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## **To the bondholders in the Det norske oljeselskap ASA 13/20 FRN (ISIN NO 001068414.5, TICKER: DETNOR02)**

Oslo, 11 May, 2016

### **Summons to Bondholders' Meeting**

Nordic Trustee ASA acts as bond trustee for the bond issue FRN Det norske oljeselskap ASA Senior Unsecured Bond Issue 2013/2020 with ISIN NO 001 068414.5 (the “**Bond Issue**”) issued by Det norske oljeselskap ASA (the “**Issuer**” or the “**Company**”) pursuant to the bond agreement dated 1 July 2013 (the “**Bond Agreement**”) as amended on 22 April 2015, between the Issuer and the Bond Trustee.

All capitalized terms used herein shall have the meaning assigned to them in the Bond Agreement unless otherwise stated.

*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**

Last year's alignment of financial covenants (the “**Covenants**”) across the Company's senior credit facilities (including the RBL, the RCF and DETNOR02) was done at a time when both the prevailing oil price and future price expectations were higher and the amended Covenants were expected to suit the Company's financial profile towards first oil from Ivar Aasen and Johan Sverdrup. Since then, both the spot and forward price for oil has dropped significantly.

At the end of Q1 2016, the Covenants were comfortably within its thresholds. The leverage ratio was at 2.5x, below the threshold of 3.5x and the interest cover ratio was 7.9x, above the threshold of 3.5x. However, these ratios may come under pressure in a scenario where oil prices continue to be low. Therefore the Company has, as previously announced, engaged in a dialogue with its creditors to proactively address the level of its financial covenants.

The Company has vigorously continued to improve cost efficiency on all levels in order to strengthen the long term competitiveness and ensure strict capital discipline. Furthermore, the Company has also continued to deliver operationally and has proactively strengthened its liquidity through the issuance of a USD 300 million subordinated bond. The Company currently has a robust liquidity buffer to support it through towards first oil from Johan Sverdrup and believes that all stakeholders will benefit from allowing management to focus on the operational delivery of the ongoing projects.

As announced on 29 April 2016, the Company has reached an agreement with its group of banks to ease the covenant thresholds. The Company has also informed the Bond Trustee that Bondholders holding in excess of 50% of the Outstanding Bonds in the Bond Issue have confirmed their support for the Proposal set out in section 2 below.

## 2. PROPOSAL

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

- Amendment of the leverage ratio: The Issuer shall ensure that the leverage ratio shall be a maximum of 6.0x from Q2/16 to and including Q4/17; 5.5x from Q1/18 to and including Q4/18; 6.0x from Q1/19 to and including Q4/19; and 3.5x thereafter.
- Amendment of the interest cover ratio: The Issuer shall ensure that the interest cover ratio shall be a minimum of 2.0x from Q2/16 to and including Q3/17; 2.3x from Q4/17 to and including Q3/18; 2.0x from Q4/18 to and including Q4/19; and 3.5x thereafter.
- Definition of Total Net Debt amended to exclude exploration financing facilities.
- Bond Agreement to follow amendments and waivers to leverage and/or interest cover covenant in senior secured debt, but not amendments or waivers less beneficial to Bondholders than the thresholds expressed above for more than 2 quarters and then subject to the same relative consent fee as payable to senior secured creditors.

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.

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As compensation to the Bondholders for approving the Proposal, the Issuer offers to the Bondholders that Clause 10.1 (*Maturity*) shall be amended to read as follows:

*“Maturity*

*The Bonds shall mature in full on the Maturity Date, and shall be repaid at 104% of par by the Issuer.”*

### **3. EFFECTIVENESS**

The Bond Agreement shall be deemed to have been amended as set out under section 2 (*Proposal*) 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**

In the Company's opinion, the Proposal represents an attractive and fair compensation to the Bondholders. Furthermore, the Company believes that by approving the proposed amendments creditors continue to be well protected towards downside scenarios with regards to the oil price and will benefit from management being able to concentrate fully on the execution of the ongoing project developments.

