn amount on the RBL has since been reduced to USD 2.1 billion. Per 31.12.2014, the Company had NIBD/EBITDAX of 1.0x and EBITDA/Interest expenses of 13.0x.

The RBL facility is secured through a security package consisting of a pledge over the Company's interest in development and production licenses in Norway including all assets acquired as part of the Marathon Norway acquisition.

The RBL facility includes a leverage ratio covenant and an interest cover ratio covenant:

- The Company shall ensure that the ratio of the group's total net debt divided by the group's EBITDAX shall be a maximum of 3.5x at all times.
- The Company shall ensure that the ratio of the group's EBITDA divided by the group's interest expenses shall be a minimum of 3.5x at all times.

---

EBITDAX and EBITDA are calculated on a rolling last twelve months consolidated basis for the group and the leverage ratio is tested by reference to each of the financial statements delivered for each quarter date. For the purpose of calculating EBITDA, EBITDAX and interest expenses for each quarter which is less than twelve months after the closing date, EBITDA, EBITDAX and interest expenses shall be calculated on a pro forma basis by including the EBITDA, EBITDAX and interest expenses of MONAS for the relevant period prior to it becoming a member of the group.

The financial covenant in DETNOR02 includes the adjusted equity ratio under which the Issuer shall ensure that the group (on a consolidated basis) maintains an adjusted equity ratio of minimum 25 %. A default only occurs if the adjusted equity ratio is below 25 % on two consecutive quarter dates and the covenant level is not remedied within the interim reporting date of the following quarter date.

The Company's book equity ratio fell to 15.5% in Q4 as a result of a combination of the accounting effect of the acquisition and an impairment charge to goodwill due to impact of the rapid drop in the oil price. Post the Q4 report, the Johan Sverdrup plan for development was submitted which increases the Company's P2 reserves from 206mmboe to 484mmboe (based on the Operator's proposal for the Company's working interest of 11.8933%). Johan Sverdrup currently has a limited book value as it is mainly drilling costs that make up the book value per the successful efforts method of accounting for such a development. It is the Company's view that investors concerned about the book equity ratio can take comfort in the substantial value present in the Johan Sverdrup field which would provide substantial equity buffer over and above the book equity reflected under the IFRS statements.

## 2. PROPOSAL

Based on the background information set out above, the Issuer proposes to make certain amendments to the Bond Agreement. The details of the proposal is set out in Schedule 1 hereto (the "**Proposal**"), which includes the following key points:

- Removal of the Adjusted Equity Ratio covenant.
- Inclusion of two new financial covenants: Leverage Ratio (max 3.5x) and Interest Cover Ratio (min. 3.5x).
- Reduction of the remedy period for financial covenant breaches by 90 days.
- Inclusion of a new disposal of assets restriction related to the Johan Sverdrup field.
- Inclusion of a one-time option for each Bondholder to require that the Issuer acquire any or all of its Bonds (the "**One-off Put Option**") at 101% of par plus accrued interest, which may be exercised in a 10 Business Days period after the Effective Date (as defined below).

To enable the Issuer to conduct the proposed change of the Bond Agreement, the Issuer has requested the Bond Trustee to summon a Bondholders' meeting to consider the approval of the proposed changes.

— o o o —

As compensation to the Bondholders for approving the Proposal, the Issuer offers the Bondholders:

- (i) the coupon will from the Effective Date (as defined below) be increased by 1.50 per cent per annum, to 3 month NIBOR plus 6.50% per annum; and
- (ii) a one-time consent fee of 1.00% (flat) to all Bondholders recorded as Bondholders on the second Business Day following the settlement of the One-off Put Option, payable no later than 10 Business Days after the settlement date for the One-off Put Option, of the face value of the Bonds then outstanding.

---

### 3. EFFECTIVENESS

The Bond Agreement shall be deemed to have been amended as set out in Schedule 1 hereto when (and if) the Bondholders' Meeting resolves to approve the Proposal and the Bond Trustee has notified the Issuer and the Bondholders of the resolution passed (the "**Effective Date**").

### 4. THE ISSUER'S EVALUATION

The Issuer believes that it has substantially improved its credit profile through the acquisition of Marathon Norway, transforming the business into one of the leading Independent European oil production companies.

Furthermore, the Issuer believes that the proposed covenants will provide Bondholders with a better covenant structure as these ratios more accurately and immediately reflect the Company's financial performance and the Issuer believes that it would be in the interest of its creditors to harmonise the covenant packages of the various debt instruments. The banks have put in place a covenant package for the RBL reflecting that the company has been transformed from a capex heavy exploration and development company to a significant oil producer where it is the cash generated from its operations that will service and ultimately repay the debt rather than future exploration success, asset sales and further equity issuances.

