



## INNKALLING TIL EKSTRAORDINÆR GENERALFORSAMLING I

### SEVAN DRILLING ASA

(org.nr. 989 910 272)

*Denne innkallingen er utferdiget både på norsk og på engelsk. Ved uoverensstemmelser mellom de to versjonene, skal den norske versjonen gå foran.*

Styret innkaller med dette til ekstraordinær generalforsamling i Sevan Drilling ASA (heretter "Selskapet"):

**Dato:** Mandag 9. januar 2012  
**Tid:** 13:00 (norsk tid)  
**Sted:** Selskapets lokaler i Tordenskioldsgate 6, 0160 Oslo, Norge

Innkalling til ekstraordinær generalforsamling, med **Vedlegg A** er sendt til alle aksjeeiere i Selskapet med kjent adresse. I samsvar med Selskapets vedtekter vil innkallingen med alle vedlegg være tilgjengelig på Selskapets hjemmeside, [www.sevanddrilling.com](http://www.sevanddrilling.com). På forespørsel til Selskapet på +47 22 33 00 00 eller e-post til [post@sevanddrilling.com](mailto:post@sevanddrilling.com) fra en aksjonær vil Selskapet vederlagsfritt sende aksjonæren vedleggene per post.

Dersom De ønsker å delta på generalforsamlingen, enten personlig eller ved fullmakt, ber vi Dem vennligst om å fylle ut og returnere påmeldings- eller fullmaktsskjemaet (som inneholder nærmere instruksjoner for bruken av skjemaet) vedlagt denne innkallingen som **Vedlegg A** innen 5. januar 2012 kl 17:00.

**Vedlegg A** kan sendes per post, telefaks eller e-post til:

Sevan Drilling ASA  
c/o Nordea Bank Norge ASA,  
Verdipapirservise, Postboks 1166 Sentrum  
0107 Oslo, Norge

Telefaks: +47 22 48 63 49

På agendaen for generalforsamlingen står følgende saker:

## NOTICE OF AN EXTRAORDINARY GENERAL MEETING IN

### SEVAN DRILLING ASA

(org.no. 989 910 272)

*This notice has been prepared both in Norwegian and in English. In case of discrepancies between the two versions, the Norwegian version shall prevail.*

The Board of Directors (the "Board") hereby gives notice of an extraordinary general meeting in Sevan Drilling ASA (the "Company"):

**Date:** Monday 9 January 2012  
**Time:** 13:00 hours (CET)  
**Place:** the Company's premises in Tordenskioldsgate 6, 0160 Oslo, Norway

Notice of the general meeting, including **Appendix A**, has been sent to all shareholders in the Company whose address is known. In accordance with the Company's articles of association, this notice with all appendices will further be accessible on the Company's web-site, [www.sevanddrilling.com](http://www.sevanddrilling.com). Upon request from a shareholder to +47 22 33 00 00 or by e-mail to [post@sevanddrilling.com](mailto:post@sevanddrilling.com), the Company will mail the appendices to the shareholder free of charge.

If you would like to participate in the general meeting, either personally or by proxy, please complete the registration form or the proxy slip (which contains more detailed instructions on the use of the form) enclosed to this notice as **Appendix A** by 5 January 2012 at 17:00 hours (CET).

**Appendix A** may be submitted by mail, telefax or e-mail to:

Sevan Drilling ASA  
c/o Nordea Bank Norge ASA,  
Verdipapirservise, P.O. Box 1166 Sentrum  
0107 Oslo, Norway

Fax +47 22 48 63 49

On the agenda for the general meeting are the following items:

## 1. ÅPNING OG FORTEGNELSE OVER MØTENDE AKSJONÆRER

Generalforsamlingen åpnes av advokat Viggo Bang-Hansen. Det vil bli foretatt en fortegnelse over møtende aksjonærer.

