



## Arendals Fossekompani ASA Senior Unsecured Bond Issue 2011 / 2021

### Terms:

#### **Documentation:**

*The Loan Agreement <sup>1)</sup> is described more closely in Standard Terms*

Before investing in the bond, the investor is encouraged to become familiar with relevant documents such as this term sheet, the Loan Agreement and the Issuer's financial accounts and articles of association and if relevant, listing document. The documents are available with the Issuer and in Relevant Places. In the case of any discrepancies between the Loan Agreement and this term sheet, the Loan Agreement will apply.

#### **Relevant places:**

www.arendalsfoss.no

#### **Issuer:**

Arendals Fossekompani ASA

#### **Borrowing Limit – Tap Issue:**

NOK 300,000,000.—

#### **First Tranche / Loan Amount : <sup>2)</sup>**

NOK 300,000,000.—

#### **Disbursement Date: <sup>3)</sup>**

19 July, 2011

#### **Maturity Date: <sup>4)</sup>**

19 July, 2021

#### **Coupon Rate:**

5.95% p.a. annual payments

#### **Yield on Disbursement Date:**

5.95% p.a.

#### **Day Count Fraction– Coupon: <sup>5)</sup>**

30 / 360

#### **Coupon Date(s): <sup>6)</sup>**

19 July each year

#### **Interest accrual date:**

Disbursement Date

#### **Date until which interest accrues:**

Maturity Date

#### **Status of the loan: <sup>7)</sup>**

The bonds are senior and unsecured

#### **Issue Price: <sup>8)</sup>**

100.00% (par value)

#### **Denomination:**

NOK 500,000,--

#### **Bondholder's put option: <sup>9)</sup>**

##### **Redemption**

**Date(s):** NA      **Price:** NA

#### **Issuer's call option: <sup>10)</sup>**

##### **Redemption**

**Date(s):** NA      **Price:** NA

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#### **Issuer's org. number:**

NO 910 261 525

#### **Number / Codes:**

**Sector code:** 710      **Geographic code:** 0919      **Industry (trade) Code:** 35111

#### **Usage of funds:**

General corporate purposes

#### **Approvals / Permissions:**

The listing document has been controlled by Oslo Børs

The Bonds have been issued in accordance with issuer's board approval dated 7 April, 2011

**Trustee:** Norsk Tillitsmann ASA  
Postboks 1470 Vika  
Haakon VII's gate 1  
N-0161 Oslo

**Arranger(s):** Fondsinans ASA

**Paying Agent:** DnB NOR Bank ASA

**Securities Depository:** VPS – Verdipapirsentralen ASA

**Market Making:** No market making agreement has been established for this Bond Issue

**Special (distinct) conditions:** Change of control put option - ref. Loan Agreement Clause 10.2

Senior unsecured, Negative Pledge with limitations, Pari Passu, Cross Default with treshold amount of equivalent to NOK 10,000,000.--, None Disposal of Hydropower Producing Assets, Value Adjusted Equity Ratio of minimum 40%, Value Adjusted Equity of minimum NOK 1,500,000.--  
Ref. Loan Agreement Clause 13 and 15

**Supplementary information about status of the loan:** <sup>7)</sup>

Ref. Loan Agreement Clause 8

8 Status of the Bonds and security

8.1 The Bonds shall be senior debt of the Issuer. The Bonds shall rank at least *pari passu* with all other obligations of the Issuer (save for such claims which are preferred by bankruptcy, insolvency, liquidation or other similar laws of general application) and shall rank ahead of subordinated debt.

8.2 The Bonds are unsecured.

**Standard terms:**

*If any discrepancy should occur between this Loan description and the Loan Agreement, then the Loan Agreement should apply.*

**Loan Agreement:** <sup>1)</sup>

The Loan Agreement will be entered into between the Issuer and the Trustee prior to Disbursement Date. The Loan Agreement regulates the Bondholder's rights and obligations in relations with the Issue. The Trustee enters into this agreement on behalf of the Bondholders and is granted authority to act on behalf of the Bondholders to the extent provided for in the Loan Agreement.

When bonds are subscribed/purchased, the Bondholder has accepted the Loan Agreement and is bound by the terms of the Loan Agreement. For tap issues, the Loan Agreement will apply for later issues made within the Borrowing Limit. The parties' rights and obligations are also valid for subsequent issued bonds within the Borrowing Limit.

**Open / Close:** <sup>3)4)</sup>

Tap Issues will be opened on Disbursement Date and closed no later than five bank days before Maturity Date.