The Issuer believes that the Proposal is balanced and would like to see as many as possible of the Bondholders as stakeholders of the Company also in the future, but have also provided a put option opportunity substantially above the last trading prices of the Bonds, for those Bondholders who would like to exit their investment at this stage. The Issuer will acquire the Bonds as a result of the One-off Put Option and the Issuer's holding of Bonds may at the Issuer's discretion be retained by the Issuer, sold or discharged as set out in clause 12 of the Bond Agreement.

In sum, the Issuer believes that the proposed amendment is advantageous to the Bondholders' position. For those Bondholders with an interest to continue its exposure to the Issuer the Proposal provides significantly improved terms, while those Bondholders with an exit, or reduce, strategy may do so at a price significantly above the last months' trading, and in an orderly manner that is not detrimental to other stakeholders' interest.

### 5. THE BOND TRUSTEE'S EVALUATION

The request and the information set out in this summon is put forward to the Bondholders without further evaluation or recommendations from the Bond Trustee. The Bondholders must independently evaluate whether the proposed changes are acceptable.

### 6. SUMMONS TO BONDHOLDERS' MEETING

Bondholders are hereby summoned to a Bondholders' Meeting:

**Time:** 1 April 2015 at 13.00 hours (Oslo time),  
**Place:** The premises of Nordic Trustee ASA,  
Haakon VII's gt 1, 0116 Oslo - 6<sup>th</sup> floor

**Agenda:**

1. Approval of the summons.
2. Approval of the agenda.
3. Election of two persons to co-sign the minutes together with the chairman.
4. Request for adoption of Proposal:

---

**It is proposed that the Bondholders' meeting resolve the following:**

1. The Bondholders' Meeting approves the Proposal as referred to in section 2 of the summons for the Bondholders' Meeting.
2. Nordic Trustee is authorised and instructed to do all such steps necessary on behalf of Bondholders as may be necessary in connection with implementation of this Proposal, including but not limited to implementing and amending and restating the Bond Agreement.

To approve the above resolution, Bondholders representing at least 1/2 of the Bonds represented in person or by proxy at the meeting must vote in favour of the resolution. In order to have a quorum, at least 1/2 of the voting Bonds must be represented at the meeting. If the Proposal is not adopted, the Bond Agreement will remain unchanged.

Please find attached a Bondholder's Form from the Securities Depository (VPS), indicating your bondholding at the printing date. The Bondholder's Form will serve as proof of ownership of the Bonds and of the voting rights at the Bondholders' meeting. (If the Bonds are held in custody - i.e. the owner is not registered directly in the VPS - the custodian must confirm; (i) the owner of the Bonds, (ii) the aggregate nominal amount of the Bonds and (iii) the account number in VPS on which the Bonds are registered.)

The individual Bondholder may authorise Nordic Trustee to vote on its behalf, in which case the Bondholder's Form also serves as a proxy. A duly signed Bondholder's Form, authorising Nordic Trustee to vote, must then be returned to Nordic Trustee in due time before the meeting is scheduled (by scanned e-mail, telefax or post – please see the first page of this letter for further details).

In the event that Bonds have been transferred to a new owner after the Bondholder's Form was made, the new Bondholder must bring to the Bondholders' meeting or enclose with the proxy, as the case may be, evidence which the Bond Trustee accepts as sufficient proof of the ownership of the Bonds.

For practical purposes, we request those who intend to attend the Bondholders' Meeting, either in person or by proxy other than to Nordic Trustee, to notify Nordic Trustee by telephone or by e-mail (mail@trustee.no) within 16:00 hours (4 pm) (Oslo time) the Banking Day before the meeting takes place.

Bondholders are welcome to contact the Issuer with questions to the Proposal. Please contact, on behalf of the Issuer, Nordea Markets Fixed Income Sales phone +47 22 48 77 82.

Yours sincerely  
**Nordic Trustee ASA**



Jørgen Andersen

Enclosed: Bondholder's Form

---

Schedule 1

1. In Clause 1.1 (*Definitions*), the definition of “**Margin**” shall be amended and replaced by the following:

“**Margin**” means 6.50 per cent (6.50 %) per annum.”

2. In Clause 1.1 (*Definitions*), the following new definitions shall be inserted:

“**Cash Equivalents**” means at any time:

- (i) certificates of deposit maturing within one year after the relevant Quarter Date and issued by a bank or financial institution which has a rating for its long-term unsecured and non-credit-enhanced debt obligations of BBB or higher by Standard & Poor's Rating Services or Fitch Ratings Ltd or Baa2 or higher by Moody's Investors Service Limited or a comparable rating from an internationally recognised credit rating agency or any other bank or financial institution approved by the Bond Trustee (subject to the Issuer providing the Bond Trustee with evidence that such rating has been approved under the Facility Agreement for equivalent purposes thereunder);
- (ii) marketable debt securities held for cash management purposes which are issued in a jurisdiction in which any member of the Group is incorporated, in any member state of the OECD and which can be realized promptly; and
- (iii) any other debt security subject to the Issuer providing the Bond Trustee with evidence that such debt security has been approved as a cash equivalent under the Facility Agreement),

in each case, to which any member of the Group is alone (or together with the other members of the Group) beneficially entitled at the relevant time.”