## 2. VALG AV MØTELEDER OG EN PERSON TIL Å MEDSIGNERE PROTOKOLLEN

Styret vil foreslå at advokat Viggo Bang-Hansen blir valgt til å lede generalforsamlingen, og at en person blant de møtende på generalforsamlingen velges til å medundertegne protokollen.

## 3. GODKJENNELSE AV INNKALLING OG DAGSORDEN

Styret foreslår at generalforsamlingen fatter følgende vedtak:

*"Innkalling og dagsorden godkjennes."*

## 4. VALG AV STYREMEDLEMMER

Som annonsert 15. desember 2011, har Jon C. Cole fratrudd vervet som styreformann og styremedlem i Selskapet med virkning fra dagen før generalforsamlingen. Scott Kerr har tidligere fratrudd sitt verv som styremedlem som følge av tiltredelse som daglig leder (CEO) i Selskapet. I tillegg har Seadrill Limited ("Seadrill"), etter sitt erverv av 28,5% av aksjene i Selskapet, anmodet om at det velges et nytt styre som reflekterer Selskapets nye aksjonærstruktur.

På denne bakgrunn vil styret foreslå at generalforsamlingen velger et nytt styre. Forslag til nye styremedlemmer er på tidspunktet for innkallingen ikke klar, men styret vil, i dialog med Seadrill og andre større aksjonærer samt gjenværende medlem av nominasjonskomiteen, søke å få frem et slikt forslag i forkant av den ekstraordinære generalforsamlingen. Slikt eventuelt forslag vil offentliggjøres ved børsmelding så snart det måtte foreligge.

## 5. VALG AV NYE MEDLEMMER TIL SELSKAPETS VALGKOMITÉ OG GODKJENNELSE AV RETNINGSLINJER FOR KOMITEEN

Grunnet fratredelser fra Selskapets valgkomité består denne for tiden kun av ett medlem. På denne bakgrunn vil styret foreslå at generalforsamlingen velger nye medlemmer til komiteen. Forslag til kandidater vil forsøkes offentliggjort ved børsmelding i forkant av

## 1. OPENING AND REGISTRATION OF ATTENDING SHARE-HOLDERS

The general meeting will be opened by attorney-at-law, Viggo Bang-Hansen. A list of attending shareholders will be made.

## 2. ELECTION OF CHAIRMAN AND A PERSON TO COSIGN THE MINUTES

The Board will propose that attorney-at-law Viggo Bang-Hansen is elected to chair the general meeting, and that one person is elected to co-sign the minutes.

## 3. APPROVAL OF THE NOTICE AND THE AGENDA

The Board proposes that the general meeting makes the following resolution:

*"The notice and the agenda are approved"*

## 4. ELECTION OF MEMBERS OF THE BOARD

As announced on 15 December 2011, Jon C. Cole has tendered his resignation as chairman and director of the Company effective on the day prior to the general meeting. Scott Kerr has previously resigned from the Board, due to his appointment as chief executive officer (CEO) of the Company. In addition, Seadrill Limited ("Seadrill") has, following its acquisitions of 28.5 % of the Company's shares, requested that a new board reflecting the new shareholder base is appointed.

Based on this the Board will propose that the general meeting appoints a new board. Proposed new board members are at the time of the notice not finalized, but the Board will, in dialogue with Seadrill and other large shareholders and the remaining nomination committee member seek to bring forward a proposal in advance of the extraordinary general meeting. Any such proposal will be announced by a stock exchange release as soon as it may be ready.

## 5. ELECTION OF NEW MEMBERS TO THE COMPANY'S NOMINATION COMMITTEE AND APPROVAL OF COMMITTEE INSTRUCTIONS

Due to the resignations from the nomination committee this is currently composed of only one member. The Board therefore proposes that the general meeting elects new members to the committee. Proposed candidates will be sought announced in advance of the general meeting by

generalforsamlingen.

Styret foreslår videre at generalforsamlingen godkjenner retningslinjer for valgkomiteen i henhold til norsk anbefaling for eierstyring og selskapsledelse i henhold til **Vedlegg B**.