**Disbursement date:** <sup>3)</sup>

Payment of the First Tranche / Loan Amount takes place on the Disbursement Date. In case of late payment, the applicable default interest rate according to "lov 17. desember 1976 nr 100 om renter ved forsinket betaling m.m." will accrue.

**Expansions – Tap Issues:** <sup>2)</sup>

For Tap Issues the Issuer can increase the loan above the First Tranche/Loan Amount, before the initial Disbursement Date. For taps not falling on Interest Payment Dates, Accrued Interest will be calculated using standard market practice in the secondary bond market. The Issuer may apply for an increase in the Borrowing Limit.

**Issue price – Tap Issues:** <sup>8)</sup>

Any taps under the Tap Issue will be made at market prices, and will fall under the regulations set out in "emisjonsforskriften av 20. desember 1996".

**Interest Period:** <sup>6)</sup>

The interest rate is paid in arrears on the Coupon Date. The first coupon is paid on the first coupon date after Disbursement Date. The subsequent period runs from this date until the next Coupon date. Last Coupon date corresponds to Maturity Date.

<b>Standard Business Day Convention:</b> <sup>5)</sup>	Interest shall be calculated on the basis of a 360 day year consisting of 12 months of 30 days, with the exception of periods where <ul style="list-style-type: none"> <li>a) the last day in the period is the 31<sup>st</sup> calendar day, and the first day of the period is neither the 30<sup>th</sup> nor the 31<sup>st</sup> of the month, in which the month containing the period shall not be reduced to 30 days; or</li> <li>b) the last day of the period is the last calendar day in February, in which February shall not be extended to a 30-day month.</li> </ul> <p>Coupon date will not be moved even if it is on a day that is not a banking day. If Coupon Date is not a banking day, payments will be made on the following banking day.</p>
<b>Accrued interest:</b>	Accrued Interest rates for trades in the secondary bond market are calculated on the basis of current recommendations of Norske Finansanalytikerers Forening.
<b>Condition – Bondholder’s put option:</b> <sup>9)</sup>	On Redemption Date the Bondholders have a right to redeem the bonds at the Corresponding Price. Claim of redemption must be received by the account operator investor in writing no later than 15 banking days prior to the Redemption Date in question, as mentioned under The Bondholders Put Option.
<b>Condition – Issuer’s call option:</b> <sup>10)</sup>	On Redemption Date, the Issuer has a right to redeem the bonds, completely or partly by drawing lots at Corresponding Price. If the Issuer makes use of this right to redemption, the Issuer shall notify the Trustee and Oslo ABM regarding this matter no later than 30 banking days prior to the Redemption Date in question. The notification shall also be forwarded to the Bondholders through the Securities Depository as soon as possible. Claim of Redemption must be received by the Paying Agent in writing no later than 30 banking days before relevant Date of Redemption.
<b>Registration:</b>	The loan must prior to disbursement be registered in the Securities Depository. The bonds are being registered on each Bondholders account in the Securities Depository.
<b>Issuer’s acquisition of bonds:</b>	The issuer has the right to acquire and own the bonds. Such bonds may at the Issuer’s discretion be retained by the Issuer, sold or used for partial redemption. For subordinate bonds issued by financial institutions, the Issuer may not acquire bonds without prior permission by Kredittilsynet, on condition that such permission is required at that time.
<b>Amortisation:</b> <sup>4)</sup>	The bonds will run without instalments and be repaid in full on Maturity Date at par, provided the Issuer has not called the bonds.
<b>Redemption:</b>	Matured interest rate and matured principal will be credit each Bondholder directly from the Securities Registry. Claims for interest and principal shall be limited in time pursuant the Norwegian Act relating to the Limitation Period Claims of May 18 1979 no 18, p.t. 3 years for interest rates and 10 years for principal.
<b>Sale:</b>	Tranche 1/ Loan amount has been sold by the Arranger. Later taps can take place by authorized securities brokers.
<b>Legislation:</b>	Disputes arising from or in connection with, the Loan Agreement which are not resolved amicably, shall be resolved in accordance with Norwegian law and the Norwegian courts. Legal suits shall be served at the Trustee’s competent legal venue.
<b>Fees and expenses:</b>	The Issuer shall pay any stamp duty and other public fees in connection with the loan. Any public fees or taxes on sales of Bonds in the secondary market shall be paid by the Bondholders, unless otherwise decided by law or regulation. The Issuer is responsible for withholding any withholding tax imposed by Norwegian law.

*Oslo, 12 October, 2011*