“**DET NOR AS**” means Det norske oljeselskap AS (formerly named Marathon Oil Norge AS), a Norwegian private limited liability company with org.no. 923 702 962.”

“**EBITDA**” means the earnings before interest expenses, taxes, any items treated as exceptional or extraordinary items, any depreciation and amortisation.”

“**EBITDAX**” means the earnings before interest expenses, taxes, any items treated as exceptional or extraordinary items, any depreciation and amortisation and any expenses for the exploration for petroleum.”

“**Effective Date**” means the date on which the Bond Agreement has been amended as set out in Schedule 1 to the summons to a Bondholders’ Meeting dated 18 March, 2015, where the Bondholders approved the amendments by a binding resolution, and the Bond Trustee notified the Issuer and the Bondholders of the resolution passed.”

“**Facility Agreement**” means the USD 3,000,000,000 Senior Secured Borrowing Base Facility Agreement entered into between inter alios the Issuer as borrower, certain financial institutions as lenders and DNB Bank ASA as facility agent (as amended from time to time).”

“**Interest Expenses**” means all interest, guarantee commission and other periodic fees incurred under or in connection with the Financial Indebtedness of the Group.”

“**Leverage Ratio**” means the Group’s Total Net Debt divided by the Group’s EBITDAX.”

“**License**” means any licences for exploration and production of hydrocarbon.”

*“**Net Proceeds**” means the cash consideration by the Issuer for the transfer of ownership in a Licence, less:*

- (i) all legal, accounting, investment banking, commissions and other fees and expenses incurred, title and recoding tax expenses, and all taxes required to be paid or accrued as a liability under GAAP, as a consequence of such transfer;*
- (ii) all payments made on any Financial Indebtedness which is secured by any assets subject to such transfer of ownership, in accordance with the terms of any Security upon such assets, or which must by its terms, or in order to obtain a necessary consent to such transfer, or by applicable law be repaid out of the proceeds from such transfer;*
- (iii) all distributions and other payments required to be made to holders of minority interests in Subsidiaries or joint ventures as a result of such transfer;*
- (iv) the deduction and other payments required to be made to holders of minority interests in Subsidiaries or joint ventures as a result of such transfer; and*
- (v) the deduction of appropriate amounts to be provided by the seller as a reserve, in accordance with GAAP, or held in escrow, in either case for adjustment in respect of the sale price or for any liabilities associated with the Licenses disposed of in such transfer and retained by the Issuer or any Subsidiary after such transfer.”*

*“**Subordinated Loans**” means any unsecured subordinated Financial Indebtedness of any member of the Group (i) granted by any third party (other than a Group Company); (ii) ranking junior to the Bonds if the Issuer becomes subject to insolvency proceedings; and (iii) where any agreed and scheduled payment of principal under any Subordinated Loan shall (unless where such payment can be made as Distribution under the Bond Agreement) not be made before all amounts payable under the Bonds having been discharged in full, however, such unsecured subordinated Financial Indebtedness may in any event be callable by the Issuer.”*

*“**Total Net Debt**” means the aggregate amount of all obligations of members of the Group for or in respect of borrowings, but excluding:*

- (i) such obligations to other Group members;*
- (ii) any amount of freely available cash and Cash Equivalents held by any Group member at that time; and*
- (iii) any Subordinated Loan,*

*and so that no amount shall be included or excluded more than once.”*

3. A new Clause 9.7 (*Amendment Fee*) shall be inserted under heading 9 (*Interest*):

**9.7            Amendment Fee**

**9.7.1**            A one-time consent fee of 1.00 per cent (1.00 %) (flat) shall be payable by the Issuer to all Bondholders recorded as Bondholders on the second Business Day following the settlement date of the One-off Put Option (as defined below), no later than 10 Business Days after the settlement date for the One-off Put Option, of the face value of the Bonds then outstanding.”

4. Clause 12 (*Issuer’s acquisition of Bonds*) shall be amended and replaced by the following:

**12.1            General**

**12.1.1**            The Issuer has the right to acquire and own Bonds (*Issuer’s Bonds*). The Issuer’s holdings of Bonds may at the Issuer’s discretion be retained by the Issuer, sold or discharged.