## 6. FORSLAG OM ENDRING AV SELSKAPETS FORETAKSNAVN

Som et ledd i Selskapets utfisjonering fra sitt tidligere morselskap, Sevan Marine ASA, har styret og administrasjonen vurdert spørsmålet om endring av foretaksnavn. På denne bakgrunn foreslår styret at generalforsamlingen fatter følgende vedtak:

*"Selskapets foretaksnavn endres til Fram Drilling ASA."*

Som følge av ovennevnte foreslår styret videre at Selskapets vedtekter § 1 endres til å lyde som følger:

*"Selskapets foretaksnavn er Fram Drilling ASA. Selskapet er et allmennaksjeselskap."*

## 7. ENDRING AV REGISTRERT FORRETNINGSADRESSE

Selskapets ordinære generalforsamling 25. mars 2011 besluttet at selskapets registrerte forretningsadresse skulle være i Stavanger. Selskapets hovedkontor er imidlertid nå lokalisert i Oslo, og styret har således besluttet å foreslå å flytte den registrerte forretningsadressen til Oslo. Flyttingen vil ikke ha praktiske konsekvenser for ansatte.

På denne bakgrunn foreslår styret at generalforsamlingen treffer følgende vedtak om endringer av selskapets vedtekter:

*"Vedtektenes § 2 endres til å lyde som følger: "Selskapets forretningskontor er i Oslo kommune". Vedtektenes § 7 første avsnitt, første setning, som nå lyder "Generalforsamling skal avholdes i Stavanger eller Oslo", slettes."*

## 9. INSENTIVPROGRAM – FULLMAKT TIL Å FORHØYE AKSJEKAPITALEN

Som et ledd i Selskapets separering fra Sevan Marine ASA, har styret, i samråd med administrasjonen, arbeidet med utarbeidelse og formalisering av et insentivprogram for

a stock exchange release.

The Board further proposes that the general meeting approves instructions for the nomination committee as per the Norwegian Corporate Governance recommendations, in the form included in **Appendix B**.

## 6. PROPOSAL TO CHANGE THE COMPANY'S CORPORATE NAME

As part of the Company's separation from its former parent company, Sevan Marine ASA, the Board and the management has considered a change of business name. On this basis, the Board proposes that the general meeting passes the following resolution:

*"The company's name is changed to Fram Drilling ASA."*

As a consequence, the Board further propose that the Company's articles of association, article 1 shall be amended to read as follows:

*"The company's name is Fram Drilling ASA. The company is a public limited liability company."*

## 7. CHANGE OF REGISTERED BUSINESS ADDRESS

The Company's annual general meeting on 25 March 2011 resolved that the Company's registered business address should be in Stavanger. The Company's head office is however currently located in Oslo, and as a consequence the Board has resolved to propose to move the registered business address to Oslo. The move will not have any practical consequences for employees.

On this basis, the Board proposes that the general meeting passes the following resolution to amend the Company's articles of association:

*"Section 2 of the articles of association is amended to read as follows: "The company's registered office is in the municipality of Oslo". Section 7 (1), first sentence, which now reads "General meetings shall be held in Stavanger or Oslo", is deleted."*

## 9. INCENTIVE PROGRAM - PROXY TO INCREASE THE SHARE CAPITAL

As part of the Company's separation from Sevan Marine ASA, the Board has together with the management developed and formalized an incentive program for the Company's

Selskapets ledelse og ansatte. Programmet inkluderer opsjoner og aksjebasert avlønning, i tråd med de prinsipper som tidligere er vedtatt av Selskapets ordinære generalforsamling for 2011. En nærmere beskrivelse av ordningen er inntatt i **Vedlegg C**.