### **5. FURTHER INFORMATION**

The Issuer has engaged DNB Markets, Nordea Markets and SEB as the Issuer's financial advisors ("**Advisors**") with respect to the Proposal.

The Advisors are acting solely for, and relying on information from, the Issuer in connection with the Proposal. No due diligence investigations have been carried out by the Advisors with respect to the Issuer or the Proposal, and the Advisors do not assume any liability in connection with the Proposal (including but not limited to the information contained herein).

### **6. THE BOND TRUSTEE'S EVALUATION**

The request 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.

### **7. SUMMONS TO BONDHOLDERS' MEETING**

Bondholders are hereby summoned to a Bondholders' Meeting:

**Time:** 27 May 2016 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:**

Approval of the summons.

Approval of the agenda.

Election of two persons to co-sign the minutes together with the chairman.

Request for adoption of proposal:

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

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1. *The Bondholders' Meeting approves the Proposal as described in section 2 of the summons for the Bondholders' Meeting.*
2. *The Bond Trustee is authorised and instructed to do all such steps necessary on behalf of Bondholders as may be necessary in connection with implementation of the 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 the 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 ([www.mail@trustee.no](mailto:www.mail@trustee.no)) within 16:00 hours (4 pm) (Oslo time) the Banking Day before the meeting takes place.

Yours sincerely  
**Nordic Trustee ASA**

Jørgen Andersen

Enclosed:

Schedule 1 – Proposal

Schedule 2 – Bondholder's Form

## Schedule 1

- (a) In Clause 1.1 (*Definitions*), the following definitions shall be inserted:

*““Existing Leverage Ratio” means the leverage ratio covenant expressed in Clause 13.5(a) (Leverage Ratio) of this Amendment Agreement, prior to any Amended Financial Covenant.”*

*““Existing Interest Cover Ratio” means the interest cover ratio covenant expressed in Clause 13.5(c) (Interest Cover Ratio) of this Amendment Agreement, prior to any Amended Financial Covenant.”*

*““New Exploration Financing Facility” means moneys borrowed by the Issuer or any other Group Company from a bank or a syndicate of banks for the purpose of financing the Issuer’s or such Group Company’s petroleum exploration costs, and being secured by the Issuer’s or such Group Company’s right to a refund or refunds from Norwegian tax authorities for such petroleum exploration costs.”*

*““Senior Secured Financial Covenant” means any of the leverage ratio financial covenant and interest cover ratio financial covenant included in any or all of the Senior Secured Financing Facilities, including the definitions directly or indirectly applied in such covenant.”*

*““Senior Secured Financing Facility” means any or all of (i) the USD 3,000,000,000 senior secured borrowing base facility agreement entered into between the Issuer (as borrower), DNB Bank ASA (as agent) and a syndicate of banks dated 8 July 2014 as such is or may later be amended, novated, varied or restated from time to time; and (ii) the USD 550,000,000 second lien secured revolving facility agreement entered into between the Issuer (as borrower) DNB Bank ASA (as agent) and a syndicate of banks dated 30 June 2015 and as such is or may later be amended, novated, varied or restated from time to time, or any other bank facility, or bank facilities, replacing (i) or (ii) above.”*

*““Short Term Consent Fee” means the same relative consent fee (same percentage of total commitment) payable to the creditors under the Senior Secured Financing Facility for the corresponding Amended Senior Secured Financial Covenant.”*

- (b) In Clause 1.1 (*Definitions*), the definition of **“Total Net Debt”** shall be amended and replaced by the following:

*““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;*

*(iii) any Subordinated Loan; and*

*(iv) any amounts outstanding under any New Exploration Financing Facility.”*

- (c) Clause 10.1 (*Maturity*) shall be amended and replaced by the following:

*“The Bonds shall mature in full on the Maturity Date, and shall be repaid at 104% of par by the Issuer.”*