**12.2            One-off Put Option**

12.2.1 Each Bondholder shall at any time during the first 10 Business Days following the Effective Date have the right to require that the Issuer acquire any or all of its Bonds (the “**One-off Put Option**”), and the Issuer shall if so notified acquire the Bonds at 101% of par plus accrued interest.

12.2.2 The One-off Put Option may be exercised by each Bondholder giving written notice of the request to its Account Manager. The Account Manager shall notify the Paying Agent of the request.

12.2.3 The settlement date of the One-off Put Option shall be no later than 20 Business Days after the Effective Date.

12.2.4 On the settlement date of the One-off Put Option, the Issuer shall pay to each of the Bondholders holding Bonds to be acquired, the principal amount of each such Bond (including any premium payable pursuant to Clause 12.2.1) and any unpaid interest accrued up to (but not including) the settlement date.”

5. Clause 13.3 (e) (*Disposal of business*) shall be amended and replaced by the following:

“(e) *Disposal of business*

The issuer shall not, and shall procure that no other Group Company shall sell or otherwise dispose of all or a substantial part of the Group’s assets or operations unless:

- (i) the transaction is carried out at fair market value, on terms and conditions customary for such transactions; and
- (ii) such transaction would not have a Material Adverse Effect,

provided that if the Issuer and/or any other Group Company (as the case may be) disposes of its ownership interests in the Licences constituting the Johan Sverdrup field (or in any company directly or indirectly holding such Licence(s)) and as a result of such disposal, the Group’s aggregate ownership of such Licences is less than 75% of the Issuer’s interest in those Licences as of the Effective Date, the Issuer shall within 60 Business Days of receiving any cash consideration offer to redeem a part of the Bond Issue equal to the Net Proceeds at 101 per cent of par plus accrued interest (the “**Johan Sverdrup Disposal Put Option**”).

The Johan Sverdrup Disposal Put Option must be exercised within ten Business Days after the Issuer has given notification to the Bond Trustee offering redemption of part of the Bond Issue.

The Johan Sverdrup Disposal Put Option may be exercised by each Bondholder by giving written notice of the request to its Account Manager. The Account Manager shall notify the Paying Agent of the redemption request. The settlement date of the Johan Sverdrup Disposal Put Option shall be the third Business Day after the end of the ten Business Days exercise period of the Johan Sverdrup Disposal Put Option.

On the settlement date of the Johan Sverdrup Disposal Put Option, the Issuer shall pay to each of the Bondholders holding Bonds to be redeemed, the principal amount of each such Bond (including any premium payable pursuant to the Johan Sverdrup Disposal Put Option) and any unpaid interest accrued up to (but not including) the settlement date.”

6. Clause 13.5(a) (*Adjusted Equity Ratio*) shall be amended and replaced by the following:

“(a) *Leverage Ratio*

The Issuer shall ensure that the Leverage Ratio shall be a maximum of 3.5x at all times.”

7. A new sub-clause (c) (*Interest Cover Ratio*) shall be inserted in Clause 13.5 (*Financial Covenants*):

---

*“(c) Interest Cover Ratio*

*The Issuer shall ensure that the ratio of the Group’s EBITDA divided by the Group’s Interest Expenses shall be a minimum of 3.5x at all times.”*

8. A new sub-clause (d) (*Grace Period*) shall be inserted in Clause 13.5 (*Financial Covenants*):

*“(d) Grace Period*

*A breach of Clauses 13.5(a) (Leverage Ratio) or 13.5(c) (Interest Cover Ratio) (as applicable) will only result in a default if the Issuer is in breach of the applicable Clause on two consecutive Quarter Dates and the covenant breach is not remedied before the interim reporting date for such second Quarter Date.*

*Where the Issuer has remedied such two consecutive breaches of Clause 13.5(a) (Leverage Ratio) or Clause 13.5(c) (Interest Cover Ratio), the grace period described in the first paragraph of this Clause 13.5(d) (Grace Period) will only apply to subsequent breaches of the relevant Clause if the Issuer has been in compliance with that Clause on two consecutive Quarter Dates following such prior remedy.”*

9. A new sub-clause (e) (*Financial Testing*) shall be inserted in Clause 13.5 (*Financial Covenants*):

*“(e) Financial Testing*

*The financial covenants set out in Clause 13.5(a) (Leverage Ratio) or 13.5(c) (Interest Cover Ratio) shall be calculated on a rolling last twelve months basis in accordance with GAAP on a consolidated basis for the Group.*

*For the purpose of calculating EBITDA, EBITDAX and Interest Expenses for each Quarter Date which is less than twelve months after 15 October 2014, EBITDA, EBITDAX and Interest Expenses shall be calculated on a pro forma basis by including the EBITDA, EBITDAX and Interest Expenses of DETNOR AS for the relevant period prior to it becoming a member of the Group.”*