Som ledd i dette og for å muliggjøre naturaloppfyllelse (ved aksjer og ikke kun penger) under insentivprogrammet, foreslår styret at generalforsamlingen vedtar følgende styrefullmakt til å utstede nye aksjer:

*"(i) I henhold til allmennaksjeloven § 10-14 gis styret fullmakt til å forhøye selskapets aksjekapital med inntil NOK 10.000.000, ved utstedelse av inntil 10.000.000 aksjer hver pålydende NOK 1,00.*

*(ii) Fullmakten gjelder frem til den ordinære generalforsamlingen i 2013, dog slik at den senest utløper 30. juni 2013.*

*(iii) Fullmakten kan kun benyttes til utstedelse av aksjer i henhold til og for oppfyllelse av selskapets insentivprogram for ledelse og ansatte. Fullmakten kan brukes en eller flere ganger.*

*(iv) Aksjonærenes fortrinnsrett til tegning av de nye aksjene skal kunne fravikes.*

*(v) Tegningskurs og øvrige vilkår ved bruk av fullmakten fastsettes av styret. Styret gis også fullmakt til å beslutte slike endringer i selskapets vedtekter som den enkelte kapitalforhøyelse nødvendiggjør.*

*(vi) Fullmakten omfatter kun kapitalforhøyelse mot kontant innskudd. Fullmakten omfatter således ikke tingsinnskudd eller beslutning om fusjon."*

*\*/\*/\**

Selskapet er et norsk allmennaksjeselskap underlagt norsk lovgivning, herunder allmennaksjeloven og verdipapirhandelloven. Selskapet har på tidspunktet for denne innkallingen utstedt 336 625 000 aksjer, hver med én stemme på Selskapets generalforsamlinger. Selskapet eier pr dato for denne innkallingen ingen egne aksjer.

Aksjeeierne kan nå ikke kreve at ytterligere saker settes på dagsordenen ettersom fristen for å kreve dette er utløpt. En aksjeeier har imidlertid rett til å fremsette forslag til vedtak i de saker som generalforsamlingen skal behandle. En aksjeeier kan også kreve at styremedlemmer og daglig leder på generalforsamlingen gir tilgjengelige opplysninger om forhold som kan

management and employees. The incentive program includes options and share linked compensation, in line with the principles formerly approved by the annual general meeting of 2011. A further description of the program is included in **Appendix C**.

As part of this and in order to enable the Company to give specific performance (by settling in shares and not only cash) under the incentive program, the Board proposes that the general meeting resolves the following authorization to issue new shares:

*"(i) In accordance with section 10-14 of the Public Limited Companies Act, the general meeting resolved to grant the board authorization to increase the company's share capital by up to NOK 10,000,000 through the issuance of up to 10,000,000 shares each of nominal value NOK 1.00.*

*(ii) The authorization is valid until the annual general meeting of 2013, however so that it shall at the latest expire on 30 June 2013.*

*(iii) The authorization may only be used for issuance of shares pursuant to and for fulfillment of the Company's management and employee incentive program. The authorization may be used on or several times.*

*(iv) The shareholders preferential rights to subscribe for new shares may be deviated from.*

*(v) The subscription price and other terms upon use of the authorization is determined by the board. The board is also authorized to make such amendments to the company's articles as the share capital increases may require.*

*(vi) The authorization does only apply to share capital increases against cash contributions. The authorization does thus not extend to contributions in kind or merger resolutions."*

*\*/\*/\**

The Company is a Norwegian public limited liability company governed by Norwegian law, including the Public Limited Companies Act and the Securities Trading Act. As of the date hereof, the Company has issued 336,625,000 shares, each having one vote in the Company's general meetings. As of the date hereof, the Company does not own any treasury shares.

Shareholders can now not request further items to be included on the agenda for the general meeting, as the time limit for such request has expired. A shareholder is, however, entitled to present proposals for resolutions in matters to be considered by the general meeting. A shareholder may also require directors and general manager to furnish in the general

innvirke på bedømmelsen av saker som er forelagt aksjeeierne til avgjørelse og Selskapets økonomiske stilling.

meeting all available information about matters that may affect the consideration of the adoption of the matters that have been submitted to the shareholders for decision and the Company's financial position.