- (d) Clause 13.5(a) (*Leverage Ratio*) shall be amended and replaced by the following:

*“(a) Leverage Ratio*

*The Issuer shall ensure that the Leverage Ratio shall be (when calculated):*

*(a) in the period from and including the quarter ending on the Quarter Date of 30 June 2016 to and including the Quarter Date of 31 December 2017, a maximum of 6.0x at all times;*

*(b) in the period from and including the quarter ending on the Quarter Date of 31 March 2018 to and including the Quarter Date of 31 December 2018, a maximum of 5.5x at all times;*

*(c) in the period from and including the quarter ending on the Quarter Date of 31 March 2019 to and including the Quarter Date of 31 December 2019, a maximum of 6.0x at all times; and*

*(d) thereafter, a maximum of 3.5x at all times.”*

- (e) Clause 13.5(c) (*Interest Cover Ratio*) shall be amended and replaced by the following:

*“(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 (when calculated):*

*(a) in the period from and including the quarter ending on the Quarter Date of 30 June 2016 to and including the Quarter Date of 30 September 2017, a minimum of 2.0x at all times;*

*(b) in the period from and including the quarter ending on the Quarter Date of 31 December 2017 to and including the Quarter Date of 30 September 2018, a minimum of 2.3x at all times;*

*(c) in the period from and including the quarter ending on the Quarter Date of 31 December 2018 to and including the Quarter Date of 31 December 2019, a minimum of 2.0x at all times; and*

*(d) thereafter, a minimum of 3.5x at all times.”*

- (f) A new sub-clause (f) (*Adjustment of Leverage Ratio and Interest Cover Ratio Financial Covenants*) shall be inserted in Clause 13.5 (*Financial Covenants*) and shall read as follows:

*“(f) Adjustment of Leverage Ratio and Interest Cover Ratio Financial Covenants:*

*If, at any time after 22 April 2016, (from time to time and on one or several occasions) the Issuer agrees to any amendment, modification or waiver of any Senior Secured Financial Covenant (each such amended, modified or waived Senior Secured Financial Covenant constituting an “Amended Senior Secured Financial Covenant”):*

- i. the Issuer shall promptly notify the Bond Trustee thereof in reasonable detail, such notification shall include and be deemed to be conclusive (i) a confirmed copy of the amendment, modification or waiver constituting the Amended Senior Secured Financial Covenant or (ii) a statement from the Issuer to the Bond Trustee, confirmed by the Issuer’s external legal counsel acceptable to the Bond Trustee, setting out the details of the Amended Senior Secured Financial Covenant, the period for which such Amended Senior Secured Financial Covenant is effective and, if relevant, such confirmed copy or statement shall include the Short Term Consent Fee and the corresponding consent fee payable to the creditors under the Senior Secured Financing Facility;*
- ii. each Amended Senior Secured Financial Covenant shall be deemed incorporated mutatis mutandis by reference into this Bond Agreement (such incorporation constituting an “Amended Financial Covenant”), effective as of the date when such Amended Senior Secured Financial Covenant became effective under the relevant Senior Secured Financing Facility; and*
- iii. the Issuer and the Bond Trustee shall enter into any additional amendment agreement to this Bond Agreement as reasonably requested by the Bond Trustee in order to evidence the incorporation of such Amended Financial Covenant,*

*provided, however, that if the Amended Senior Secured Financial Covenant is less beneficial to the Bondholders than the Existing Leverage Ratio or the Existing Interest Cover Ratio;*

- a) the Existing Leverage Ratio or the Existing Interest Cover Ratio (as relevant) shall apply; unless*
- b) the Issuer agrees to pay the Short Term Consent Fee to the Bondholders, in which case the Amended Senior Secured Financial Covenant shall be incorporated in the Bond Agreement as per i., ii. and iii. with effect for a maximum period of two consecutive Quarter Dates (for each such short term amendment).”*