På vegne av styret i / On behalf of the Board of Directors of

**Sevan Drilling ASA**

Oslo, 19 December 2011

.....  
Jon C. Cole (sign.)  
chairman / styreformann

## Vedlegg A

REF. NR:      PIN:  
**EKSTRAORDINÆR GENERALFORSAMLING I  
 SEVAN DRILLING ASA AVHOLDES DEN 9 JANUAR 2012 KL 13:00  
 I SELSKAPETS LOKALER I TORDENSKIOLDSGATE 6, 0160 OSLO**

**PÅMELDINGSSKJEMA**

Påmeldingen må være selskapet v/kontofører Nordea Bank Norge ASA, Verdipapirservice, i hende senest den 5. januar 2012 kl 17.00. Adresse: Sevan Drilling ASA c/o Nordea Bank Norge ASA, Verdipapirservice, Postboks 1166, Sentrum, 0107 Oslo, telefaks: +47 22 48 63 49. Innen samme frist kan påmelding også gjøres via Investortjenester.

Undertegnede vil møte i den ordinære generalforsamlingen i Sevan Drilling ASA den 9. januar 2012 og (sett kryss):

- Avgi stemme for mine/våre aksjer  
 Avgi stemme for aksjer i følge vedlagte fullmakt(er)

Ref.nr.:

Pin:

Sted/dato

**Aksjeeierens underskrift**

(undertegnes kun ved eget oppmøte.  
 Ved fullmakt benyttes delen nedenfor)

**FULLMAKT**

Hvis De selv ikke møter i den ordinære generalforsamlingen den 9. januar 2012 kl 13:00, kan De møte ved fullmektig. De kan da benytte dette fullmaktskjemaet. Skriftlig og datert fullmakt kan enten sendes til selskapet v/kontofører Nordea Bank Norge ASA, Verdipapirservice, pr post eller telefaks innen den 5. januar 2012 kl 17.00 eller leveres i generalforsamlingen. Adresse: Sevan Drilling ASA c/o Nordea Bank Norge ASA, Verdipapirservice, Postboks 1166 Sentrum, 0107 Oslo, telefaks: +47 22 48 63 49.

Undertegnede aksjeeier i Sevan Drilling ASA gir herved (sett kryss)

- Personen utnevnt til å åpne den ekstraordinære generalforsamlingen (eller den han bemyndiger), **eller**

Navn på fullmektig (*vennligst bruk blokkbokstaver*)

fullmakt til å møte og avgi stemme på vegne av mine/våre aksjer på Sevan Drilling ASAs ekstraordinære generalforsamling den 9. januar 2012 kl 13:00. Følgende gjelder for fullmakten:

<input type="checkbox"/>	Fullmakten er åpen	
<input type="checkbox"/>	Fullmakten er bundet slik at det skal stemmes for forslag fremsatt i følgende sak(er):	
<input type="checkbox"/>	Fullmakten er bundet slik at det skal stemmes mot forslag fremsatt i følgende sak(er):	
<input type="checkbox"/>	Fullmakten er bundet slik at det skal avstås fra å stemme i forslag fremsatt i følgende sak(er):	

Fullmakten kan inneholde instruks om hvordan fullmektigen skal stemme i den enkelte sak (gjelder sak 2 til 9). Fullmakt som inneholder stemmeinstruks, kan for eksempel gis til personen utnevnt til å åpne den ekstraordinære generalforsamlingen. Hvis det ikke gis instruks om stemmegivningen, vil dette anses som en instruks om å stemme for styrets forslag til vedtak (slik dette fremkommer av innkallingen eller senere kunngjøring). Hvis det fremmes nye forslag til vedtak som erstatter, supplerer eller på en vesentlig måte endrer forslagene i innkallingen, avgjør fullmektigen om og i tilfelle hvordan stemmeretten skal utøves. Hvis navn på en fullmektig ikke er angitt, anses denne fullmakten gitt til personen utnevnt til å åpne den ekstraordinære generalforsamlingen eller den han bemyndiger. Fullmektigen vil ved tvil om forståelsen av instruks, legge en for fullmektigen rimelig forståelse til grunn. Ved uklare stemmeinstruks kan fullmektigen avstå fra å stemme. Fullmaktskjemaet kan også tas med på generalforsamlingen. Dersom navnefeltet ikke er utfyllt, anses fullmakt for gitt til styrets leder eller hans stedfortreder. Legitimasjon for fullmektig og fullmaktsgiver, og eventuell firmaattest dersom aksjeeier er en juridisk person, må følge fullmakten.

Ref.nr.:

Pin:

Sted/dato

**Aksjeeierens underskrift**

(Dersom aksjeeieren er et selskap, må gjeldende firmaattest vedlegges)

## Appendix A

REF. NO:      PIN:  
**NOTICE OF EXTRAORDINARY GENERAL MEETING IN  
 SEVAN DRILLING ASA 9 JANUARY 2012 AT 13:00 (CET)  
 IN THE COMPANY'S PREMISES IN TORDENSKIOLDSGATE 6, 0160 OSLO**

**ATTENDANCE FORM**

Notice of attendance must be with the company c/o Nordea Bank Norge ASA, Verdipapirservice no later than 5 January 2012, at 17:00 (CET). Address: Sevan Drilling ASA c/o Nordea Bank Norge ASA, Verdipapirservice, PO Box 1166, Sentrum, 0107 Oslo, Norway, fax: +47 22 48 63 49. Within the same time limit notice of attendance may also be submitted through "Investortjenester".

The undersigned shareholder will attend at Sevan Drilling ASA's extraordinary general meeting on 9 January 2012 and (tick as appropriate):

- Vote for my/our shares  
 Vote for shares according to attached proxy(ies)

Ref.no.: \_\_\_\_\_  
 Pin: \_\_\_\_\_  
 \_\_\_\_\_  
**Shareholder's signature**  
 (If attending personally.  
 To grant proxy, use the form below)

**PROXY**

If you are not able to attend the extraordinary general meeting on 9 January 2012, a nominated proxy holder can be granted your voting authority. Please use this proxy form. A written proxy, dated and signed, may be sent by mail or fax to the company c/o Nordea Bank Norge ASA, Verdipapirservice no later than 5 January 2012 at 17:00 (CET) or delivered at the general meeting. Address: Sevan Drilling ASA c/o Nordea Bank Norge ASA, Verdipapirservice, PO Box 1166, Sentrum, 0107 Oslo, Norway, fax: +47 22 48 63 49.

The undersigned shareholder hereby grants (tick as appropriate)

- the person appointed to open the extraordinary general meeting (or a person authorized by him), or  
 \_\_\_\_\_  
 Name of nominated proxy holder (*please use capital letters*)

as my proxy to attend and vote for my/our shareholding at Sevan Drilling ASA's extraordinary general meeting on 9 January 2012 at 13:00 (CET). The following will apply for this proxy (tick the relevant box):

<input type="checkbox"/>	This proxy is discretionary	
<input type="checkbox"/>	This proxy is non-discretionary in that it must be voted for these proposal(s):	
<input type="checkbox"/>	This proxy is non-discretionary in that it must be cast against these proposal(s):	
<input type="checkbox"/>	This proxy is non-discretionary in that a blank vote must be cast on these proposal(s):	

The proxy may contain instructions as to the voting of the attorney in a specific matter (applicable for agenda items 2 to 9). A proxy containing voting instructions may for example be granted to the person appointed to open the extraordinary general meeting. If no instructions have been given with respect to the voting, this will be deemed to be an instruction for voting in favor of the Board of Directors' proposal for resolution (as follows from the notice or subsequent announcements). If any new proposals for resolution are presented or any motion from the floor is made, which replace, supplement or change the proposals stated in the notice of meeting, the attorney shall decide whether and if so, how the voting right shall be exercised. If the name of the attorney is not indicated, this proxy is deemed to be granted to the person opening the general meeting, or any person he may authorize. In the event the attorney is in doubt regarding the interpretation of the instruction, his voting shall be based on his fair interpretation thereof. An attorney may refrain from voting in the event of unclear voting instructions. The completed form of proxy may also be brought to the general meeting. Identification documents for the attorney and the beneficial holder of the shares must be enclosed to the proxy form, as well as a certificate of registration in the event the beneficial holder is a legal person.

Ref.no.: \_\_\_\_\_  
 Pin: \_\_\_\_\_  
 \_\_\_\_\_  
**Shareholder's signature**  
 (If the shareholder is a legal entity, please attach  
 the shareholders certificate of registration to the proxy)

**Vedlegg B / Appendix B**

Sevan Drilling ASA

**INSTRUCTIONS TO THE NOMINATION COMMITTEE****1. SCOPE AND CHANGE OF THE INSTRUCTIONS**

- 1.1 These instructions set out the operations of the Nomination Committee (the “**Committee**”) of Sevan Drilling ASA (the “**Company**”). The instructions shall be approved by the Company’s General Meeting, who shall have sole authority to amend these instructions.

**2. MANDATE**

- 2.1 The Nomination Committee shall submit a recommendation to the Annual General Meeting for shareholder elected members and deputy members of the Board. The Nomination Committee shall also submit a proposal for remuneration of members of the Board.

**3. COMPOSITION, ELECTION AND REMUNERATION**

- 3.1 The Nomination Committee is composed and elected pursuant to the provisions set out in the Company’s Articles of Association. Pursuant to the Articles of Association, the Nomination Committee shall consist of three members, one of which shall be a member of the Board.
- 3.2 Members of the Nomination Committee are elected for a term of up to two years, but may be re-elected. The members may be removed or replaced at any time by a resolution of the General Meeting.
- 3.3 The Annual General Meeting stipulates the remuneration to be paid to the Nomination Committee. The Nomination Committee’s expenses shall be covered by the Company.

**4. PROCEDURES**

- 4.1 Meetings of the Nomination Committee shall be convened by the Chairman of the Committee. Each of the members of the Nomination Committee, as well as the Chairman of the Board and the Company’s CEO jointly, has the right to demand that a meeting be convened. The Chairman of the Committee decides whether the meeting will take the form of a physical meeting, a telephone meeting or otherwise.
- 4.2 The Nomination Committee constitutes a quorum when half or more of the Committee’s members participate and all other members of the committee have been given the opportunity to participate. In the case of an equal vote, the Chairman shall have a casting vote.
- 4.3 Minutes shall be taken of the committee meetings. The minutes shall be signed by all participating members.
- 4.4 In its work, the Nomination Committee may contact shareholders, members of the Board, the management and external advisers. The Nomination Committee shall give considerable weight to the wishes of the shareholders when making its recommendations. The Nomination Committee shall also give weight to the proposed candidates’ experience, qualifications, and their capacity to serve as officers of the Company in a satisfactory manner. Emphasis must also be given to ensuring independence of the Board in relation to the Company. The Nomination Committee shall also strive to achieve an adequate representation of both genders on the Board. The Board should have the requisite competency to independently evaluate the Company’s management, and function well as a body of colleagues.
- 4.5 The Nomination Committee’s recommendations shall at all times satisfy the requirements relating to the composition of the Board laid down in applicable legislation and in the regulations of any regulated markets on which the Company’s shares are listed. The



Nomination Committee shall take into account the recommendations relating to the composition of the Board that follow from the Norwegian Code of Practice on Corporate Governance and any other relevant recommendations relating to corporate governance, as well as the principles laid down in the Company's Corporate Governance Policy.

- 4.6 Before recommending the proposed candidates, the Nomination Committee shall confirm the willingness of the candidates to serve as a board member. Only candidates who have confirmed that they are willing to take on such office shall be recommended.
- 4.7 The Nomination Committee shall justify its recommendations and provide relevant information about the candidates. Any dissenting votes shall be stated in the recommendation.
- 4.8 If the Board has prepared an evaluation of its work, the Nomination Committee shall examine such report, and take its contents into consideration when making recommendations.

## **5. PROCESSING OF THE NOMINATION COMMITTEE'S RECOMMENDATIONS**

- 5.1 The Nomination Committee's recommendation to the General Meeting relating to the election of members and deputy members of the Board shall be available in time to be published together with the notice of the General Meeting, thereby giving the shareholders an opportunity to submit their views on the recommendation to the Nomination Committee ahead of the meeting.
- 5.2 The Chairman of the Committee, or a person authorized by the Chairman, shall present the Committee's recommendations for the Annual General Meeting, and give an account of the reasons for its recommendations.

\*\*\*

## Vedlegg C / Appendix C

### Summary of LTIP plan

Sevan Drilling ('Sevan' or 'the Company') is proposing to introduce a long-term incentive scheme to allow for grants of share options to 7 Management Group (MG) and 23 Line Management (LM) level executives at Sevan, a total of 30 key individuals within the Company.

The key terms of the scheme is detailed below.

- A one-off grant of share options will be made to key MG and LM level executives at Sevan.
- The options will be over the Company's ordinary shares listed on the Oslo Børs.
- The options will have a 3 year vesting period and a 10 year life.
- The plan will be reviewed after 3 years.
- The option price will be the market value at the date of grant based on the average closing price of the 3 preceding dealing days.
- New joiners may be eligible for grants in future years although it is anticipated the number of options granted would be pro-rata to service during the initial vesting period and the amounts concerned would be very much lower than the initial grants.
- Vesting will not be subject to any further performance conditions however options contain an inherent requirement to increase the share price. Vesting will, however, be subject to continued employment with the Company and options will automatically lapse in the event of their holder's bankruptcy.
- In the event of a change of control of the Company unvested options will vest.
- The proposed grant levels in respect of 2011 are shown below. These have been determined by reference to the participant's seniority and position with the Company.

### Proposed grant levels

The Board is seeking approval from shareholders for the use of 10,000,000 ordinary shares to satisfy the proposed share option grants for the first year. These options will be satisfied by the issue of new ordinary shares or a cash purchase of shares in the market.

The table below sets out the proposed grant levels.

Number of incumbents	Role within Sevan Drilling	Proposed level of grant	Total number of share options
		<i>number of share options ('000s)</i>	<i>('000s)</i>
1	Chief Executive	1,600	1,600
1	Chief Financial Officer	1,100	1,100
5	Management Group	500	2,500
23	Line Management	200	4,600
<b>TOTAL</b>	<b>30</b>		<b>9,800</b>

### Market practice and the Norwegian Corporate Governance Code

While the use of share options as a long-term incentive mechanism is less common in Norway, it is not uncommon for a company operating in the Oil sector. This is especially true in the offshore deep water drilling business where share options are generally considered to be a highly motivational tool in a high growth company such as Sevan.

We are aware that the Norwegian Corporate Governance Code suggests that share options should 'be based on quantifiable factors over which the employee in question can have influence.' The Company has taken the view that the clear line of sight between executives' rewards and the growth in its share price provided by options creates the strongest possible alignment with shareholders' interests.

### Dilution

The Company is proposing to grant options totalling 2.91% of its current issued ordinary share capital (the grant of the full amount of 10m options would represent dilution of 2.97%). Clearly further option grants over similar numbers of shares will only be sustainable if the Company grows substantially. However, over the period of these awards, if the Company were to bring 2 new rigs in to operation, this could potentially require the consideration of awards for up to 20 new employees at line management level. Assuming that on average, they joined the scheme half way through the 3 year vesting period, the further requirement for shares could be as low as 2m.

Hay Group  
December 2011

\* \* \*